

# Senate Bill 688

Sponsored by Senators PHAM K, GOLDEN; Representatives GAMBA, SOSA (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Tells the PUC to reward or penalize power companies based on how well the companies meet certain metrics. Tells the PUC to report on how well the companies are doing. (Flesch Readability Score: 70.3).

Directs the Public Utility Commission to adopt not later than January 2, 2027, a framework for carrying out performance-based regulation of electric utilities. Requires the use of incentives and penalties to induce electric utilities to bring electric utility operations in line with the public interest and certain objectives. Declares a public interest for purposes of the Act.

Requires the commission to provide a report on the framework adopted by the commission to the interim committees or committees of the Legislative Assembly related to energy not later than March 15, 2027.

Requires the commission to provide a report on the progress and effectiveness of using performance-based regulation to the interim committees or committees of the Legislative Assembly related to energy not later than November 15, 2028.

## A BILL FOR AN ACT

1  
2 Relating to performance-based regulation of electric utilities.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 757.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **“Anthropogenic gases and atmospheric pollutants” includes carbon dioxide, methane,**  
7 **nitrogen oxides, sulfur oxides, mercury, hydrofluorocarbons, perfluorocarbons and sulfur**  
8 **hexafluoride.**

9 (b) **“Distributed energy resource” means a small-scale energy system or mechanism that**  
10 **is located behind-the-meter and that generates or stores energy, works to balance and match**  
11 **energy demand with energy supply or manages energy use for a customer.**

12 (c) **“Electric utility” means a public utility that produces, transmits, delivers or furnishes**  
13 **electric power.**

14 (2) **For purposes of this section, the Legislative Assembly declares that the public inter-**  
15 **est includes:**

16 (a) **Reducing greenhouse gas emissions;**

17 (b) **Increasing energy efficiency;**

18 (c) **Improving electric utility reliability and resiliency;**

19 (d) **Developing distributed energy resources;**

20 (e) **Enhancing services for low-income customers; and**

21 (f) **Improving the efficiency of utility operations to reduce costs to ratepayers.**

22 (3) **The Public Utility Commission shall investigate, develop and adopt a framework for**  
23 **carrying out performance-based regulation of electric utilities. The commission shall use**  
24 **performance-based regulation to provide incentives and penalties to induce electric utilities**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 to bring electric utility operations in line with the public interest as declared under sub-  
 2 section (2) of this section and to, at a minimum:

3 (a) Reduce the emissions of anthropogenic gases and atmospheric pollutants;

4 (b) Expand the use of distributed energy resources, community solar projects, micro-  
 5 grids, demand response programs and energy efficiency programs;

6 (c) Enhance the quality, reliability and resiliency of electricity service in this state;

7 (d) Offer flexible payment plans that reduce disconnections of electricity service for  
 8 low-income customers and other programs that address the quality and affordability of  
 9 electricity services for all customers; and

10 (e) Improve all aspects of utility operations to reduce costs and pass on savings to  
 11 ratepayers.

12 (4) The framework adopted under this section must:

13 (a) Provide for performance standards and a baseline from which performance is meas-  
 14 ured;

15 (b) Provide for performance metrics that are clear, objective, verifiable and achievable  
 16 for measuring an electric utility's performance;

17 (c) Describe how the performance standards and metrics are to be carried out;

18 (d) Identify actions and mechanisms that an electric utility may carry out or implement  
 19 to meet performance standards; and

20 (e) Provide an electric utility incentives or penalties based on an electric utility's per-  
 21 formance.

22 (5) In developing incentives and penalties under this section, the commission shall take  
 23 into consideration the impacts of those incentives and penalties on rates paid by ratepayers.

24 (6) In addition to providing for performance metrics that are subject to incentives or  
 25 penalties, the commission shall establish performance metrics that are not subject to in-  
 26 centives or penalties but are reportable and shall require each electric utility to file with the  
 27 commission an annual report on the electric utility's performance as measured by those re-  
 28 portable performance metrics.

29 **SECTION 3.** The Public Utility Commission shall adopt a framework for carrying out  
 30 performance-based regulation of electric utilities under section 2 of this 2025 Act no later  
 31 than January 2, 2027.

32 **SECTION 4.** (1) No later than March 15, 2027, the Public Utility Commission shall provide  
 33 a report on the framework for carrying out performance-based regulation of electric utilities  
 34 that is adopted under section 2 of this 2025 Act, in the manner provided by ORS 192.245, and  
 35 may include recommendations for legislation, to the interim committees or committees of  
 36 the Legislative Assembly related to energy.

37 (2) No later than November 15, 2028, the commission shall provide a report on the  
 38 progress and effectiveness of using performance-based regulation of electric utilities to meet  
 39 the state's public interest and objectives under section 2 of this 2025 Act, in the manner  
 40 provided by ORS 192.245, and may include recommendations for legislation, to the interim  
 41 committees or committees of the Legislative Assembly related to energy.

42 **SECTION 5.** Section 4 of this 2025 Act is repealed on January 2, 2029.