



April 3, 2025

To: Representative John Lively, Chair, House Climate, Energy, and Environment Committee
Representative Bobby Levy, Vice Chair, House Climate, Energy, and Environment Committee
Representative Mark Gamba, Vice Chair, House Climate, Energy, and Environment Committee
Members of the House Climate, Energy, and Environment Committee
From: Emily Griffith, Oregon Policy Manager, Renewable Northwest
Diane Brandt, Policy and Legislative Affairs Director, Renewable Northwest

Re: Opposition to HB 3540 Combining RPS and HB 2021 Compliance Cost

Chair Lively, Vice Chair Levy, Vice Chair Gamba, and Members of the Committee,

Renewable Northwest (“RNW”) is a regional, non-profit renewable energy advocacy organization based in Oregon, dedicated to decarbonizing the electricity grid by accelerating the integration of renewable electricity resources. Our members include renewable energy developers and businesses, environmental organizations, and consumer groups.

Thank you for the opportunity to comment on HB 3540 which proposes to provide a single cost of compliance for electric utilities by combining the cost of the Renewable Portfolio Standard (“RPS”) and HB 2021 (Oregon’s Clean Energy Mandate). **RNW is opposed to this bill as there is no need for combining these two separate cost caps and would only serve to overly complicate the cost cap process.**

Cost Caps

The intent of cost caps is to limit the implementation cost of complying with these mandates. This offers an important “off-ramp” that protects customers from rate shock as a result of their utility complying with clean and renewable energy laws. These cost caps have each been considered carefully in the framework of their respective laws - the RPS and HB2021. Even though these laws were contemplated and passed separately, the cost caps were never intended to be considered in conjunction with other cost caps. It is even explicitly stated in HB2021 as now codified in ORS 469A.460 that there is no modification to the Renewable Portfolio Standards and supporting statutes.¹

The HB 2021 Cost Cap provides utilities with a temporary exemption from HB 2021 compliance requirements if the cost of meeting the targets is greater than 6% of their annual revenue requirement. The cost cap *only* applies to investments or costs incurred to comply with HB 2021 requirements. A utility would have to file a petition with the OPUC to determine whether the investments they have made to comply with HB 2021 exceed the cost cap. If so, the Commission would grant a limited exemption.

These petitions consider the cumulative rate impact of all investments the utility has made toward HB 2021 compliance. HB 2021 directs utilities to, “Cumulatively calculate the rate impact caused by all

¹ [ORS 469A.460](#)

investments or costs that have been the subject of a proceeding pursuant to this section, and must be included in calculation for the time period that the investment or cost would affect rates, as adjusted by any change in net costs expected or foreseeable at the time of inclusion." To date, utilities have not filed a cost cap petition for HB2021 compliance.

The RPS Cost Cap² states that utilities are not required to comply with the RPS if the costs of compliance exceed 4% of the utility's annual revenue requirement. Additionally, the PUC may institute a suspension of the RPS if compliance conflicts with the stability and reliability of the electricity grid. It is our understanding that no utility has filed a petition on the RPS cost cap since it was established.

Since neither cost cap processes have been utilized to date, to our knowledge, there appears to be no need for the suggested change in this bill.

Implications of Combining Costs

The RPS cost cap is 4% and HB 2021 is 6%, combining them according to what is proposed in HB 3540 would mean that utilities subject to both laws (PacifiCorp and Portland General Electric) do not have to comply with the RPS if the cost of compliance for both HB2021 and the RPS would exceed 6% of their annual revenue requirement. While this may seem a straightforward approach, it is more complicated and has been contemplated in docket UM2273 at the Oregon Public Utility Commission in context of HB2021 implementation.³

The cost caps cannot be easily combined for a couple reasons: 1) the methodology of HB 2021 cost cap calculations is unquestionably distinct from that employed under the RPS cost cap; 2) applying the HB 2021 cost cap to resources procured in order to comply with Oregon's pre-existing RPS would have skewed results given these differences in methodologies.

Renewable NW appreciates your consideration of these comments. RNW is opposed to HB 3540 as there is currently no apparent need to jointly consider cost of compliance for the RPS and HB2021.

Thank you for your consideration,

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Renewable Northwest

Diane Brandt
Policy and Legislative Affairs Director
Renewable Northwest

² [ORS 469A.100](#)

³ [PHASE II OPENING BRIEF OF NW ENERGY COALITION & RENEWABLE NORTHWEST](#)