

SB 1588 -2 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

Prepared By: Beth Reiley, LPRO Analyst

Meeting Dates: 2/9, 2/11

WHAT THE MEASURE DOES:

The measure requires electric companies, with the exception of consumer owned utilities, to develop and file for approval of an inclusive utility investment program (program) with the Public Utility Commission (PUC) that would pay upfront costs for qualifying energy efficiency and renewable energy projects and recover costs through customer bills. The Act requires that if the program is approved by the PUC, the program must be available to customers by January 1, 2028.

Detailed Summary:

Outlines the types of projects that would be eligible. Establishes that participation in program is voluntary and available to customer owning the property site or a tenant with permission from property owner. Requires that program to provide customer with immediate and ongoing savings and stipulates that the financing charge must be less than estimated savings. Requires that program be accessible to low-income customers and environmental justice communities, ensures customers use all other available financial incentives, and includes customer protection standards.

Requires electric company in developing the program to address how they will secure capital or work with third-party lenders. Requires electric company to coordinate and consult with entity tasked with administering public purpose charge moneys and integrate program with existing planning requirements. Authorizes the PUC to take certain actions associated with Act. Establishes that electric company can recover prudent costs incurred in program development and implementation.

Requires electric company in developing the program to review existing programs, including “Pay As You Save” system and consult with the Department of Energy and utility equity advisory groups.

Requires electric company to file for approval the proposed program with the PUC in the next distribution system planning docket after the effective date of Act. Stipulates if PUC approves program, it must be available to customers no later than January 1, 2028.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 The amendment alters the program structure and oversight by requiring electric companies to develop a inclusive utility investment program initially as a pilot, establishes cost caps and evaluation requirements, and expands PUC authority to assess program performance and benefits to nonparticipating ratepayers.

Detailed Summary:

Replaces the measure, new text is bolded. Requires electric companies, with the exception of consumer owned utilities, to develop and file for approval of an inclusive utility investment program (program) with the Public Utility Commission (PUC) that would pay for qualifying energy efficiency and renewable energy projects and recover costs through customer bills.

Requires that the initial program be a pilot program that operates for no less than 18 months, at which time the company can file to extend the pilot program or operate it indefinitely. Stipulates eligible types of projects include, but are not limited to: energy efficiency upgrades, electric heat pumps, energy storage systems, demand response equipment, solar photovoltaic energy systems, solar thermal energy systems, **weatherization**, and any necessary equipment or upgrades required to complete the installation of the project.

Establishes that participation in program is voluntary and available to customers owning the property site or a tenant with permission from the property owner, **and does not qualify for the assistance program operated by a community action agency.** Requires the program to provide customer with immediate and ongoing savings and stipulates that the financing charge must be less than estimated savings. Requires that program ensures customers use all other available financial incentives and includes customer protection standards.

Requires electric company in developing the program to address how they will secure capital or work with third-party lenders. Requires electric company to coordinate and consult with the entity tasked with administering public purpose charge moneys and integrate the program with existing planning requirements. Authorizes the PUC to take certain actions associated with Act. Establishes that electric company can recover prudent costs incurred in program development and implementation.

Requires PUC to consider benefits provided by program to nonparticipating ratepayers, including but not limited to, reductions in peak demand, avoided costs, or other savings. Prohibits the cost of the program from exceeding 0.25 percent of the annual residential customer revenue per year, unless approved by the PUC. Stipulates if the PUC approves or extends a pilot project and it is determined to be prudent, they may establish a limitation on program expenses.

Requires electric company in developing the program to review existing programs, including "Pay As You Save" system; consult with the Department of Energy and utility equity advisory groups; **and consult with PUC and relevant stakeholders to develop key performance indicators. Requires electric company to use key performance indicators to track, measure and evaluate the performance of the program.**

Requires electric company to file proposed program with PUC no later than July 1, 2027. Stipulates if approved, the program must be available to customers no later than January 1, 2028. Requires the electric company to submit sufficient information for the PUC to evaluate the performance of the program.

BACKGROUND:

Energy efficiency is the second largest energy resource in the state of Oregon according to the 2024 Biennial Energy Report (2024 BER). The Northwest Power & Conservation Council reports that since 1978, the Pacific Northwest has provided about 7,678 average megawatts of savings through efficiency programs and improvements. The 2024 BER stated that 69 percent of the electricity generated in Oregon in 2022 came from non-greenhouse gas emitting resources.

According to the 2024 BER, the amount of renewable electricity generated in Oregon has grown due to customer demand, reductions in costs, and clean energy policies, like the Renewable Portfolio Standard and the 100 percent clean electricity by 2040 target set by HB 2021 (2021).

In 1999, the Oregon Legislative Assembly adopted Senate Bill 1149 which directed Portland General Electric (PGE) and Pacific Power to collect three percent of their revenues for a public purpose charge (PPC) to fund new cost-effective energy conservation, new market transformation efforts, above-market costs of new renewable energy resources, and new low-income weatherization. Energy Trust was designated by the Public Utility Commission to administer the conservation and renewable energy resource components of the PPC.