

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 838 **STATUS:** C-Engrossed
SUBJECT: Renewable energy standards and related provisions
GOVERNMENT UNIT AFFECTED: Department of Energy, Public Utility Commission
PREPARED BY: Adrienne Sexton
REVIEWED BY: Michelle Deister
DATE: May 18, 2007

EXPENDITURES: See Comments.

REVENUES: See Comments.

EFFECTIVE DATE: On passage.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill requires the Department of Energy to create a renewable portfolio standard under which electric utilities must derive 25% of electricity sales from renewable energy resources by 2025. Electric utilities that make sales of electricity to retail consumers that equal less than one percent of all electricity sold are exempt. The bill sets acceptable renewable energy sources and directs the Department of Energy (DOE) to approve other sources, establish a system of renewable energy certificates, and periodically conduct a jobs study. The bill directs the Public Utility Commission (PUC) to: establish procedures for implementing the renewable portfolio standards for electricity service suppliers; establish a methodology for determining annual revenue requirement for compliance; establish an automatic adjustment clause; determine a process for allocating the use of renewable energy certificates; establish requirements for and review compliance reports; and establish an alternative compliance rate for each compliance year for each electric company. It allows PUC to authorize an electric company to include in its rates the cost of funding or implementing cost-effective energy conservation measures.

The PUC indicates that they will reprioritize work to assume the activities identified in the bill with existing resources. PUC estimates that bill implementation will require temporarily diverting 1,386 one-time staff hours (0.33 FTE) during the 2007-09 biennium, and permanently diverting 3,090 staff hours (0.74 FTE), beginning in the second half of the 2007-09 and beyond, to assume the ongoing activities associated with the bill. PUC plans to delay projects, such as performance-based ratemaking for new resources, fuel switching between electricity and natural gas and review of mechanisms to adjust rates for changes in cost of purchase gas, as needed to accomplish the on-time activities included in the bill. Ongoing activities will be distributed among a pool of 12 existing Senior Analysts depending upon specialty. Work that will be reduced permanently is support for regional issues and participation in national regulatory issues. The table that follows provides details on the staffing estimates for key activities assigned to PUC in the bill.

Summary of Staffing Requirements for PUC

Activity	Bill Reference	Staffing	Total Staff Hours
One-time: Rulemaking	Sections 9, 11, 18, 19, and 22	<ul style="list-style-type: none"> • 2 – Senior Analysts part-time for six months • Various – Management Review • Administrative Law Judge 	<ul style="list-style-type: none"> • 832 Senior Analyst Staff Hours • 208 Management Hours • 173 Admin. Law Judge Hours
One-time: Establish automatic adjustment clause	Section 13	<ul style="list-style-type: none"> • 1 – Senior Analyst full-time for one month 	<ul style="list-style-type: none"> • 173 Senior Analyst Staff Hours
Total One-time PUC Staff Hours			1,386
Ongoing: Review biennial implementation plans	Sections 11 and 20	<ul style="list-style-type: none"> • 2- Senior Analysts full-time for two months (biennially) 	<ul style="list-style-type: none"> • 692 Senior Analyst Staff Hours
Ongoing: Set annual revenue requirement	Section 12	<ul style="list-style-type: none"> • 1 – Senior Analyst for three months (annually) 	<ul style="list-style-type: none"> • 1,038 Senior Analyst Staff Hours
Ongoing: Set alternative compliance payment rate	Section 20	<ul style="list-style-type: none"> • 1 – Senior Analyst for two weeks (annually) 	<ul style="list-style-type: none"> • 160 Senior Analyst Staff Hours
Ongoing: Review rate adjustments	Section 13	<ul style="list-style-type: none"> • 1 – Senior Analyst for 6 weeks (annually) 	<ul style="list-style-type: none"> • 480 Senior Analyst Staff Hours
Ongoing: Review Compliance Reports	Section 19	<ul style="list-style-type: none"> • 1 – Senior Analyst for 6 weeks (Annually) • 1 – Junior Analyst for 2 weeks (Annually) 	<ul style="list-style-type: none"> • 480 Senior Analyst Staff Hours • 160 Junior Analyst Staff Hours
Ongoing: Authorize electric companies to include conservation costs in rates	Section 46	<ul style="list-style-type: none"> • 1- Senior Analyst for 1 week (Annually) 	<ul style="list-style-type: none"> • 80 Senior Analyst Staff Hours
Ongoing: Compliance	Section 22	No additional workload	<ul style="list-style-type: none"> • None
Biennial Ongoing PUC Staff Hours			3,090

DOE indicates that work attributed to the department in the bill is minimal, and can be assumed with existing resources. The table that follows provides details on the staffing estimates for key activities assigned to DOE in the bill.

Summary of Staffing Requirements for DOE

Activity	Bill Reference	Staffing	Total Staff Hours
One-time: Rulemaking	Section 3 and 4	1 – Senior Staff	<ul style="list-style-type: none"> • 120 Senior Staff Hours
One-time: Establish a system of certificates*	Section 14	1 – Senior Staff	<ul style="list-style-type: none"> • 8 Hours
On-going: Job Impact Study	Section 25	1 – Senior Staff (biennially until 2026)	<ul style="list-style-type: none"> • 80 Senior Staff Hours

* This system already exists in Oregon; thus, all that is required is that DOE write a letter adopting the existing system, WREGIS.