

REVENUE: Revenue statement issued  
FISCAL: Fiscal statement issued

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Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	4 - 1 - 0
Yeas:	Atkinson, Bates, Prozanski, Avakian
Nays:	Beyer
Exc.:	0
Prepared By:	Sue Marshall, Administrator
Meeting Dates:	3/13, 3/15, 3/20, 3/27

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**WHAT THE MEASURE DOES:** Requires the Department of Energy to create a renewable portfolio standard under which electric utilities must derive 25 percent of annual retail electricity sales from renewable energy resources by the year 2025. Authorizes the department to adopt rules to implement the standard. Authorizes the Public Utility Commission and consumer-owned utility governing boards to establish procedures for implementation and monitoring of the renewable energy standard. Modifies and extends the public purpose charge collected from retail customers until January 1, 2026. Declares and emergency, effective upon passage.

**ISSUES DISCUSSED:**

- The need for diversified, dependable, stable energy sources
- Environmental impacts of fossil fuel
- Required inclusion of small utilities under the standard
- Exclusion of existing hydroelectric power sources to attain the standard
- Economic benefit to rural communities
- Whether renewable energy sources will increase the cost to electric utilities and their customers
- Qualifying criteria for renewable electricity generating facilities and renewable energy sources
- Public purpose rate charge and extension

**EFFECT OF COMMITTEE AMENDMENT:** Provides details of how the renewable energy standard will be implemented. Modifies and extends the public purpose retail electricity rate charge.

**BACKGROUND:** Renewable portfolio standards (RPS) set a requirement that retail electricity providers supply a minimum percent of their retail electricity load with eligible renewable energy sources by a certain date. The desired objectives of RPS include: reducing greenhouse gas emissions, diversifying fuel sources, developing new technologies and improving rural economies. Most of the twenty-four states that have adopted RPS have done so in the last five years. The concept for an Oregon RPS came as a central recommendation in the 2005 report of the Global Warming Advisory Group and was subsequently refined by a 32-member Renewable Energy Workgroup appointed by Governor Kulongoski.

Senate Bill 838-A, the Oregon Renewable Energy Act, establishes a renewable energy standard of 25 percent of retail sales from renewable energy resources by 2025 as a means to accelerate the transition to renewable energy sources and decrease Oregon's reliance on fossil fuel for electric utilities. The measure defines qualifying renewable electric energy facilities as those in existence or having expanded or improved efficiency after January 1, 1995. Eligible renewable energy resources are defined in the measure to include wind, solar, wave, geothermal, certain allowable biomass and new hydro power sources.

Senate Bill 838-A directs the Department of Energy (DOE) to approve by rule additional renewable energy sources; however, petroleum, natural gas, coal or nuclear fusion are explicitly prohibited. The measure authorizes the department to adopt rules to implement the standard. The Public Utility Commission (PUC) is authorized to establish procedures for implementing and monitoring of the renewable energy standard for investor-owner utilities, and the governing boards will do so for consumer owned utilities.

Senate Bill 838-A defines large electric facilities (those with sales to retail customers equal to or greater than 1.5 percent) as subject to the RPS, and sets a phased in schedule for compliance at five percent increments by 2011, 2015, 2020 and 2025. Exemptions to the RPS are allowed for small utilities (less than 1.5 percent sales to retail customers) and for other utilities under certain conditions. Electric companies subject to the RPS are allowed to recover prudently incurred costs associated with compliance and are directed to allow retail electric consumers to elect a green power rate.

Senate Bill 838-A also changes the public purpose charge to allow the PUC to authorize an electric company to recover through rates the cost of funding or implementing cost-effective energy conservation measures, and also imposes a limit on the amount that can be charged to large consumers that use more than one average megawatt. There are also some changes to provisions related to people's utility districts. The measure eliminates the 10-year public purpose charge sunset of 2012 and establishes a new sunset date of January 1, 2026.