

A-Engrossed
House Bill 3691

Ordered by the House February 10
Including House Amendments dated February 10

Sponsored by COMMITTEE ON SUSTAINABILITY AND ECONOMIC DEVELOPMENT

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.

Allows above-market costs associated with compliance with renewable portfolio standard to be recoverable in rates of electric company.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to prudently incurred costs associated with compliance with a renewable portfolio stand-
3 ard; amending ORS 469A.120 and 757.370; and declaring an emergency.

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

5 **SECTION 1.** ORS 469A.120 is amended to read:

6 469A.120. (1) Except as provided in ORS 469A.180 (5), all prudently incurred costs associated
7 with compliance with a renewable portfolio standard are recoverable in the rates of an electric
8 company, including interconnection costs, costs associated with using physical or financial assets
9 to integrate, firm or shape renewable energy sources on a firm annual basis to meet retail electricity
10 needs, **above-market costs** and other costs associated with transmission and delivery of qualifying
11 electricity to retail electricity consumers.

12 [(2) *Costs associated with compliance with a renewable portfolio standard are not an above-market*
13 *cost for the purposes of ORS 757.600 to 757.689.*]

14 [(3)] (2) The Public Utility Commission shall establish an automatic adjustment clause as defined
15 in ORS 757.210 or another method that allows timely recovery of costs prudently incurred by an
16 electric company to construct or otherwise acquire facilities that generate electricity from
17 renewable energy sources and for associated electricity transmission. Notwithstanding any other
18 provision of law, upon the request of any interested person the commission shall conduct a pro-
19 ceeding to establish the terms of the automatic adjustment clause or other method for timely re-
20 covery of costs. The commission shall provide parties to the proceeding with the procedural rights
21 described in ORS 756.500 to 756.610, including but not limited to the opportunity to develop an
22 evidentiary record, conduct discovery, introduce evidence, conduct cross-examination and submit
23 written briefs and oral argument. The commission shall issue a written order with findings on the
24 evidentiary record developed in the proceeding.

25 [(4)] (3) An electric company must file with the commission for approval of a proposed rate
26 change to recover costs under the terms of an automatic adjustment clause or other method for
27 timely recovery of costs established under subsection [(3)] (2) of this section. Notwithstanding any
28 other provision of law, upon the request of any interested person the commission shall conduct a

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 proceeding to determine whether to approve a proposed change in rates under the automatic ad-
2 justment clause or other method for timely recovery of costs. The commission shall provide parties
3 to the proceeding with the procedural rights described in ORS 756.500 to 756.610, including but not
4 limited to the opportunity to develop an evidentiary record, conduct discovery, introduce evidence,
5 conduct cross-examination and submit written briefs and oral argument. The commission shall issue
6 a written order with findings on the evidentiary record developed in the proceeding. A filing made
7 under this subsection is subject to the commission's authority under ORS 757.215 to suspend a rate,
8 or schedule of rates, for investigation.

9 **SECTION 2.** ORS 757.370 is amended to read:

10 757.370. (1) On or before January 1, 2020, the total solar photovoltaic generating nameplate ca-
11 pacity, from qualifying systems generating at least 500 kilowatts, of all electric companies in this
12 state must be at least 20 megawatts of alternating current with no single project greater than five
13 megawatts of alternating current.

14 (2) For the purpose of complying with the solar photovoltaic generating capacity standard es-
15 tablished by this section, on or before January 1, 2020, each electric company is required to main-
16 tain a minimum generating capacity from qualifying systems. The minimum generating capacity for
17 each electric company is determined by multiplying 20 megawatts by a fraction equal to the electric
18 company's share of all retail electricity sales made in this state in 2008 by all electric companies.

19 (3) For the purposes of ORS 757.360 to 757.380, capacity of a solar photovoltaic energy system
20 is measured on the alternating current side of the system's inverter using the measurement stan-
21 dards set forth by the Public Utility Commission by rule. If the system does not use an inverter, the
22 measurement shall be made at the direct current level.

23 (4) An electric company may satisfy the solar photovoltaic generating capacity standard estab-
24 lished by this section with solar photovoltaic energy systems owned by the company or with con-
25 tracts for the purchase of electricity from qualifying systems.

26 (5) All costs prudently incurred by an electric company to comply with the solar photovoltaic
27 generating capacity standard established by this section, **including above-market costs**, are re-
28 coverable in the company's rates and are eligible for an automatic adjustment clause established by
29 the commission under ORS 469A.120.

30 *[(6) Costs associated with compliance with the solar photovoltaic generating capacity standard es-*
31 *tablished by this section are not above-market costs for purposes of ORS 757.600 to 757.689.]*

32 *[(7)]* (6) The commission may adopt rules implementing and enforcing this section.

33 **SECTION 3. This 2010 Act being necessary for the immediate preservation of the public**
34 **peace, health and safety, an emergency is declared to exist, and this 2010 Act takes effect**
35 **on its passage.**

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