

House Bill 3632

Sponsored by Representative BENTZ

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 **as introduced**.

Requires Director of the State Department of Energy to promote use of compressed natural gas. Gives highest priority for energy facility tax credits to distribution facilities for compressed natural gas.

Applies to applications for preliminary certification submitted on or after effective date of Act. Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to compressed natural gas; creating new provisions; amending ORS 469.195 and 469.197; and
3 prescribing an effective date.

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

5 **SECTION 1.** ORS 469.195, as amended by section 6, chapter 76, Oregon Laws 2010, is amended
6 to read:

7 469.195. (1) In determining the eligibility of any facility for tax credits, **the greatest priority**
8 **shall be given to distribution facilities for compressed natural gas.**

9 **(2) After the priority required under subsection (1) of this section,** preference shall be
10 given to those projects that:

11 (a) Provide energy savings for real or personal property within the state inhabited as the prin-
12 cipal residence of a tenant, including:

13 (A) Nonowner occupied single family dwellings; and

14 (B) Multiple unit residential housing; or

15 (b) Provide long-term energy savings from the use of renewable resources or conservation of
16 energy resources.

17 [(2)] **(3)** The Director of the State Department of Energy shall establish by rule a tiered priority
18 system to be used in evaluating applicants for certification of facilities using or producing renewable
19 energy resources. The tier system shall be based upon the projected costs of facilities. In determin-
20 ing the eligibility for tax credits and in allocating the available certified cost pursuant to section
21 2 (1), chapter 76, Oregon Laws 2010, among facilities, the director shall subject facilities with higher
22 projected costs to closer scrutiny, shall compare projects of similar costs against each other and
23 may certify less than the total cost of any facility based on this evaluation. The director may employ
24 criteria including the following factors as defined by rule:

25 (a) Technology-specific energy production standards;

26 (b) Market sector;

27 (c) Delivery of energy into existing distribution and transmission network;

28 (d) Investment payback period;

29 (e) Expected lifespan of the facility;

30 (f) Potential for long-term viability;

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 (g) Environmental standards established by the director;
- 2 (h) Potential to create and sustain new jobs;
- 3 (i) Projected siting in a location that is geographically or socioeconomically advantageous;
- 4 (j) Demonstrated readiness to begin implementation;
- 5 (k) Amount and quality of energy generated;
- 6 (L) Strength of business plan;
- 7 (m) Provision of operations and maintenance data, with appropriate protections for trade secrets
- 8 consistent with ORS chapter 192;
- 9 (n) Connection to existing infrastructure;
- 10 (o) Third-party review of the applicant's business plan; or
- 11 (p) Data related to projected return on investment.

12 **SECTION 2.** ORS 469.197, as amended by section 7, chapter 76, Oregon Laws 2010, is amended
 13 to read:

14 469.197. The State Department of Energy shall by rule establish all of the following criteria:

15 (1) For a high-performance home, the minimum design and construction standards that must be
 16 met or exceeded for a dwelling to be considered a high-performance home, including but not limited
 17 to standards for the building envelope, HVAC systems, lighting, appliances, water conservation
 18 measures, use of sustainable building materials and on-site renewable energy systems. The criteria
 19 must also establish the minimum reduction in estimated net purchased energy that a dwelling must
 20 achieve to be considered a high-performance home.

21 (2) For a homebuilder-installed renewable energy system, the minimum performance and effi-
 22 ciency standards that a solar electric system, solar domestic water heating system, passive solar
 23 space heating system, wind power system, geothermal heating system, fuel cell system or other sys-
 24 tem utilizing renewable resources must achieve to be considered a homebuilder-installed renewable
 25 energy system.

26 (3) For a high-efficiency combined heat and power facility, the minimum performance and effi-
 27 ciency standards that the facility must achieve to be considered a high-efficiency combined heat and
 28 power facility.

29 (4) For a renewable energy resource equipment manufacturing facility:

30 (a) Standards relating to the type of equipment, machinery or other products being manufactured
 31 and related performance and efficiency standards applicable to the manufactured products;

32 (b) Standards, consistent with the definitions in ORS 469.185, relating to what constitutes a
 33 single renewable energy resource equipment manufacturing facility that include:

34 (A) Standards establishing what constitutes property that is not included within a renewable
 35 energy resource equipment manufacturing facility; and

36 (B) The consideration of such factors as phases of development, expansion of or additions to
 37 existing facilities or product lines, increased production and number of jobs created or maintained
 38 by an applicant;

39 (c) Standards relating to the minimum level of increased employment in Oregon for a renewable
 40 energy resource equipment manufacturing facility;

41 (d) Standards relating to indicators of financial viability of an applicant for preliminary certifi-
 42 cation under ORS 469.205;

43 (e) Standards relating to the likelihood of long-term operation and success of a renewable energy
 44 resource equipment manufacturing facility; and

45 (f) Standards relating to the likelihood that an applicant seeking preliminary certification of a

1 renewable energy resource equipment manufacturing facility will base decisions to locate or expand
2 a facility in Oregon on the allowance of a tax credit under ORS 315.354.

3 (5) For a facility using or producing renewable energy resources, standards relating to criteria
4 required under ORS 469.195 [(2)] (3).

5 (6) Standards, consistent with the definitions in ORS 469.185, relating to what constitutes a
6 single facility.

7 **SECTION 3. Section 4 of this 2011 Act is added to and made a part of ORS chapter 469.**

8 **SECTION 4. The Director of the State Department of Energy shall:**

9 (1) **Promote the public's use of, and advertise to the public the availability of, compressed
10 natural gas.**

11 (2) **Encourage commercial fueling networks to offer compressed natural gas at their
12 stations and shall facilitate the awarding of loans under ORS 470.510 to further that purpose.**

13 (3) **Develop a plan to facilitate the conversion of school bus fleets, transit agency fleets
14 and garbage collection vehicle fleets to the use of vehicles that run on compressed natural
15 gas. The plan must:**

16 (a) **Include methods for promoting private companies that operate fueling stations for
17 compressed natural gas that are open to the public.**

18 (b) **Include programs to encourage school districts, mass transit districts and garbage
19 collection agencies to enter into long-term supply contracts with private companies that will
20 supply compressed natural gas at fueling facilities that are open to the public.**

21 **SECTION 5. The amendments to ORS 469.195 by section 1 of this 2011 Act apply to ap-
22 plications for preliminary certification under ORS 469.210 that are submitted on or after the
23 effective date of this 2011 Act.**

24 **SECTION 6. This 2011 Act takes effect on the 91st day after the date on which the 2011
25 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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