

**REVENUE: No revenue impact**

**FISCAL: Minimal fiscal impact, no statement issued**

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**Action:** Do Pass

**Vote:** 8 - 0 - 1

**Yeas:** Berger, Dembrow, Hicks, Holvey, Hoyle, Jenson, Kennemer, Garrett

**Nays:** 0

**Exc.:** Barnhart

**Prepared By:** Erin Seiler, Administrator

**Meeting Dates:** 6/24

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**WHAT THE MEASURE DOES:** Directs Public Utility Commission (PUC) to establish voluntary program to create incentives for public utilities to furnish natural gas for projects that reduce emissions and provide benefits to customers. Requires PUC specify type of ratepayer from whom public utility may recover costs incurred and investments made. Specifies eligibility criteria and process for implementation of incentive program.

**ISSUES DISCUSSED:**

- Reduction of greenhouse gas emissions
- Voluntary nature of program
- Administrative and project approval process within PUC
- Increase in demand for natural gas
- Impact on residential users of natural gas
- Project investment costs
- Types of projects that may be incentivized through program
- Preventing negative impact on consumer
- Impact on trucking industry
- Potential benefits to ratepayers

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** In 2007, the Legislative Assembly enacted House Bill 3543, establishing greenhouse gas (GHG) emission reduction goals for the state, including the goal of reducing GHG levels to at least 10 percent below 1990 levels by the year 2020. In 2009, the Legislative Assembly enacted Senate Bill 101, requiring the Public Utility Commission (PUC) to report biennially to the Legislative Assembly on the estimated rate impacts for Oregon's regulated electric and natural gas companies related to meeting the state's GHG emission goals.

Senate Bill 844-A creates a voluntary incentive program for public utilities that furnish natural gas to invest in projects that reduce emissions. The measure specifies criteria for participation, including: that projects reduce emissions (either directly or indirectly), that projects benefit the utility's customers, that the utility would otherwise not make the investment without the incentive, that stakeholders be involved in the development of the project, and that the aggregate effect of projects undertaken by a utility not exceed a rate impact specified by PUC by rule. The measure also outlines application and review processes.

Finally, Senate Bill 844-A requires that PUC conduct a biennial study regarding whether federal law, or other state laws, provide adequate incentives for projects to reduce emissions, and directs PUC to submit a report to the Legislative Assembly by February 1 of each odd-numbered year.

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*This summary has not been adopted or officially endorsed by action of the committee.*