

A-Engrossed
Senate Bill 242

Ordered by the Senate April 8
Including Senate Amendments dated April 8

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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.

[Requires electric companies to develop and submit to Public Utility Commission strategy for analyzing and planning for investments in facility that uses coal to generate electricity. Requires submission of strategy on or before January 1, 2014.]

Modifies definition of baseload electricity for purposes related to greenhouse gas emissions standards.

Removes provisions allowing Public Utility Commission to modify by rule greenhouse gas emissions standard that applies to electric companies.

Creates process by which commission may conduct study of greenhouse gas emissions standard for purposes of making report to Legislative Assembly.

[Declares emergency, effective on passage.]

A BILL FOR AN ACT

1
2 Relating to facilities that generate electricity; creating new provisions; and amending ORS 757.522
3 and 757.524.

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

5 **SECTION 1.** ORS 757.522 is amended to read:

6 757.522. As used in ORS 757.522 to 757.536:

7 (1) "Additional interest" means:

8 (a) The acquisition, by the holder of an interest in a generating facility located in Oregon, of a
9 separate interest in that generating facility that is producing energy and is in service for tax pur-
10 poses, commercially operable or in rates on July 1, 2010; and

11 (b) The renewal of an existing contract of five or more years that includes the acquisition of
12 baseload electricity for an additional term of five or more years where the expected greenhouse gas
13 emissions profile of the contract renewal is substantially similar to that of the previous contract.

14 (2) "Annual plant capacity factor" means the ratio of the electricity produced by a generating
15 facility during one year, measured in kilowatt-hours, to the electricity the generating facility could
16 have produced if it had been operated at its rated capacity throughout the same year, expressed in
17 kilowatt-hours.

18 (3)(a) "Baseload electricity" means electricity produced by a generating facility that is designed
19 and intended, at the time a site certificate is issued to the owner of the facility **or a permit au-**
20 **thorizing the construction and operation of the facility is issued to the owner of the facility**
21 **by another state or country**, to provide electricity on a continuous basis at an annual plant ca-
22 pacity factor of at least 60 percent.

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 (b) “Baseload electricity” does not include electricity from:

2 (A) A qualifying facility under the federal Public Utility Regulatory Policies Act of 1978, 16
3 U.S.C. 2601 to 2645; *[or]*

4 (B) A generating source that uses natural gas or petroleum distillates as a fuel source and that
5 is primarily used to serve either peak demand or to integrate energy from a renewable energy
6 source described in ORS 469A.025[.]; **or**

7 **(C) A generating facility that:**

8 **(i) Previously used coal as the facility’s primary fuel source;**

9 **(ii) Is owned in whole or in part by an electric company; and**

10 **(iii) Currently uses natural gas or another resource as the facility’s primary fuel source.**

11 (4) “Construction” has the meaning given that term in ORS 469.300.

12 (5) “Consumer-owned utility” has the meaning given that term in ORS 757.600.

13 (6) “Electric company” has the meaning given that term in ORS 757.600.

14 (7) “Electricity service supplier” has the meaning given that term in ORS 757.600.

15 (8) “Generating facility” includes one or more jointly operated electricity generators that use
16 the same fuel type, have the same in-service date and operate at the same location as described in
17 ORS 469.300.

18 (9) “Governing board” means the legislative authority of a consumer-owned utility.

19 (10)(a) “Long-term financial commitment” means an investment in or upgrade of a generating
20 facility that produces baseload electricity, or a contract with a term of more than five years, **be-**
21 **ginning on the date on which the contract is executed**, that includes acquisition of baseload
22 electricity.

23 (b) “Long-term financial commitment” does not include:

24 (A) Routine or necessary maintenance;

25 (B) Installation of emission control equipment;

26 (C) Installation, replacement or modification of equipment that improves the heat rate of the
27 facility or reduces a generating facility’s pounds of greenhouse gases per megawatt-hour of elec-
28 tricity;

29 (D) Installation, replacement or modification of equipment where the primary purpose is to
30 maintain reliable generation output capability and not to extend the life of the generating facility,
31 and that does not increase the heat input or fuel usage as specified in existing generation air quality
32 permits, but that may result in incidental increases in generation capacity;

33 (E) Repairs necessitated by sudden and unexpected equipment failure; or

34 (F) An acquisition of an additional interest.

35 (11) “Output-based methodology” means a greenhouse gas emissions standard that is expressed
36 in pounds of greenhouse gases emitted per megawatt-hour, factoring in the useful thermal energy
37 employed for purposes other than the generation of electricity.

38 (12) “Site certificate” has the meaning given that term in ORS 469.300.

39 (13) “Upgrade” means any modification made for the primary purpose of increasing the electric
40 generation capacity of a baseload facility.

41 **SECTION 2.** ORS 757.524 is amended to read:

42 757.524. (1) [*Unless modified by rule by the Public Utility Commission as provided in this*
43 *section,*] The greenhouse gas emissions standard that applies to electric companies and electricity
44 service suppliers is 1,100 pounds of greenhouse gases per megawatt-hour for a generating facility.

45 (2) [*Unless modified pursuant to subsection (4) of this section,*] The greenhouse gas emissions

1 standard applies only to carbon dioxide emissions.

2 (3) For purposes of applying the emissions standard to cogeneration facilities, the **Public Utility**
3 **Commission** shall establish an output-based methodology to ensure that the calculation of emissions
4 of greenhouse gases for cogeneration facilities recognizes the total usable energy output of the
5 process and includes all greenhouse gases emitted by the facility in the production of both electrical
6 and thermal energy.

7 *[(4) The commission shall review the greenhouse gas emissions standard established under this*
8 *section no more than once every three years. After public notice and hearing, and consultation with the*
9 *State Department of Energy, the commission may:]*

10 *[(a) Modify the emissions standard to include other greenhouse gases as defined in ORS 468A.210,*
11 *with the other greenhouse gases expressed as their carbon dioxide equivalent; and]*

12 *[(b) Modify the emissions standard based upon current information on the rate of greenhouse gas*
13 *emissions from a commercially available combined-cycle natural gas generating facility that:]*

14 *[(A) Employs a combination of one or more gas turbines and one or more steam turbines and*
15 *produces electricity in the steam turbines from waste heat produced by the gas turbines;]*

16 *[(B) Has a heat rate at high elevation within the boundaries of the Western Electricity Coordinat-*
17 *ing Council; and]*

18 *[(C) Has a heat rate at ambient temperatures when operating during the hottest day of the year.]*

19 *[(5) In modifying the greenhouse gas emissions standard, the commission shall:]*

20 *[(a) Use an output-based methodology to ensure that the calculation of greenhouse gas emissions*
21 *through cogeneration recognizes the total usable energy output of the process and includes all*
22 *greenhouse gases emitted by the generating facility in the production of both electrical and thermal*
23 *energy; and]*

24 *[(b) Consider the effects of the emissions standard on system reliability and overall costs to elec-*
25 *tricity consumers.]*

26 *[(6) If upon a review conducted pursuant to subsection (4) of this section, the commission deter-*
27 *mines that a mandatory greenhouse gas emissions limit has been established pursuant to state or fed-*
28 *eral law, the commission shall issue a report to the appropriate legislative committees of the Legislative*
29 *Assembly stating which portions, if any, of the greenhouse gas emissions standard are no longer nec-*
30 *essary as a matter of state law.]*

31 *[(7) Modifications to the emissions standard made pursuant to this section do not apply to long-term*
32 *financial commitments entered into prior to the time of such modification. A long-term financial com-*
33 *mitment begins upon execution of a contract for the acquisition of baseload electricity or upon con-*
34 *struction of a generating facility.]*

35 **SECTION 3. Section 4 of this 2013 Act is added to and made a part of ORS 757.522 to**
36 **757.536.**

37 **SECTION 4. No sooner than 90 days after the enactment of a federal law, state law,**
38 **regulation or rule regulating the emission of greenhouse gases from generating facilities, an**
39 **electric company, electricity service supplier or the customer of an electric company or**
40 **electricity service supplier may petition the Public Utility Commission to study the**
41 **greenhouse gas emissions standard established under ORS 757.524. If the commission under-**
42 **takes the study, the commission shall determine whether the standard is still necessary to**
43 **reduce greenhouse gases emitted by electric companies and electricity service suppliers and**
44 **whether the standard should be repealed or maintained in whole or in part. In making the**
45 **determination, the commission shall consider whether the enacted federal law, state law,**

1 **regulation or rule is inconsistent with the standard or renders the standard redundant. The**
2 **commission shall report the results of the study, and shall include recommendations for**
3 **legislation, to the Legislative Assembly in the manner described in ORS 192.245 no later than**
4 **12 months after receiving the petition.**

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