

Senate Bill 242

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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 **as introduced**.

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.

Declares emergency, effective on passage.

A BILL FOR AN ACT

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

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

ANALYSIS OF AND PLANS FOR FACILITIES THAT USE COAL TO GENERATE ELECTRICITY

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9 **SECTION 1.** Section 2 of this 2013 Act is added to and made a part of ORS chapter 757.

10 **SECTION 2.** (1) An electric company, as defined in ORS 757.600, that proposes to make
11 an investment in or to upgrade a facility that uses coal to generate electricity shall develop
12 a strategy for analyzing and planning for investments in that facility, including investments
13 in emission control equipment. The strategy must be submitted to the Public Utility Com-
14 mission once every two years for review.

15 (2)(a) The commission shall:

16 (A) Except as provided in paragraph (b) of this section, acknowledge a strategy submitted
17 under subsection (1) of this section in any integrated resource plan submitted to the com-
18 mission; and

19 (B) Consider strategies submitted under subsection (1) of this section in a ratemaking
20 process that concerns an investment in the use of coal to generate electricity.

21 (b) The commission may not acknowledge a strategy submitted under subsection (1) of
22 this section in an integrated resource plan submitted to the commission if the strategy is
23 incomplete or otherwise does not comport with the rules of the commission.

24 (c) If public utility files a rate or schedule of rates with the commission that establishes
25 a new rate or schedule of rates or that increases an existing rate or schedule of rates in part
26 because of an investment in the use of coal to generate electricity, and if that investment
27 was not part of a strategy submitted under subsection (1) of this section, or if that invest-
28 ment is part of a strategy that is incomplete or otherwise does not comport with the rules

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 of the commission, the commission, in its discretion, may limit or refuse recovery of the
2 investment.

3 (3) For the purpose of administering this section, the commission shall adopt rules:

4 (a) Establishing requirements for the content of the strategy described in subsection (1)
5 of this section;

6 (b) Establishing a procedure for review of the results of an analysis that is submitted as
7 part of a strategy, including provisions for public comment;

8 (c) Integrating the requirements of subsection (1) of this section with any integrated
9 resource planning guidelines established by the commission; and

10 (d) Integrating the requirements of subsection (1) of this section with any ratemaking
11 process that concerns an investment in the use of coal to generate electricity.

12 (4) In adopting rules under subsection (3)(a) of this section, the commission, at a mini-
13 mum, shall require the strategy to contain:

14 (a) A detailed cost analysis of the investment and the projected amount of savings if the
15 investment is not made;

16 (b) An analysis of the rate impact of making the investment compared with alternatives
17 to making the investment, including reconfiguration of the facility, repowering the facility
18 with another energy source, terminating the facility within a specified amount of time and
19 securing another energy source or any other alternative prescribed by the commission by
20 rule; and

21 (c) The estimated cost of meeting greenhouse gas emissions standards under ORS 757.522
22 to 757.536 by making the investment compared with the estimated cost of acquiring elec-
23 tricity from another energy source.

24 (5) The strategy submitted under this section may use as a basis for any analysis or plan
25 standards adopted or guidelines established by the commission.

26 **SECTION 3.** An electric company, as defined in ORS 757.600, shall develop and submit to
27 the Public Utility Commission the strategy described in section 2 of this 2013 Act on or be-
28 fore January 1, 2014.

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30 **DEFINITION OF “BASELOAD ELECTRICITY” FOR PURPOSES**
31 **RELATED TO GREENHOUSE GAS EMISSIONS STANDARDS**

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33 **SECTION 4.** ORS 757.522 is amended to read:

34 757.522. As used in ORS 757.522 to 757.536:

35 (1) “Additional interest” means:

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

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

42 (2) “Annual plant capacity factor” means the ratio of the electricity produced by a generating
43 facility during one year, measured in kilowatt-hours, to the electricity the generating facility could
44 have produced if it had been operated at its rated capacity throughout the same year, expressed in
45 kilowatt-hours.

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

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

7 (A) A qualifying facility under the federal Public Utility Regulatory Policies Act of 1978, 16
8 U.S.C. 2601 to 2645; or

9 (B) A generating source that uses natural gas or petroleum distillates as a fuel source and that
10 is primarily used to serve either peak demand or to integrate energy from a renewable energy
11 source described in ORS 469A.025.

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

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

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

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

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

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

20 (10)(a) “Long-term financial commitment” means an investment in or upgrade of a generating
21 facility that produces baseload electricity, or a contract with a term of more than five years that
22 includes acquisition of baseload 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 5. The unit captions used in this 2013 Act are provided only for the convenience**
42 **of the reader and do not become part of the statutory law of this state or express any leg-**
43 **islative intent in the enactment of this 2013 Act.**

44 **SECTION 6. This 2013 Act being necessary for the immediate preservation of the public**
45 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**

1 **on its passage.**

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