

A-Engrossed
Senate Bill 844

Ordered by the Senate June 14
Including Senate Amendments dated June 14

Sponsored by Senator BEYER

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.

Directs Public Utility Commission to establish voluntary [*greenhouse gas*] emission reduction program for purposes of incentivizing public utilities **that furnish natural gas** to invest in projects that reduce [*greenhouse gas*] emissions and providing benefits to customers of public utilities **that furnish natural gas**.

A BILL FOR AN ACT

1
2 Relating to greenhouse gas emissions.

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

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

5 **SECTION 2. (1) As used in this section, "emission" means any anthropogenic gas, such**
6 **as carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur**
7 **hexafluoride.**

8 **(2) The Public Utility Commission shall establish a voluntary emission reduction program**
9 **for the purposes of incentivizing public utilities that furnish natural gas to invest in projects**
10 **that reduce emissions and providing benefits to customers of public utilities that furnish**
11 **natural gas.**

12 **(3) As part of the emission reduction program, the commission shall establish eligibility**
13 **criteria for projects. The eligibility criteria must include:**

14 **(a) That the public utility requesting the project be a public utility that furnishes natural**
15 **gas and that the project involve the provision of natural gas;**

16 **(b) That the project directly or indirectly reduce emissions;**

17 **(c) That the project benefit customers of the public utility as identified by the commis-**
18 **sion by rule or order;**

19 **(d) That the public utility, without the emission reduction program, would not invest in**
20 **the project in the ordinary course of business;**

21 **(e) That the public utility, prior to filing an application under subsection (4) of this sec-**
22 **tion, involve stakeholders as required by the commission by rule or order; and**

23 **(f) That the rate impact of the aggregate of all projects undertaken by a public utility**
24 **under this section not exceed an amount established by the commission by rule or order.**

25 **(4) For each project that a public utility proposes under this section, the public utility**
26 **must file with the commission an application. An application filed under this subsection must**
27 **include:**

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 (a) A description of the project;
 - 2 (b) The projected amount of capital and operating costs necessary to complete and op-
3 erate the project;
 - 4 (c) The projected amount of reduced emissions created by the project;
 - 5 (d) The potential of the project to reduce emissions not identified in paragraph (c) of this
6 subsection;
 - 7 (e) The projected date on which the project will become operational;
 - 8 (f) A requested method, as described in subsection (8) of this section, for recovery of
9 costs incurred and investments made;
 - 10 (g) An explanation of why the public utility, without the emission reduction program,
11 would not invest in the project in the ordinary course of business;
 - 12 (h) Proof of stakeholder involvement;
 - 13 (i) The projected rate impact of the project;
 - 14 (j) The projected aggregate rate impact of all projects proposed by the public utility under
15 this section and approved by the commission for the public utility under this section;
 - 16 (k) An explanation of how the public utility will provide the commission with progress
17 updates during the life of the project, including updates on costs and reduced emissions as-
18 sociated with the project; and
 - 19 (L) Any other information required by the commission by rule or order.
- 20 (5)(a) The commission shall establish a two-tiered process for submitting a project pro-
21 posal under the emission reduction program. For the purpose of establishing the tiers, the
22 commission shall:
- 23 (A) Establish a threshold for overall project cost; and
 - 24 (B) Establish a threshold for overall project cost per metric ton of reduced emissions.
- 25 (b) If a proposed project meets both the threshold described in paragraph (a)(A) of this
26 subsection and the threshold described in paragraph (a)(B) of this subsection, the project is
27 a tier one project subject to the requirements of subsection (6) of this section. If a proposed
28 project does not meet the threshold described in paragraph (a)(A) of this subsection or the
29 threshold described in paragraph (a)(B) of this subsection, the project is a tier two project
30 subject to the requirements of subsection (7) of this section.
- 31 (6) For tier one projects, the commission shall:
- 32 (a) Provide interested parties with an opportunity to submit written comment in re-
33 sponse to the proposed project;
 - 34 (b) Hold a public hearing to address all submitted written comments; and
 - 35 (c) Issue a final order on the proposed project within 90 days of receiving the application
36 for the project, or at a later time as authorized by the public utility.
- 37 (7) For tier two projects, the commission shall:
- 38 (a) By rule or order, provide interested parties with an opportunity to submit testimony
39 in response to the proposed project and be heard; and
 - 40 (b) Issue a final order on the proposed project within 180 days of receiving the application
41 for the project, or at a later time as authorized by the public utility.
- 42 (8) If a final order issued under subsection (6)(c) or (7)(b) of this section authorizes a
43 project, the order shall specify:
- 44 (a) The type of ratepayer from whom the public utility that submitted the project pro-
45 posal may recover costs incurred and investments made. A public utility may recover costs

1 incurred and investments made from a type of ratepayer under this paragraph only if the
2 commission makes a finding that the type of ratepayer receives a benefit from the project.
3 If the commission makes a finding that more than one type of ratepayer receives a benefit
4 from the project, the commission shall allow recovery from each type of ratepayer in an
5 amount that is proportionate to the proportion of the benefit received, as determined by the
6 commission, by the type of ratepayer.

7 (b) The method by which the public utility that submitted the project proposal may re-
8 cover costs incurred and investments made and the amount that the public utility may re-
9 cover. Methods of recovery include:

10 (A) Payment per unit of reduced emissions;

11 (B) Preapproval for inclusion in the public utility's rates of costs prudently incurred and
12 of investments prudently made;

13 (C) Return of investment and return on investment; and

14 (D) Any other method approved by the commission by rule or order.

15 (9) For purposes related to the emission reduction program established under this sec-
16 tion, the commission may consider the amount of reduced emissions created by a project or
17 the value of reduced emissions created by a project.

18 (10) The commission shall establish a rate cap for each public utility for which a project
19 is authorized under this section. The rate cap must limit the cost of all of the public utility's
20 projects authorized under this section to an amount that does not exceed a percentage of the
21 public utility's revenue requirement as identified by the commission by rule or order.

22 (11) The commission shall biennially conduct a study on whether federal law or regulation
23 or other state laws or rules provide adequate incentives for public utilities that furnish na-
24 tural gas to invest in projects that reduce emissions in the ordinary course of business. The
25 commission shall report the results of a study conducted under this subsection, and may
26 make recommendations for legislation, to the Legislative Assembly in the manner described
27 in ORS 192.245 not later than February 1 of each odd-numbered year.

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