

Senate Bill 844

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 **as introduced**.

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

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) "Greenhouse gas" means any gas that contributes to anthropogenic**
6 **global warming, including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,**
7 **perfluorocarbons and sulfur hexafluoride.**

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

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

14 **(a) That the project directly or indirectly reduce greenhouse gas emissions;**

15 **(b) That the project benefit customers of the public utility as identified by the commis-**
16 **sion by rule or order;**

17 **(c) That the public utility, without the greenhouse gas emission reduction program,**
18 **would not invest in the project in the ordinary course of business;**

19 **(d) That the public utility involve, prior to filing an application under subsection (4) of**
20 **this section, stakeholders as required by the commission by rule or order; and**

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

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

26 **(a) A description of the project;**

27 **(b) The projected amount of capital and operating costs necessary to complete and op-**
28 **erate the project;**

29 **(c) The projected amount of greenhouse gas emission reductions created by the project;**

30 **(d) The potential of the project to reduce greenhouse gas emissions not identified in**
31 **paragraph (c) of this subsection;**

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

1 **(9) For purposes related to the greenhouse gas emission reduction program established**
2 **under this section, the commission may consider the amount of reduced greenhouse gas**
3 **emissions created by a project or the value of greenhouse gas emissions reduction created**
4 **by a project.**

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

9 **(11) The commission shall biennially conduct a study on whether federal law or regulation**
10 **or other state laws or rules provide adequate incentives for public utilities to invest in**
11 **projects that reduce greenhouse gas emissions in the ordinary course of business. The com-**
12 **mission shall report the results of a study conducted under this subsection, and may make**
13 **recommendations for legislation, to the Legislative Assembly in the manner described in ORS**
14 **192.245 not later than February 1 of each odd-numbered year.**