

**PROPOSED AMENDMENTS TO
SENATE BILL 844**

1 On page 1 of the printed bill, delete lines 4 through 31 and delete pages
2 2 and 3 and insert:

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

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

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

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

16 **“(a) That the public utility requesting the project be a public utility**
17 **that furnishes natural gas and that the project involve the provision**
18 **of natural gas;**

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

20 **“(c) That the project benefit customers of the public utility as**
21 **identified by the commission by rule or order;**

22 **“(d) That the public utility, without the emission reduction pro-**

1 **gram, would not invest in the project in the ordinary course of busi-**
2 **ness;**

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

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

9 **“(4) For each project that a public utility proposes under this sec-**
10 **tion, the public utility must file with the commission an application.**
11 **An application filed under this subsection must include:**

12 **“(a) A description of the project;**

13 **“(b) The projected amount of capital and operating costs necessary**
14 **to complete and operate the project;**

15 **“(c) The projected amount of reduced emissions created by the**
16 **project;**

17 **“(d) The potential of the project to reduce emissions not identified**
18 **in paragraph (c) of this subsection;**

19 **“(e) The projected date on which the project will become opera-**
20 **tional;**

21 **“(f) A requested method, as described in subsection (8) of this sec-**
22 **tion, for recovery of costs incurred and investments made;**

23 **“(g) An explanation of why the public utility, without the emission**
24 **reduction program, would not invest in the project in the ordinary**
25 **course of business;**

26 **“(h) Proof of stakeholder involvement;**

27 **“(i) The projected rate impact of the project;**

28 **“(j) The projected aggregate rate impact of all projects proposed by**
29 **the public utility under this section and approved by the commission**
30 **for the public utility under this section;**

1 **“(k) An explanation of how the public utility will provide the com-**
2 **mission with progress updates during the life of the project, including**
3 **updates on costs and reduced emissions associated with the project;**
4 **and**

5 **“(L) Any other information required by the commission by rule or**
6 **order.**

7 **“(5)(a) The commission shall establish a two-tiered process for**
8 **submitting a project proposal under the emission reduction program.**
9 **For the purpose of establishing the tiers, the commission shall:**

10 **“(A) Establish a threshold for overall project cost; and**

11 **“(B) Establish a threshold for overall project cost per metric ton**
12 **of reduced emissions.**

13 **“(b) If a proposed project meets both the threshold described in**
14 **paragraph (a)(A) of this subsection and the threshold described in**
15 **paragraph (a)(B) of this subsection, the project is a tier one project**
16 **subject to the requirements of subsection (6) of this section. If a pro-**
17 **posed project does not meet the threshold described in paragraph**
18 **(a)(A) of this subsection or the threshold described in paragraph (a)(B)**
19 **of this subsection, the project is a tier two project subject to the re-**
20 **quirements of subsection (7) of this section.**

21 **“(6) For tier one projects, the commission shall:**

22 **“(a) Provide interested parties with an opportunity to submit writ-**
23 **ten comment in response to the proposed project;**

24 **“(b) Hold a public hearing to address all submitted written com-**
25 **ments; and**

26 **“(c) Issue a final order on the proposed project within 90 days of**
27 **receiving the application for the project, or at a later time as author-**
28 **ized by the public utility.**

29 **“(7) For tier two projects, the commission shall:**

30 **“(a) By rule or order, provide interested parties with an opportunity**

1 to submit testimony in response to the proposed project and be heard;
2 and

3 “(b) Issue a final order on the proposed project within 180 days of
4 receiving the application for the project, or at a later time as author-
5 ized by the public utility.

6 “(8) If a final order issued under subsection (6)(c) or (7)(b) of this
7 section authorizes a project, the order shall specify:

8 “(a) The type of ratepayer from whom the public utility that sub-
9 mitted the project proposal may recover costs incurred and invest-
10 ments made. A public utility may recover costs incurred and
11 investments made from a type of ratepayer under this paragraph only
12 if the commission makes a finding that the type of ratepayer receives
13 a benefit from the project. If the commission makes a finding that
14 more than one type of ratepayer receives a benefit from the project,
15 the commission shall allow recovery from each type of ratepayer in
16 an amount that is proportionate to the proportion of the benefit re-
17 ceived, as determined by the commission, by the type of ratepayer.

18 “(b) The method by which the public utility that submitted the
19 project proposal may recover costs incurred and investments made and
20 the amount that the public utility may recover. Methods of recovery
21 include:

22 “(A) Payment per unit of reduced emissions;

23 “(B) Preapproval for inclusion in the public utility’s rates of costs
24 prudently incurred and of investments prudently made;

25 “(C) Return of investment and return on investment; and

26 “(D) Any other method approved by the commission by rule or or-
27 der.

28 “(9) For purposes related to the emission reduction program estab-
29 lished under this section, the commission may consider the amount
30 of reduced emissions created by a project or the value of reduced

1 emissions created by a project.

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

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

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