

78th Oregon Legislative Assembly - 2016 Regular Session
STAFF MEASURE SUMMARY
House Committee On Energy and Environment

MEASURE: HB 4036 A
CARRIER: Rep. Vega Pederson

Fiscal: Fiscal impact issued
Revenue: No revenue impact, statement issued (Indeterminate Impact)

Action Date: 02/11/16
Action: Do Pass With Amendments And Rescind Subsequent Referral To Ways And Means. (Printed A-Eng.)
Meeting Dates: 02/02, 02/04, 02/09, 02/11
Vote:
Yeas: 6 - Boone, Helm, Holvey, Johnson, Reardon, Vega Pederson
Nays: 3 - Bentz, Heard, Weidner

Prepared By: Beth Patrino, Committee Administrator

WHAT THE MEASURE DOES:

Requires an electric company to eliminate coal-fired resources from its allocation of electricity on or before January 1, 2030. Authorizes Public Utility Commission (PUC) to allow company to continue allocating electricity from coal-fired resource for up to five years after the date on which resource is fully depreciated upon request of company or if owners of coal-fired resource agree to close resource on or before date on which resource is fully depreciated.

Revises large utility renewable portfolio standard (RPS) to require that at least 27 percent of electricity sold in years 2025 - 2029 be qualifying electricity generated from a renewable energy source, at least 35 percent of electricity sold in years 2030-2034 be qualifying electricity generated from a renewable energy source, at least 45 percent of electricity sold in years 2035-2039 be qualifying electricity generated from a renewable energy source and at least 50 percent of electricity sold in 2040 and beyond be qualifying electricity generated from a renewable energy source. Revises how renewable energy certificates may be banked and used by electric companies.

Revises exemption from RPS requirements for utility acquiring another utility's service territory without consent. Describes circumstances under which exemption still applies. Modifies provisions for cost recovery for RPS compliance. Authorizes PUC to investigate if RPS compliance is likely to result in conflict or compromises to obligation to comply with North American Electric Reliability Corporation standards. At request of electric company, PUC may open an investigation to determine whether specified RPS provisions necessitate changes to cost recovery methodology. Upon request of electric company, directs PUC to establish stranded cost obligation payable by electric utility to electric company in association with condemnation or acquisition. Authorizes PUC to make estimation and valuation of long-term benefit of renewable energy generating facility, site, or resource acquired by a public utility. On or before October 1, 2016, directs PUC to establish means by which electric company may annually track, and credit or charge customers for, the difference between state or federal production tax credits included in rates charged by company and actual production tax credits received by company.

Makes legislative findings regarding energy efficiency. Directs energy companies to plan for and pursue all available energy efficiency resources that are cost-effective, reliable and feasible and, as directed by PUC, plan for and pursue acquisition of cost-effective demand response resources.

Defines "transportation electrification" as the use of electricity to power all or part of a vehicle and programs and infrastructure investments related to developing such use of electricity. Makes legislative findings regarding transportation electrification. Directs PUC to direct electric company to file applications on or before December 31,

2016, for programs to accelerate transportation electrification and establishes criteria for such programs. Establishes that tariff schedules and rates may allow return of and return on investment made by electric company and is to be recovered from all customers in manner similar to the recovery of distribution system investments. Requires that period of time over which return on investment may be earned is not to exceed the depreciation schedule of the investment.

Repeals minimum solar energy capacity standard for electric companies. Modifies treatment of solar energy credited to electric company for RPS compliance.

Defines "community solar project." Directs PUC to adopt rules for the implementation of a community solar program and require each electric company to implement such a program. Establishes required elements of program rules. Authorizes project owner or operator to offer subscriptions to only residential and small commercial consumers of electricity. Directs electric company to credit a subscriber's electric bill for amount of electricity generated by project for the subscriber in amount that equals resource value of solar energy as determined by PUC. Allows electric company to recover prudently incurred start-up programs costs in rates. Establishes that project subscriber owns all renewable energy certificates in proportion to subscriber's subscription. Directs PUC to identify low income residential electricity consumers and determine method by which 10 percent of total generating capacity of community solar projects will be made available for use by low income consumers. Directs PUC to report to interim legislative committees on program on or before July 1, 2019.

Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Comparison of HB 4036 and proposed ballot measures
- Community solar program provisions
- Effects of requirement to eliminate coal-fired resources
- Challenges of integrating renewable energy resources
- Electric vehicle charging station investments
- Takeovers of utility service areas

EFFECT OF COMMITTEE AMENDMENT:

Revises language addressing non-consensual takeovers of electric utility service areas. Authorizes Public Utility Commission (PUC) to open investigation to determine if electric company's compliance with renewable portfolio standard is likely to result in conflicts with or compromises to its obligation to comply with reliability standards. Defines "community solar project." Add provisions to community solar program elements that must be adopted in rule by the PUC. Directs PUC to adopt rules for community solar program implementation and require each electric company to implement a community solar program on or before July 1, 2017.

BACKGROUND:

The Oregon Renewable Portfolio Standard (RPS) was enacted in 2007 through Senate Bill 838. The bill directed Oregon utilities to meet a percentage of their retail electricity needs with qualified renewable resources. For Oregon's three largest utilities (Portland General Electric, PacifiCorp, and the Eugene Water and Electric Board), the standard starts at 5 percent in 2011, increases to 15 percent in 2015, 20 percent in 2020, and 25 percent in 2025. Other electric utilities in the state, depending on size, have standards of 5 or 10 percent in 2025.

House Bill 4036A would require electric companies to eliminate coal-fired resources from their electricity supply on or before January 1, 2030, revise the state's renewable portfolio standard, and create a community solar program.