

B-Engrossed Senate Bill 1547

Ordered by the House February 29
Including Senate Amendments dated February 12 and House Amendments
dated February 29

Sponsored by Senator OLSEN; Senator JOHNSON, Representatives VEGA PEDERSON, WILLIAMSON (Presession filed.)

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.

[Clarifies that term "public utility" does not include people's utility district or electric cooperative for purpose of being regulated by Public Utility Commission.]

Requires each electric company providing electricity to retail electricity consumers located in this state to eliminate coal-fired resources from electric company's electricity supply. Allows Public Utility Commission to consider net gain or loss of sale of coal-fired resources for certain allocations to retail electricity consumers.

Modifies qualifying electricity for purposes of renewable portfolio standards. Changes compliance requirements for renewable portfolio standards. Makes other changes to provisions setting forth renewable portfolio standards. Permits carryforward of certain renewable energy certificates for specified periods.

Provides rules on application of renewable portfolio standards when electric utilities acquire service territory.

Permits commission to approve cost recovery for costs related to renewable energy storage.

Provides process to address conflicts between requirements for electric company to comply with renewable portfolio standards and reliability standards of North American Electric Reliability Corporation.

Changes goal to acquire electricity from community-based renewable energy projects to requirement to acquire such electricity.

Expands sources that qualify for community-based renewable energy projects to include facilities that generate electricity using biomass and that also generate thermal energy for secondary purpose.

Directs commission to establish stranded cost obligation associated with condemnation of or transaction related to service territory or property of electric company.

Requires public utilities to annually forecast projected state and federal production tax credits received due to variable renewable electricity production.

Clarifies that term "public utility" does not include people's utility district or electric cooperative for purposes of being regulated by Public Utility Commission.

Requires each electric company to file applications with commission for programs to accelerate transportation electrification. Allows return of and return on investment made by electric company for purposes of program.

Directs commission to establish program for creation of community solar projects.

Repeals minimum solar energy capacity standard for electric companies.

Declares emergency, effective on passage.

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A BILL FOR AN ACT

Relating to public utilities; creating new provisions; amending ORS 469A.005, 469A.020, 469A.052, 469A.055, 469A.060, 469A.075, 469A.100, 469A.120, 469A.135, 469A.140, 469A.145, 469A.210 and 757.375; repealing ORS 757.370; and declaring an emergency.

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

ELIMINATION OF COAL FROM ELECTRICITY SUPPLY

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.

SECTION 1. (1) As used in this section:

(a) “Allocation of electricity” means, for the purpose of setting electricity rates, the costs and benefits associated with the resources used to provide electricity to an electric company’s retail electricity consumers that are located in this state.

(b)(A) “Coal-fired resource” means a facility that uses coal-fired generating units, or that uses units fired in whole or in part by coal as feedstock, to generate electricity.

(B) “Coal-fired resource” does not include a facility generating electricity that is included as part of a limited duration wholesale power purchase made by an electric company for immediate delivery to retail electricity consumers that are located in this state for which the source of the power is not known.

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

(d) “Retail electricity consumer” has the meaning given that term in ORS 757.600.

(2) On or before January 1, 2030, an electric company shall eliminate coal-fired resources from its allocation of electricity.

(3)(a) The Public Utility Commission shall adjust any schedule of depreciation approved by the commission for an electric company’s coal-fired resource if:

(A) The electric company holds a minority ownership share in only one coal-fired resource, with no more than four generating units; and

(B) The electric company serves at least 800,000 retail electricity consumers and only retail electricity consumers that are located in this state.

(b) The adjusted depreciation schedule described in paragraph (a) of this subsection must require the coal-fired resource described in paragraph (a)(A) of this subsection to be fully depreciated on or before December 31, 2030.

(4) Notwithstanding subsections (2) and (3) of this section, for the number of years requested by the electric company, not to exceed five years after the coal-fired resource is fully depreciated, the commission shall authorize an electric company described in subsection (3) of this section to include in the company’s allocation of electricity the costs and benefits associated with the coal-fired resource described in subsection (3)(a)(A) of this section if:

(a) The electric company requests the commission to authorize the allocation of electricity; or

(b) The owners of the coal-fired resource agree to close the coal-fired resource on or before the date that is five years after the date the coal-fired resource is fully depreciated.

(5) For purposes of evaluating the prudence of an investment decision regarding a coal-fired resource made after the effective date of this 2016 Act, or an investment related to the continued operation of a coal-fired resource made after the effective date of this 2016 Act, the useful life of the coal-fired resource may not be considered to be any later than January 1, 2030, unless the commission determines otherwise.

(6) Notwithstanding ORS 757.355, this section does not prevent the full recovery of prudently incurred costs related to the decommissioning or remediation of a coal-fired resource or the closure of a coal-fired resource, at the time those costs are incurred.

SECTION 2. The Public Utility Commission may consider the net gain or net loss upon the sale of any coal-fired resource, as defined in section 1 of this 2016 Act, for allocation to the retail electricity consumers, as defined in ORS 757.600, of an electric company that makes sales of electricity to 25,000 or more retail electricity consumers in this state.

1 **AMENDMENTS TO STATUTES REGULATING**
2 **RENEWABLE PORTFOLIO STANDARDS**
3 **(Definitions)**

4
5 **SECTION 3.** ORS 469A.005 is amended to read:
6 469A.005. As used in ORS 469A.005 to 469A.210:

7 **(1) “Acquires service territory” does not include an acquisition by a city of a facility,**
8 **plant, equipment or service territory within the boundaries of the city, pursuant to ORS**
9 **225.020 or city charter, if the city:**

10 **(a) Already owns, controls or operates an electric light and power system for supplying**
11 **electricity to the inhabitants of the city and for general municipal purposes;**

12 **(b) Provides fair, just and reasonable compensation to the electric company whose ser-**
13 **vice territory is acquired that:**

14 **(A) Gives consideration for the service territory rights and the cost of the facility, plant**
15 **or equipment acquired and for depreciation, fair market value, reproduction cost and any**
16 **other relevant factor; and**

17 **(B) Is based on the present value of the service territory rights and the facility, plant**
18 **and equipment acquired, including the value of poles, wires, transformers and similar and**
19 **related appliances necessarily required to provide electric service; and**

20 **(c) Pays any stranded costs obligation established pursuant to section 18 of this 2016 Act.**

21 [(1)] **(2) “Banked renewable energy certificate” means a bundled or unbundled renewable energy**
22 **certificate that is not used by an electric utility or electricity service supplier to comply with a**
23 **renewable portfolio standard in a calendar year, and that is carried forward for the purpose of**
24 **compliance with a renewable portfolio standard in a subsequent year.**

25 [(2)] **(3) “BPA electricity” means electricity provided by the Bonneville Power Administration,**
26 **including [all] electricity [from] generated by the Federal Columbia River Power System hydro-**
27 **electric projects and [other] electricity acquired by the Bonneville Power Administration by con-**
28 **tract.**

29 [(3)] **(4) “Bundled renewable energy certificate” means a renewable energy certificate for quali-**
30 **fying electricity that is acquired:**

31 **(a) By an electric utility or electricity service supplier by a trade, purchase or other transfer**
32 **of electricity that includes the renewable energy certificate that was issued for the electricity; or**

33 **(b) By an electric utility by generation of the electricity for which the renewable energy cer-**
34 **tificate was issued.**

35 [(4)] **(5) “Compliance year” means the calendar year for which the electric utility or electricity**
36 **service supplier seeks to establish compliance with the renewable portfolio standard applicable to**
37 **the electric utility or electricity service supplier in the compliance report submitted under ORS**
38 **469A.170.**

39 [(5)] **(6) “Consumer-owned utility” means a municipal electric utility, a people’s utility district**
40 **organized under ORS chapter 261 that sells electricity or an electric cooperative organized under**
41 **ORS chapter 62.**

42 **(7) “Distribution utility” has the meaning given that term in ORS 757.600.**

43 [(6)] **(8) “Electric company” has the meaning given that term in ORS 757.600.**

44 [(7)] **(9) “Electric utility” has the meaning given that term in ORS 757.600.**

45 [(8)] **(10) “Electricity service supplier” has the meaning given that term in ORS 757.600.**

1 [9] (11) “Qualifying electricity” means electricity described in ORS 469A.010.

2 [(10)] (12) “Renewable energy source” means a source of electricity described in ORS 469A.025.

3 [(11)] (13) “Retail electricity consumer” means a retail electricity consumer, as defined in ORS
4 757.600, that is located in Oregon.

5 [(12)] (14) “Unbundled renewable energy certificate” means a renewable energy certificate for
6 qualifying electricity that is acquired by an electric utility or electricity service supplier by trade,
7 purchase or other transfer without acquiring the electricity *[for which the]* **that is associated with**
8 **the renewable energy** certificate *[was issued]*.

9
10 (Qualifying Electricity)

11
12 **SECTION 4.** ORS 469A.020 is amended to read:

13 469A.020. (1) Except as provided in this section, electricity may be used to comply with a
14 renewable portfolio standard only if the electricity is generated by a facility that becomes opera-
15 tional on or after January 1, 1995.

16 (2) Electricity from a generating facility, other than a hydroelectric facility, that became oper-
17 ational before January 1, 1995, may be used to comply with a renewable portfolio standard if the
18 electricity is attributable to capacity or efficiency upgrades made on or after January 1, 1995.

19 (3) Electricity from a hydroelectric facility that became operational before January 1, 1995, may
20 be used to comply with a renewable portfolio standard if the electricity is attributable to efficiency
21 upgrades made on or after January 1, 1995. If an efficiency upgrade is made to a Bonneville Power
22 Administration facility, only that portion of the electricity generation attributable to Oregon’s share
23 of the electricity may be used to comply with a renewable portfolio standard.

24 (4) Subject to the limit imposed by ORS 469A.025 (5), electricity from a hydroelectric facility
25 that became operational before January 1, 1995, may be used to comply with a renewable portfolio
26 standard if the facility is certified as a low-impact hydroelectric facility on or after January 1, 1995,
27 by a national certification organization recognized by the State Department of Energy by rule, and
28 if the facility is either:

29 (a) Owned by an electric utility; or

30 (b) Not owned by an electric utility and located in Oregon and licensed by the Federal Energy
31 Regulatory Commission under the Federal Power Act, 16 U.S.C. 791a et seq., or exempt from such
32 license.

33 [(5)(a)] (5) Electricity from a generating facility located in this state that uses biomass and that
34 became operational before January 1, 1995, may be used to comply with a renewable portfolio
35 standard if the facility meets the requirements of the federal Public Utility Regulatory Policies Act
36 of 1978 (P.L. 95-617) on March 4, 2010, *[regardless of whether the facility qualifies under the re-*
37 *quirements of the Public Utility Commission.]*

38 [(b) Renewable energy certificates derived from electricity generated by a facility that qualifies un-
39 der paragraph (a) of this subsection may not be used to comply with a renewable portfolio standard
40 before January 1, 2026. However, renewable energy certificates issued before January 1, 2026, may be
41 banked pursuant to ORS 469A.005 to 469A.210 for use on or after January 1, 2026.]

42 (6) A facility located in this state that generates electricity from direct combustion of municipal
43 solid waste and that became operational before January 1, 1995, may be used to comply with a
44 renewable portfolio standard for up to 11 average megawatts of electricity generated per calendar
45 year. *[Renewable energy certificates derived from electricity generated by a facility described in this*

1 subsection may not be used to comply with a renewable portfolio standard before January 1, 2026.
2 However, renewable energy certificates issued before January 1, 2026, may be banked pursuant to ORS
3 469A.005 to 469A.210 for use on or after January 1, 2026.]

4
5 **(Compliance Requirements for**
6 **Renewable Portfolio Standard)**
7

8 **SECTION 5.** ORS 469A.052 is amended to read:

9 469A.052. (1) The large utility renewable portfolio standard imposes the following requirements
10 on an electric utility that makes sales of electricity to retail electricity consumers in an amount that
11 equals three percent or more of all electricity sold to retail electricity consumers:

12 (a) At least five percent of the electricity sold by the **electric** utility to retail electricity con-
13 sumers in each of the calendar years 2011, 2012, 2013 and 2014 must be qualifying electricity;

14 (b) At least 15 percent of the electricity sold by the **electric** utility to retail electricity con-
15 sumers in each of the calendar years 2015, 2016, 2017, 2018 and 2019 must be qualifying electricity;

16 (c) At least 20 percent of the electricity sold by the **electric** utility to retail electricity con-
17 sumers in each of the calendar years 2020, 2021, 2022, 2023 and 2024 must be qualifying electricity;
18 [*and*]

19 **(d) At least 25 percent of the electricity sold by a consumer-owned utility to retail elec-**
20 **tricity consumers in the calendar year 2025 and subsequent calendar years must be qualifying**
21 **electricity;**

22 [*(d)*] **(e) At least [25] 27 percent of the electricity sold by [the utility to retail electricity consumers**
23 **in calendar year 2025 and subsequent calendar years must be qualifying electricity.] an electric**
24 **company to retail electricity consumers in each of the calendar years 2025, 2026, 2027, 2028**
25 **and 2029 must be qualifying electricity;**

26 **(f) At least 35 percent of the electricity sold by an electric company to retail electricity**
27 **consumers in each of the calendar years 2030, 2031, 2032, 2033 and 2034 must be qualifying**
28 **electricity;**

29 **(g) At least 45 percent of the electricity sold by an electric company to retail electricity**
30 **consumers in each of the calendar years 2035, 2036, 2037, 2038 and 2039 must be qualifying**
31 **electricity; and**

32 **(h) At least 50 percent of the electricity sold by an electric company to retail electricity**
33 **consumers in the calendar year 2040 and subsequent calendar years must be qualifying elec-**
34 **tricity.**

35 (2) If, on June 6, 2007, an electric utility makes sales of electricity to retail electricity consum-
36 ers in an amount that equals less than three percent of all electricity sold to retail electricity con-
37 sumers, but in any three consecutive calendar years thereafter makes sales of electricity to retail
38 electricity consumers in amounts that average three percent or more of all electricity sold to retail
39 electricity consumers, the **electric** utility is subject to the renewable portfolio standard described
40 in subsection (3) of this section. The **electric** utility becomes subject to the **renewable portfolio**
41 standard described in subsection (3) of this section in the calendar year following the three-year
42 period during which the **electric** utility makes sales of electricity to retail electricity consumers in
43 amounts that average three percent or more of all electricity sold to retail electricity consumers.

44 (3) An electric utility described in subsection (2) of this section must comply with the following
45 renewable portfolio standard:

1 (a) Beginning in the fourth calendar year after the calendar year in which the **electric** utility
2 becomes subject to the **renewable portfolio** standard described in this subsection, at least five
3 percent of the electricity sold by the **electric** utility to retail electricity consumers in a calendar
4 year must be qualifying electricity;

5 (b) Beginning in the 10th calendar year after the calendar year in which the **electric** utility
6 becomes subject to the **renewable portfolio** standard described in this subsection, at least 15 per-
7 cent of the electricity sold by the **electric** utility to retail electricity consumers in a calendar year
8 must be qualifying electricity;

9 (c) Beginning in the 15th calendar year after the calendar year in which the **electric** utility
10 becomes subject to the **renewable portfolio** standard described in this subsection, at least 20 per-
11 cent of the electricity sold by the **electric** utility to retail electricity consumers in a calendar year
12 must be qualifying electricity; and

13 (d) Beginning in the 20th calendar year after the calendar year in which the **electric** utility
14 becomes subject to the **renewable portfolio** standard described in this subsection, at least 25 per-
15 cent of the electricity sold by the **electric** utility to retail electricity consumers in a calendar year
16 must be qualifying electricity.

17 **SECTION 6.** ORS 469A.075 is amended to read:

18 469A.075. (1) An electric company that is subject to a renewable portfolio standard shall develop
19 an implementation plan for meeting the requirements of the **renewable portfolio** standard and file
20 the **implementation** plan with the Public Utility Commission. Implementation plans must be revised
21 and updated at least once every two years.

22 (2) **At a minimum**, an implementation plan must [*at a minimum*] contain:

23 (a) Annual targets for acquisition and use of qualifying electricity; and

24 (b) The estimated cost of meeting the annual targets, including the cost of transmission, the cost
25 of firming, shaping and integrating qualifying electricity, the cost of alternative compliance pay-
26 ments and the cost of acquiring renewable energy certificates.

27 (3) The commission shall acknowledge [*the*] **an** implementation plan no later than six months
28 after the **implementation** plan is filed with the commission. The commission may acknowledge the
29 **implementation** plan subject to conditions specified by the commission.

30 (4) The commission shall adopt rules:

31 (a) Establishing requirements for the content of implementation plans;

32 (b) Establishing the procedure for acknowledgment of implementation plans under this section,
33 including provisions for public comment; [*and*]

34 (c) Providing for the integration of [*the*] **an** implementation plan with the integrated resource
35 planning guidelines established by the commission [*and in effect on June 6, 2007.*] **for the purpose**
36 **of planning for the least-cost, least-risk acquisition of resources; and**

37 **(d) Providing for the evaluation of competitive bidding processes that allow for diverse**
38 **ownership of renewable energy sources that generate qualifying electricity.**

39 (5) [*The*] **An** implementation plan filed under this section may include procedures that will be
40 used by the electric company to determine whether the costs of constructing a facility that gener-
41 ates electricity from a renewable energy source, or the costs of acquiring bundled or unbundled
42 renewable energy certificates, are consistent with the **renewable portfolio** standards of the com-
43 mission relating to least-cost, least-risk planning for acquisition of resources.

44
45 **(Banking Renewable Energy Certificates)**

1 **SECTION 7.** ORS 469A.140 is amended to read:

2 469A.140. (1) Renewable energy certificates may be traded, sold or otherwise transferred.

3 (2) Renewable energy certificates that are not used by [*an electric utility or electricity service*
4 *supplier*] **a consumer-owned utility** to comply with a renewable portfolio standard in a calendar
5 year may be banked and carried forward indefinitely for the purpose of complying with a renewable
6 portfolio standard in a subsequent year. For the purpose of **a consumer-owned utility** complying
7 with a renewable portfolio standard in any calendar year[:],

8 [(a) *Banked renewable energy certificates must be used, up to the limit imposed by ORS 469A.145,*
9 *before other certificates are used; and*]

10 [(b)] banked renewable energy certificates with the oldest issuance date must be used to comply
11 with the **renewable portfolio** standard before banked renewable energy certificates with more re-
12 cent issuance dates are used.

13 (3)(a) **Renewable energy certificates issued on or before the effective date of this 2016**
14 **Act that are not used by an electric company or electricity service supplier to comply with**
15 **a renewable portfolio standard in a calendar year may be banked and carried forward indef-**
16 **initely for the purpose of complying with a renewable portfolio standard in a subsequent**
17 **year.**

18 (b) **For qualifying electricity generated from a renewable energy source that becomes**
19 **operational on or before the effective date of this 2016 Act, or for qualifying electricity that**
20 **is acquired under a contract, having a duration of less than 20 years, for the purchase of**
21 **electricity generated from a renewable energy source that becomes operational between the**
22 **effective date of this 2016 Act and December 31, 2022, renewable energy certificates issued**
23 **for the qualifying electricity after the effective date of this 2016 Act that are not used by an**
24 **electric company or an electricity service supplier to comply with a renewable portfolio**
25 **standard in the calendar year in which the renewable energy certificates are issued may be**
26 **banked and carried forward, for up to five compliance years immediately following the com-**
27 **pliance year in which the renewable energy certificates are issued, for the purpose of com-**
28 **plying with a renewable portfolio standard in one of those five compliance years.**

29 (c) **For qualifying electricity generated from a renewable energy source that becomes**
30 **operational between the effective date of this 2016 Act and December 31, 2022, or for quali-**
31 **fying electricity that is acquired under a contract, having a duration of 20 years or more, for**
32 **the purchase of electricity generated from a renewable energy source that becomes opera-**
33 **tional between the effective date of this 2016 Act and December 31, 2022, renewable energy**
34 **certificates issued for the qualifying electricity during the five-year period after the date the**
35 **renewable energy source becomes operational that are not used by an electric company or**
36 **an electricity service supplier to comply with a renewable portfolio standard in the calendar**
37 **year in which the renewable energy certificates are issued may be banked and carried for-**
38 **ward indefinitely for the purpose of complying with a renewable portfolio standard in a sub-**
39 **sequent year.**

40 (d) **For qualifying electricity generated from a renewable energy source that becomes**
41 **operational between the effective date of this 2016 Act and December 31, 2022, or for quali-**
42 **fying electricity that is acquired under a contract, having a duration of 20 years or more, for**
43 **the purchase of electricity generated from a renewable energy source that becomes opera-**
44 **tional between the effective date of this 2016 Act and December 31, 2022, renewable energy**
45 **certificates issued for the qualifying electricity more than five years after the renewable**

1 **energy source becomes operational that are not used by an electric company or an electricity**
 2 **service supplier to comply with a renewable portfolio standard in the calendar year in which**
 3 **the renewable energy certificates are issued may be banked and carried forward, for up to**
 4 **five compliance years immediately following the compliance year in which the renewable**
 5 **energy certificates are issued, for the purpose of complying with a renewable portfolio**
 6 **standard in one of those five compliance years.**

7 **(e) For qualifying electricity generated from a renewable energy source that becomes**
 8 **operational after December 31, 2022, renewable energy certificates issued for the qualifying**
 9 **electricity that are not used by an electric company or an electricity service supplier to**
 10 **comply with a renewable portfolio standard in the calendar year in which the renewable en-**
 11 **ergy certificates are issued may be banked and carried forward, for up to five compliance**
 12 **years immediately following the compliance year in which the renewable energy certificates**
 13 **are issued, for the purpose of complying with a renewable portfolio standard in one of those**
 14 **five compliance years.**

15 [(3)] (4) An electric utility or electricity service supplier is responsible for demonstrating that
 16 a renewable energy certificate used to comply with a renewable portfolio standard is derived from
 17 a renewable energy source and that the **electric** utility or **electricity service** supplier has not used,
 18 traded, sold or otherwise transferred the **renewable energy** certificate.

19 [(4)] (5) [*The same*] A renewable energy certificate may be used by an electric utility or elec-
 20 tricity service supplier to comply with **both** a federal renewable portfolio standard and a renewable
 21 portfolio standard established under ORS 469A.005 to 469A.210. An electric utility or electricity
 22 service supplier that uses a renewable energy certificate to comply with a renewable portfolio
 23 standard imposed by [*any other*] **a state other than this** state may not use the same **renewable**
 24 **energy** certificate to comply with a renewable portfolio standard established under ORS 469A.005
 25 to 469A.210.

26
 27 **(Acquisition of Electric Utility**
 28 **Service Territory)**
 29

30 **SECTION 8.** ORS 469A.055 is amended to read:

31 469A.055. (1) Except as provided in this section, an electric utility that makes sales of electricity
 32 to retail electricity consumers in an amount that equals less than three percent of all electricity
 33 sold to retail electricity consumers is not subject to ORS 469A.005 to 469A.210.

34 (2) Beginning in calendar year 2025, at least five percent of the electricity sold to retail elec-
 35 tricity consumers in a calendar year by an electric utility must be qualifying electricity if the elec-
 36 tric utility makes sales of electricity to retail electricity consumers in an amount that equals less
 37 than one and one-half percent of all electricity sold to retail electricity consumers.

38 (3) Beginning in calendar year 2025, at least 10 percent of the electricity sold to retail elec-
 39 tricity consumers in a calendar year by an electric utility must be qualifying electricity if the elec-
 40 tric utility makes sales of electricity to retail electricity consumers in an amount that equals or is
 41 more than one and one-half percent, and less than three percent, of all electricity sold to retail
 42 electricity consumers.

43 (4) The exemption provided by subsection (1) of this section terminates if an electric utility, or
 44 a joint operating entity that includes the **electric** utility as a member, acquires electricity from an
 45 electricity generating facility that uses coal as an energy source or makes an investment on or after

1 June 6, 2007, in an electricity generating facility that uses coal as an energy source. **Beginning in**
 2 **the calendar year following the year in which an electric utility's exemption terminates un-**
 3 **der this subsection, the electric utility is subject to the renewable portfolio standard de-**
 4 **scribed in ORS 469A.052 (3) and the provisions of ORS 469A.005 to 469A.210 that apply to ORS**
 5 **469A.052 (3).** This subsection does not apply to:

6 (a) A wholesale market purchase by an electric utility for which the energy source for the
 7 electricity is not known;

8 (b) BPA electricity;

9 (c) Acquisition of electricity under a contract entered into before June 6, 2007;

10 (d) A renewal or replacement contract for a contract for purchase of electricity described in
 11 paragraph (c) of this subsection;

12 (e) A purchase of electricity if the electricity is included in a contract for the purchase of
 13 qualifying electricity and is necessary to shape, firm or integrate the qualifying electricity;

14 (f) Electricity provided to an electric utility under a contract for the acquisition of an interest
 15 in an electricity generating facility that was entered into by the **electric** utility before June 6, 2007,
 16 or entered into before June 6, 2007, by an electric cooperative organized under ORS chapter 62 of
 17 which the electric utility is a member, without regard to whether the electricity is being used to
 18 serve the load of the electric utility on June 6, 2007; or

19 (g) Investments in an electricity generating facility that uses coal as an energy source if the
 20 investments are for the purpose of improving the facility's pollution mitigation equipment or the
 21 facility's efficiency or are necessary to comply with requirements or standards imposed by govern-
 22 mental entities.

23 (5) The exemption provided by subsection (1) of this section terminates for a consumer-owned
 24 utility if [*at any time after June 6, 2007,*] the **consumer-owned** utility acquires service territory of
 25 an electric [*company*] **utility** without the consent of the electric [*company.*] **utility. Except as pro-**
 26 **vided in subsection (6) of this section, beginning in the calendar year following the year in**
 27 **which a consumer-owned utility's exemption terminates under this subsection, the**
 28 **consumer-owned utility is subject to the renewable portfolio standard described in ORS**
 29 **469A.052 (3) and the provisions of ORS 469A.005 to 469A.210 that apply to ORS 469A.052 (3).**

30 (6) **If an electric utility acquires service territory of another electric utility without the**
 31 **consent of the electric utility from which service territory was acquired, then beginning in**
 32 **the calendar year following the acquisition, the percentage of the acquiring electric utility's**
 33 **electricity sold to all retail electricity consumers of the acquiring electric utility that is sold**
 34 **to retail electricity consumers that are located in the acquired service territory is subject**
 35 **to the renewable portfolio standard that is applicable to the electric utility from which ser-**
 36 **vice territory was acquired and the provisions of ORS 469A.005 to 469A.210 that apply to the**
 37 **renewable portfolio standard.**

38 (7) **The provisions of this section do not authorize the acquisition by a municipal electric**
 39 **utility of service territory of a people's utility district organized under ORS chapter 261.**

40 [*(6) Beginning in the calendar year following the year in which an electric utility's exemption ter-*
 41 *minates under subsection (4) or (5) of this section, the utility is subject to the renewable portfolio*
 42 *standard described in ORS 469A.052 (3) and related provisions of ORS 469A.005 to 469A.210.]*

43 [(7)] (8) The provisions of this section do not affect the requirement that electric utilities offer
 44 a green power rate under ORS 469A.205.

45

(Electricity Service Suppliers)

SECTION 9. ORS 469A.135 is amended to read:

469A.135. (1) A bundled renewable energy certificate may be used to comply with a renewable portfolio standard if:

(a) The facility that generates the qualifying electricity for which the **bundled renewable energy** certificate is issued is located in the United States and within the geographic boundary of the Western Electricity Coordinating Council; and

(b) The qualifying electricity for which the **bundled renewable energy** certificate is issued is delivered to:

(A) The Bonneville Power Administration[, *to*];

(B) The transmission system of an electric utility [*or to another*];

(C) A delivery point designated by [*an*] **the** electric utility for the purpose of subsequent delivery to the electric utility; **or**

(D) **A delivery point mutually agreed to by a distribution utility and an electricity service supplier for the purpose of subsequent delivery to the distribution utility serving the customer of the electricity service supplier.**

(2) An unbundled renewable energy certificate may be used to comply with a renewable portfolio standard if the facility that generates the qualifying electricity [*for*] **with** which the **unbundled renewable energy** certificate is [*issued*] **associated** is located within the geographic boundary of the Western Electricity Coordinating Council.

(3) Renewable energy certificates issued for any electricity that the Bonneville Power Administration has designated as environmentally preferred power, or has given a similar designation for electricity generated from a renewable resource, may be used to comply with a renewable portfolio standard without regard to the location of the generating facility.

(4) **This section does not affect the obligations or requirements:**

(a) **Imposed under or agreed to in a contract with a distribution utility;**

(b) **Imposed under tariff schedules approved by the Public Utility Commission;**

(c) **Imposed under an approved open access transmission tariff; or**

(d) **Imposed under rules adopted by the commission under ORS 757.600 to 757.689.**

SECTION 10. ORS 469A.145 is amended to read:

469A.145. (1) Except as otherwise provided in this section, unbundled renewable energy certificates, including banked unbundled renewable energy certificates, may not be used to meet more than 20 percent of the requirements of the large utility renewable portfolio standard described in ORS 469A.052 for any compliance year.

(2) The limitation imposed by subsection (1) of this section does not apply to **unbundled** renewable energy certificates [*issued for*] **associated with** electricity generated in [*Oregon*] **this state** from a renewable energy source by a net metering facility, as defined in ORS 757.300, or another generating facility that is not directly connected to a distribution or transmission system.

(3) The limitation imposed by subsection (1) of this section does not apply to **unbundled** renewable energy certificates [*issued for*] **associated with** electricity generated in [*Oregon*] **this state** by a qualifying facility under ORS 758.505 to 758.555.

(4) The limitation imposed by subsection (1) of this section does not apply to an electricity service supplier **for purposes of meeting the renewable portfolio standard described in ORS 469A.065 during compliance years before 2021.**

**(Recovery of Costs for Complying
with Renewable Portfolio Standard)**

SECTION 11. ORS 469A.120 is amended to read:

469A.120. (1) Except as provided in ORS 469A.180 (5), all prudently incurred costs associated with *[compliance with a renewable portfolio standard]* **complying with ORS 469A.005 to 469A.210** are recoverable in the rates of an electric company, including interconnection costs, costs associated with using physical or financial assets to integrate, firm or shape renewable energy sources on a firm annual basis to meet retail electricity needs, above-market costs and other costs associated with transmission and delivery of qualifying electricity to retail electricity consumers.

(2)(a) The Public Utility Commission shall establish an automatic adjustment clause as defined in ORS 757.210 or another method that allows timely recovery of costs prudently incurred by an electric company to construct or otherwise acquire facilities that generate electricity from renewable energy sources *[and for]*, **costs related to** associated electricity transmission **and costs related to associated energy storage**.

(b) Notwithstanding any other provision of law, upon the request of any interested person the commission shall conduct a proceeding to establish the terms of the automatic adjustment clause or other method for timely recovery of costs. The commission shall provide parties to the proceeding with the procedural rights described in ORS 756.500 to 756.610, including but not limited to the opportunity to develop an evidentiary record, conduct discovery, introduce evidence, conduct cross-examination and submit written briefs and oral argument. The commission shall issue a written order with findings on the evidentiary record developed in the proceeding.

(3)(a) An electric company must file with the commission for approval of a proposed rate change to recover costs under the terms of an automatic adjustment clause or other method for timely recovery of costs established under subsection (2) of this section. **As part of an electric company's request for approval under this subsection, the electric company may specify the date or the dates on which the electric company will begin to include in the electric company's rates, in full or in part, the costs recoverable under subsection (2) of this section. The commission may accept or reject the date or dates specified by the electric company.**

(b) Notwithstanding any other provision of law, upon the request of any interested person the commission shall conduct a proceeding to determine whether to approve a proposed change in rates under the automatic adjustment clause or other method for timely recovery of costs. The commission shall provide parties to the proceeding with the procedural rights described in ORS 756.500 to 756.610, including but not limited to the opportunity to develop an evidentiary record, conduct discovery, introduce evidence, conduct cross-examination and submit written briefs and oral argument. The commission shall issue a written order with findings on the evidentiary record developed in the proceeding.

(c) A filing made under this subsection is subject to the commission's authority under ORS 757.215 to suspend a rate, or schedule of rates, for investigation.

**(Exemption for Purposes of Meeting
Reliability Standards of North American
Electric Reliability Corporation)**

SECTION 12. Section 13 of this 2016 Act is added to and made a part of ORS 469A.005 to

1 **469A.210.**

2 **SECTION 13.** (1) Upon its own motion or at the request of an electric company, the
3 Public Utility Commission may open an investigation to determine whether an electric
4 company's compliance with one or more of the requirements of ORS 469A.052 is likely to
5 result in conflicts with or compromises to the electric company's obligation to comply with
6 the mandatory and enforceable reliability standards of the North American Electric Reli-
7 ability Corporation, or compromises to the integrity of the electric company's electrical
8 system. An electric company making a request under this subsection must submit an appli-
9 cation to the commission that includes:

10 (a) An explanation of the reliability or integrity issue and how a temporary exemption
11 from complying with one or more of the requirements of ORS 469A.052 will avoid the reli-
12 ability or integrity issue; and

13 (b) A plan to achieve full compliance with the requirements of ORS 469A.052.

14 (2) In applying for a temporary exemption under this section, an electric company has
15 the burden of demonstrating that compliance with one or more of the requirements of ORS
16 469A.052 is likely to result in:

17 (a) Conflicts with or compromises to the electric company's obligation to comply with the
18 mandatory and enforceable reliability standards of the North American Electric Reliability
19 Corporation; or

20 (b) Compromises to the integrity of the electric company's electrical system.

21 (3) If the commission determines under this section that compliance with one or more
22 of the requirements of ORS 469A.052 is likely to result in conflicts with or compromises to
23 an electric company's obligation to comply with the mandatory and enforceable reliability
24 standards of the North American Electric Reliability Corporation, or compromises to the
25 integrity of the electric company's electrical system, the commission shall issue an order:

26 (a) Notwithstanding ORS 469A.052, temporarily exempting the electric company from one
27 or more of the requirements of ORS 469A.052 for an amount of time sufficient to allow the
28 electric company to achieve full compliance with the requirements of ORS 469A.052;

29 (b) Directing the electric company to file a progress report on achieving full compliance
30 with the requirements of ORS 469A.052 within six months after issuing the order, or within
31 an amount of time determined to be reasonable by the commission; and

32 (c) Directing the electric company to take specific actions to achieve full compliance with
33 the requirements of ORS 469A.052.

34 (4) An electric company may request an extension of a temporary exemption granted
35 under this section.

36 (5) This section does not permanently relieve an electric company of its obligation to
37 comply with the requirements of ORS 469A.052.

38
39 (Small-Scale Community-Based
40 Renewable Energy Projects)

41
42 **SECTION 14.** ORS 469A.210 is amended to read:

43 469A.210. (1) The Legislative Assembly finds that community-based renewable energy projects,
44 including but not limited to marine renewable energy resources that are either developed in ac-
45 cordance with the Territorial Sea Plan adopted pursuant to ORS 196.471 or located on structures

1 adjacent to the coastal shorelands, are an essential element of [*Oregon's*] **this state's** energy
2 future[, and declares that it is the goal of the State of Oregon that].

3 **(2) For purposes related to the findings in subsection (1) of this section, by the year**
4 **2025, at least eight percent of [*Oregon's retail electrical load comes from*] the aggregate electrical**
5 **capacity of all electric companies that make sales of electricity to 25,000 or more retail**
6 **electricity consumers in this state must be composed of electricity generated by one or both**
7 **of the following sources:**

8 **(a) Small-scale renewable energy projects with a generating capacity of 20 megawatts or less[.**
9 ***All agencies of the executive department as defined in ORS 174.112 shall establish policies and proce-***
10 ***dures promoting the goal declared in this section.]; or***

11 **(b) Facilities that generate electricity using biomass that also generate thermal energy**
12 **for a secondary purpose.**

13
14 **(Renewable Energy Certificates**
15 **for Generation of Thermal Energy)**
16

17 **SECTION 15. Section 16 of this 2016 Act is added to and made a part of ORS 469A.005 to**
18 **469A.210.**

19 **SECTION 16. If a facility that generates electricity using biomass also generates thermal**
20 **energy for a secondary purpose, the State Department of Energy, as part of the system es-**
21 **ablished under ORS 469A.130, shall provide that renewable energy certificates must be is-**
22 **sued for the generation of the thermal energy. For purposes of issuing renewable energy**
23 **certificates under this section, 3,412,000 British thermal units are equivalent to one**
24 **megawatt-hour.**

25
26 **ACQUISITION OF ELECTRIC COMPANY**
27 **SERVICE TERRITORY OR PROPERTY**
28

29 **SECTION 17. Section 18 of this 2016 Act is added to and made a part of ORS chapter 757.**

30 **SECTION 18. (1) For purposes of this section:**

31 **(a) "Electric company" has the meaning given that term in ORS 757.600.**

32 **(b) "Electric utility" has the meaning given that term in ORS 757.600.**

33 **(c) "Retail electricity consumer" has the meaning given that term in ORS 757.600.**

34 **(2) Upon the request of an electric company, the Public Utility Commission shall establish**
35 **a stranded costs obligation payable by an electric utility to an electric company in associ-**
36 **ation with a condemnation or transaction described in subsection (3) of this section.**

37 **(3)(a) An electric utility that condemns the service territory or property of an electric**
38 **company, or acquires property pursuant to a transaction described in ORS 757.480, must pay**
39 **the stranded costs obligation established by the commission under subsection (2) of this**
40 **section.**

41 **(b) The purpose of the stranded costs obligation is to prevent shifting the costs associ-**
42 **ated with the loss of service territory or property of an electric company from the retail**
43 **electricity consumers of the electric utility to the retail electricity consumers of the electric**
44 **company.**

45 **(4) The commission may determine the stranded costs obligation in accordance with the**

1 Federal Energy Regulatory Commission’s current methodology for determining stranded
2 costs under the same or similar circumstances.

3 (5) This section does not interfere with or supersede the jurisdiction of the Federal En-
4 ergy Regulatory Commission.

5
6 **INCLUSION OF STATE AND FEDERAL PRODUCTION TAX**
7 **CREDITS IN VARIABLE POWER COST FORECASTING PROCESS**
8

9 **SECTION 18a.** Section 18b of this 2016 Act is added to and made a part of ORS chapter
10 **757.**

11 **SECTION 18b.** Each public utility that makes sales of electricity shall forecast on an
12 annual basis the projected state and federal production tax credits received by the public
13 utility due to variable renewable electricity production, and the Public Utility Commission
14 shall allow those forecasts to be included in rates through any variable power cost forecast-
15 ing process established by the commission.

16
17 **APPLICATION OF TERM “PUBLIC UTILITY”**
18

19 **SECTION 18c.** For purposes of ORS chapter 757, the term “public utility” does not in-
20 clude a people’s utility district organized under ORS chapter 261 or an electric cooperative
21 organized under ORS chapter 62.

22
23 **ENERGY EFFICIENCY**
24

25 **SECTION 19.** (1) As used in this section, “electric company” has the meaning given that
26 term in ORS 757.600.

27 (2) The Legislative Assembly finds and declares that:

28 (a) Energy efficiency programs promote lower energy bills, protect the public health and
29 safety, improve environmental benefits, stimulate sustainable economic development, create
30 new employment opportunities and reduce reliance on imported fuels; and

31 (b) Demand response resources result in more efficient use of existing resources and
32 reduce the need for procuring new power generating resources, which, in turn, reduces en-
33 ergy bills, protects the public health and safety and improves environmental benefits.

34 (3) For the purpose of ensuring prudent investments by an electric company in energy
35 efficiency and demand response before the electric company acquires new generating re-
36 sources, and in order to produce cost-effective energy savings, reduce customer demand for
37 energy, reduce overall electrical system costs, increase the public health and safety and im-
38 prove environmental benefits, each electric company serving customers in this state shall:

39 (a) Plan for and pursue all available energy efficiency resources that are cost effective,
40 reliable and feasible; and

41 (b) As directed by the Public Utility Commission by rule or order, plan for and pursue
42 the acquisition of cost-effective demand response resources.

43
44 **TRANSPORTATION ELECTRIFICATION PROGRAMS**
45

SECTION 20. (1) As used in this section:

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

(b) “Transportation electrification” means:

(A) The use of electricity from external sources to provide power to all or part of a vehicle;

(B) Programs related to developing the use of electricity for the purpose described in subparagraph (A) of this paragraph; and

(C) Infrastructure investments related to developing the use of electricity for the purpose described in subparagraph (A) of this paragraph.

(c) “Vehicle” means a vehicle, vessel, train, boat or any other equipment that is mobile.

(2) The Legislative Assembly finds and declares that:

(a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels of energy efficiency and carbon reduction, meet federal and state air quality standards, meet this state’s greenhouse gas emissions reduction goals described in ORS 468A.205 and improve the public health and safety;

(b) Widespread transportation electrification requires that electric companies increase access to the use of electricity as a transportation fuel;

(c) Widespread transportation electrification requires that electric companies increase access to the use of electricity as a transportation fuel in low and moderate income communities;

(d) Widespread transportation electrification should stimulate innovation and competition, provide consumers with increased options in the use of charging equipment and in procuring services from suppliers of electricity, attract private capital investments and create high quality jobs in this state;

(e) Transportation electrification and the purchase and use of electric vehicles should assist in managing the electrical grid, integrating generation from renewable energy resources and improving electric system efficiency and operational flexibility, including the ability of an electric company to integrate variable generating resources;

(f) Deploying transportation electrification and electric vehicles creates the opportunity for an electric company to propose, to the Public Utility Commission, that a net benefit for the customers of the electric company is attainable; and

(g) Charging electric vehicles in a manner that provides benefits to electrical grid management affords fuel cost savings for vehicle drivers.

(3) The Public Utility Commission shall direct each electric company to file applications, in a form and manner prescribed by the commission, for programs to accelerate transportation electrification. A program proposed by an electric company may include prudent investments in or customer rebates for electric vehicle charging and related infrastructure.

(4) When considering a transportation electrification program and determining cost recovery for investments and other expenditures related to a program proposed by an electric company under subsection (3) of this section, the commission shall consider whether the investments and other expenditures:

(a) Are within the service territory of the electric company;

(b) Are prudent as determined by the commission;

(c) Are reasonably expected to be used and useful as determined by the commission;

(d) Are reasonably expected to enable the electric company to support the electric

1 company’s electrical system;

2 (e) Are reasonably expected to improve the electric company’s electrical system effi-
3 ciency and operational flexibility, including the ability of the electric company to integrate
4 variable generating resources; and

5 (f) Are reasonably expected to stimulate innovation, competition and customer choice in
6 electric vehicle charging and related infrastructure and services.

7 (5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of this section:

8 (A) May allow a return of and a return on an investment made by an electric company
9 under subsection (3) of this section; and

10 (B) Shall be recovered from all customers of an electric company in a manner that is
11 similar to the recovery of distribution system investments.

12 (b) A return on investment allowed under this subsection may be earned for a period of
13 time that does not exceed the depreciation schedule of the investment approved by the
14 commission. When an electric company’s investment is fully depreciated, the commission
15 may authorize the electric company to donate the electric vehicle charging infrastructure
16 to the owner of the property on which the infrastructure is located.

17 (6) For purposes of ORS 757.355, electric vehicle charging infrastructure provides utility
18 service to the customers of an electric company.

19 (7) In authorizing programs described in subsection (3) of this section, the commission
20 shall review data concerning current and future adoption of electric vehicles and utilization
21 of electric vehicle charging infrastructure. If market barriers unrelated to the investment
22 made by an electric company prevent electric vehicles from adequately utilizing available
23 electric vehicle charging infrastructure, the commission may not permit additional invest-
24 ments in transportation electrification without a reasonable showing that the investments
25 would not result in long-term stranded costs recoverable from the customers of electric
26 companies.

27 **SECTION 21.** For purposes of section 20 of this 2016 Act, electric vehicle charging and
28 related infrastructure must be installed on or after July 1, 2016.

29
30 **SOLAR PROGRAM**
31 **(Community Solar Projects)**
32

33 **SECTION 22.** (1) For purposes of this section:

34 (a) “Community solar project” means one or more solar photovoltaic energy systems that
35 provide owners and subscribers the opportunity to share the costs and benefits associated
36 with the generation of electricity by the solar photovoltaic energy systems.

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

38 (c) “Owner” means a customer of an electric company who has proportionate ownership
39 of part of a community solar project, such as direct ownership of one or more solar panels
40 or shared ownership of the infrastructure of the community solar project.

41 (d) “Project manager” means the entity identified as having responsibility for managing
42 the operation of a community solar project and, if applicable, for maintaining contact with
43 the electric company that procures electricity from the community solar project. A project
44 manager may be:

45 (A) An electric company; or

1 (B) An independent third party.

2 (e) "Solar photovoltaic energy system" means equipment and devices that have the pri-
3 mary purpose of collecting solar energy and generating electricity by photovoltaic effect.

4 (f) "Subscriber" means a customer of an electric company who proportionately leases
5 part of a community solar project for a minimum of 10 years.

6 (2)(a) The Public Utility Commission shall establish by rule a program for the procure-
7 ment of electricity from community solar projects. As part of the program, the commission
8 shall:

9 (A) Adopt rules prescribing what qualifies a community solar project to participate in the
10 program;

11 (B) Certify qualified community solar projects for participation in the program;

12 (C) Prescribe the form and manner by which project managers may apply for certification
13 under the program; and

14 (D) Require, by rule or order, electric companies to enter into a 20-year power purchase
15 agreement with a certified community solar project.

16 (b) The commission shall adopt rules under paragraph (a)(A) of this subsection that, at
17 a minimum:

18 (A) Incentivize consumers of electricity to be owners or subscribers;

19 (B) Minimize the shifting of costs from the program to ratepayers who do not own or
20 subscribe to a community solar project;

21 (C) Where an electric company is the project manager, protect owners and subscribers
22 from undue financial hardship; and

23 (D) Protect the public interest.

24 (c) The commission may suspend the program adopted under this subsection if the com-
25 mission has good cause to suspend the program.

26 (3) A community solar project:

27 (a) Must have at least one solar photovoltaic energy system with a minimum generating
28 capacity of 25 kilowatts;

29 (b) Must be located in this state; and

30 (c) May be located anywhere in this state.

31 (4) A project manager may offer ownership in or subscriptions to a community solar
32 project only to consumers of electricity that are located:

33 (a) In this state; and

34 (b) In the service territory of an electric company.

35 (5)(a) A project manager may offer proportional ownership in or proportional sub-
36 scriptions to a community solar project in any amount that does not exceed a potential
37 owner's or potential subscriber's average annual consumption of electricity.

38 (b) Any value associated with the generation of electricity in excess of an offer to own
39 or subscribe to a community solar project as limited by paragraph (a) of this subsection must
40 be used by the electric company procuring electricity from the community solar project in
41 support of low-income residential customers of the electric company.

42 (6)(a) Except as provided in paragraph (b) of this subsection, an electric company shall
43 credit an owner's or subscriber's electric bill for the amount of electricity generated by a
44 community solar project for the owner or subscriber in a manner that reflects the resource
45 value of solar energy. For purposes of this paragraph, the commission shall determine the

1 resource value of solar energy.

2 (b) The commission may adopt a rate for an electric company to use in crediting an
3 owner’s or subscriber’s electric bill other than the rate described in paragraph (a) of this
4 subsection if the commission has good cause to adopt the different rate.

5 (7)(a) Except as otherwise provided in this section, owners and subscribers shall bear the
6 costs and benefits of constructing and operating a community solar project.

7 (b) Costs incurred by an electric company under the terms of a power purchase agree-
8 ment entered into pursuant to subsection (2)(a)(D) of this section are recoverable in the
9 rates of the electric company. Moneys collected pursuant to imposing those rates, under the
10 terms of a power purchase agreement entered into pursuant to subsection (2)(a)(D) of this
11 section, may be transferred to a project manager for the purpose of operating a community
12 solar project.

13 (c) All start-up costs prudently incurred during the development or modification of the
14 program established under this section are recoverable in the rates of an electric company.

15 (d) Owners and subscribers shall bear all ongoing costs incurred during the continued
16 administration of the program established under this section.

17 (8) Owners and subscribers own all renewable energy certificates established under ORS
18 469A.130 that are associated with the generation of electricity by a community solar project,
19 in proportion to the owner’s proportional ownership in or the subscriber’s proportional sub-
20 scription to the community solar project.

21 (9) As part of the program established under this section, the commission shall:

22 (a) Determine a methodology by which 10 percent of the total generating capacity of the
23 community solar projects operated under the program will be made available for use by
24 low-income residential customers of electricity; and

25 (b) Periodically review and adjust the percentage described in paragraph (a) of this sub-
26 section.

27
28 (Repeal of Minimum Solar Energy
29 Capacity Standard for Electric Companies)

30
31 **SECTION 23.** ORS 757.370 is repealed.

32 **SECTION 24.** ORS 757.375 is amended to read:

33 757.375. (1) Any electricity produced from a *[qualifying system under ORS 757.370]* **solar**
34 **photovoltaic energy system** that is physically located in this state may be used by an electric
35 company to comply with the renewable portfolio standard established under ORS 469A.005 to
36 469A.210.

37 (2) For each kilowatt-hour of electricity produced from a qualifying system that first becomes
38 operational before January 1, 2016, and *[generates at least 500 kilowatts, an electric company will be*
39 *credited with]* **has a nameplate capacity of between 500 kilowatts and five megawatts of al-**
40 **ternating current, the Public Utility Commission shall credit the electric company with** two
41 kilowatt-hours of qualifying electricity toward the **electric** company’s compliance with the
42 renewable portfolio standard under ORS 469A.005 to 469A.210, up to a maximum of 20 megawatts
43 of capacity.

44
45 **CONFORMING AMENDMENTS**

1 **SECTION 25.** ORS 469A.100 is amended to read:

2 469A.100. (1) Electric utilities are not required to comply with a renewable portfolio standard
3 during a compliance year to the extent that the incremental cost of compliance, the cost of unbun-
4 dled renewable energy certificates and the cost of alternative compliance payments under ORS
5 469A.180 exceeds four percent of the **electric** utility's annual revenue requirement for the compli-
6 ance year.

7 (2) For each electric company, the Public Utility Commission shall establish the annual revenue
8 requirement for a compliance year no later than January 1 of the compliance year. **For each**
9 **consumer-owned utility**, the governing body of [a] **the** consumer-owned utility shall establish the
10 annual revenue requirement for [*the consumer-owned utility*] **a compliance year**.

11 (3) The annual revenue requirement for an electric utility shall be calculated based only on the
12 operations of the **electric** utility relating to electricity. The annual revenue requirement does not
13 include any amount expended by the **electric** utility for energy efficiency programs for customers
14 of the **electric** utility or for low income energy assistance, the incremental cost of compliance with
15 a renewable portfolio standard, the cost of unbundled renewable energy certificates or the cost of
16 alternative compliance payments under ORS 469A.180. The annual revenue requirement does in-
17 clude:

18 (a) [*All*] **The** operating expenses of the **electric** utility during the compliance year, including
19 depreciation and taxes; and

20 (b) For electric companies, an amount equal to the total rate base of the **electric** company for
21 the compliance year multiplied by the rate of return established by the commission for debt and
22 equity of the **electric** company.

23 (4) For the purposes of this section, the incremental cost of compliance with a renewable port-
24 folio standard is the difference between the levelized annual delivered cost of the qualifying elec-
25 tricity and the levelized annual delivered cost of an equivalent amount of reasonably available
26 electricity that is not qualifying electricity. For the purpose of this subsection, the commission or
27 **the** governing body of a consumer-owned utility shall use the net present value of delivered cost,
28 including:

29 (a) Capital, operating and maintenance costs of generating facilities;

30 (b) Financing costs attributable to capital, operating and maintenance expenditures for gener-
31 ating facilities;

32 (c) Transmission and substation costs;

33 (d) Load following and ancillary services costs; and

34 (e) Costs associated with using other assets, physical or financial, to integrate, firm or shape
35 renewable energy sources on a firm annual basis to meet retail electricity needs.

36 (5) For the purposes of this section, the governing body of a consumer-owned utility may include
37 in the incremental cost of compliance with a renewable portfolio standard all expenses associated
38 with research, development and demonstration projects related to the generation of qualifying elec-
39 tricity by the consumer-owned utility.

40 (6) The commission shall establish limits on the incremental cost of compliance with the
41 renewable portfolio standard for electricity service suppliers under ORS 469A.065 that are the
42 equivalent of the cost limits applicable to the electric companies that serve the territories in which
43 the electricity service supplier sells electricity to retail electricity consumers. If an electricity ser-
44 vice supplier sells electricity in territories served by more than one electric company, the commis-
45 sion may provide for an aggregate cost limit based on the amount of electricity sold by the

1 electricity service supplier in each territory. Pursuant to ORS 757.676, a consumer-owned utility may
2 establish limits on the cost of compliance with the renewable portfolio standard for electricity ser-
3 vice suppliers that sell electricity in the territory served by the consumer-owned utility.

4 **SECTION 26.** ORS 469A.060 is amended to read:

5 469A.060. (1) Electric utilities are not required to comply with the renewable portfolio standards
6 described in ORS 469A.052 and 469A.055 to the extent that:

7 (a) Compliance with the standard would require the **electric** utility to acquire electricity in
8 excess of the **electric** utility’s projected load requirements in any calendar year; and

9 (b) Acquiring the additional electricity would require the **electric** utility to substitute qualifying
10 electricity for electricity derived from an energy source other than coal, natural gas or petroleum.

11 (2)(a) Electric utilities are not required to comply with a renewable portfolio standard to the
12 extent that compliance would require the **electric** utility to substitute qualifying electricity for
13 electricity available to the **electric** utility under contracts for electricity from dams that are owned
14 by Washington public utility districts and **that** are located between the Grand Coulee Dam and the
15 Columbia River’s junction with the Snake River. The provisions of this subsection apply only to
16 contracts entered into before June 6, 2007, and to renewal or replacement contracts for contracts
17 entered into before June 6, 2007.

18 (b) If a contract described in paragraph (a) of this subsection expires and is not renewed or re-
19 placed, the **electric** utility must comply, in the calendar year following the expiration of the con-
20 tract, with the renewable portfolio standard applicable to the **electric** utility.

21 (3) A consumer-owned utility is not required to comply with a renewable portfolio standard to
22 the extent that compliance would require the **consumer-owned** utility to reduce the **consumer-**
23 **owned** utility’s purchases of the lowest priced electricity from the Bonneville Power Administration
24 pursuant to section 5 of the Pacific Northwest Electric Power Planning and Conservation Act of
25 1980, P.L. 96-501, as in effect on June 6, 2007. The exemption provided by this subsection applies
26 only to firm commitments for BPA electricity that the Bonneville Power Administration has assured
27 will be available to a **consumer-owned** utility to meet agreed portions of the **consumer-owned**
28 utility’s load requirements for a defined period of time.

29
30 **REPORTS**

31
32 **SECTION 27.** (1) **On or after January 1, 2020, but no later than December 31, 2021, the**
33 **Public Utility Commission shall investigate the impacts of the amendments to ORS 469A.052**
34 **by section 5 of this 2016 Act on:**

35 (a) **Rates;**

36 (b) **Greenhouse gas emissions;**

37 (c) **Electrical system reliability and operations;**

38 (d) **The allocation of risk between customers of electric companies and electric compa-**
39 **nies;**

40 (e) **The eligibility and timing of cost recovery for the generation of qualifying electricity;**
41 **and**

42 (f) **The resource procurement process.**

43 (2) **In addition to the investigation described in subsection (1) of this section, on or after**
44 **January 1, 2020, but no later than December 31, 2021, the commission shall investigate the**
45 **forecasting of projected state and federal production tax credits as described in section 18b**

1 of this 2016 Act and allowing those costs to be included in rates through any variable power
2 cost forecasting process established by the commission.

3 (3) On or after January 1, 2020, but no later than December 31, 2021, the commission shall
4 report the findings of the investigations conducted under this section to the interim com-
5 mittees of the Legislative Assembly related to business and energy. As part of the report,
6 the commission may make recommendations for legislation. The commission shall submit
7 the report in the manner required by ORS 192.245.

8 SECTION 28. On or before January 1, 2019, the Public Utility Commission shall report
9 on the implementation of section 22 of this 2016 Act to the interim committees of the Leg-
10 islative Assembly related to business and energy. As part of the report, the commission may
11 make recommendations for legislation. The commission shall submit the report in the man-
12 ner required by ORS 192.245.

13
14 MISCELLANEOUS
15

16 SECTION 29. The Public Utility Commission shall direct each electric company in this
17 state to file applications as required by section 20 of this 2016 Act on or before December 31,
18 2016.

19 SECTION 30. On or before July 1, 2017, the Public Utility Commission shall adopt rules
20 for the implementation of community solar projects as required by section 22 of this 2016
21 Act.

22 SECTION 31. The unit captions used in this 2016 Act are provided only for the conven-
23 ience of the reader and do not become part of the statutory law of this state or express any
24 legislative intent in the enactment of this 2016 Act.

25 SECTION 32. This 2016 Act being necessary for the immediate preservation of the public
26 peace, health and safety, an emergency is declared to exist, and this 2016 Act takes effect
27 on its passage.
28