

SB 1547-A8  
(LC 70)  
2/24/16 (MBM/ps)

Requested by Representative MCLANE

**PROPOSED AMENDMENTS TO  
A-ENGROSSED SENATE BILL 1547**

1 In line 2 of the printed A-engrossed bill, after “utilities” insert “creating  
2 new provisions; amending ORS 469A.005, 469A.020, 469A.025, 469A.052,  
3 469A.055, 469A.060, 469A.075, 469A.100, 469A.120, 469A.135, 469A.140,  
4 469A.145, 469A.210 and 757.375; repealing ORS 757.370; and declaring an  
5 emergency”.

6 Delete lines 4 through 6 and insert:  
7

8 **“ELIMINATION OF COAL FROM ELECTRICITY SUPPLY**  
9

10 **“SECTION 1. (1) As used in this section:**

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

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

18 **“(B) ‘Coal-fired resource’ does not include a facility generating**  
19 **electricity that is included as part of a limited duration wholesale**  
20 **power purchase made by an electric company for immediate delivery**  
21 **to retail electricity consumers that are located in this state for which**

1 the source of the power is not known.

2 “(c) ‘Electric company’ has the meaning given that term in ORS  
3 757.600.

4 “(d) ‘Retail electricity consumer’ has the meaning given that term  
5 in ORS 757.600.

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

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

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

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

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

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

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

29 “(b) The owners of the coal-fired resource agree to close the coal-  
30 fired resource on or before the date that is five years after the date

1 the coal-fired resource is fully depreciated.

2 “(5) Notwithstanding ORS 757.355, this section does not prevent the  
3 full recovery of prudently incurred costs related to the decommis-  
4 sioning or remediation of a coal-fired resource or the closure of a  
5 coal-fired resource, at the time those costs are incurred.

6 **“SECTION 2. (1) As used in this section:**

7 **“(a) ‘Coal-fired resource’ has the meaning given that term in sec-**  
8 **tion 1 of this 2016 Act.**

9 **“(b) ‘Electric company’ has the meaning given that term in ORS**  
10 **757.600.**

11 **“(2) The Public Utility Commission may exclude from rates all or**  
12 **any portion of:**

13 **“(a) The costs of an investment made by an electric company in**  
14 **coal-fired resources before January 1, 2030; and**

15 **“(b) The costs of complying with any state law or rule or federal law**  
16 **or regulation associated with a coal-fired resource that is owned or**  
17 **operated by an electric company.**

18

19 **“AMENDMENTS TO STATUTES REGULATING**

20 **RENEWABLE PORTFOLIO STANDARDS**

21 **“(Definitions)**

22

23 **“SECTION 3. ORS 469A.005 is amended to read:**

24 **“469A.005. As used in ORS 469A.005 to 469A.210:**

25 **“(1) ‘Acquires service territory’ does not include an acquisition by**  
26 **a city of a facility, plant, equipment or service territory within the**  
27 **boundaries of the city, pursuant to ORS 225.020 or city charter, if the**  
28 **city:**

29 **“(a) Already owns, controls or operates an electric light and power**  
30 **system for supplying electricity to the inhabitants of the city and for**

1 **general municipal purposes;**

2 **“(b) Provides fair, just and reasonable compensation to the electric**  
3 **company whose service territory is acquired that:**

4 **“(A) Gives consideration for the cost of the facility, plant, equip-**  
5 **ment or service territory acquired and for depreciation, fair market**  
6 **value, reproduction cost and any other relevant factor; and**

7 **“(B) Is based on the present value of the facility, plant, equipment**  
8 **or service territory acquired, including the value of poles, wires,**  
9 **transformers and similar and related appliances necessarily required**  
10 **to provide electric service; and**

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

13 **“[(1)] (2) ‘Banked renewable energy certificate’ means a bundled or un-**  
14 **bundled renewable energy certificate that is not used by an electric utility**  
15 **or electricity service supplier to comply with a renewable portfolio standard**  
16 **in a calendar year, and that is carried forward for the purpose of compliance**  
17 **with a renewable portfolio standard in a subsequent year.**

18 **“[(2)] (3) ‘BPA electricity’ means electricity provided by the Bonneville**  
19 **Power Administration, including [all] electricity [from] generated by the**  
20 **Federal Columbia River Power System hydroelectric projects and [other]**  
21 **electricity acquired by the Bonneville Power Administration by contract.**

22 **“[(3)] (4) ‘Bundled renewable energy certificate’ means a renewable energy**  
23 **certificate for qualifying electricity that is acquired:**

24 **“(a) By an electric utility or electricity service supplier by a trade, pur-**  
25 **chase or other transfer of electricity that includes the renewable energy**  
26 **certificate that was issued for the electricity; or**

27 **“(b) By an electric utility by generation of the electricity for which the**  
28 **renewable energy certificate was issued.**

29 **“[(4)] (5) ‘Compliance year’ means the calendar year for which the electric**  
30 **utility or electricity service supplier seeks to establish compliance with the**

1 renewable portfolio standard applicable to the **electric** utility or **electricity**  
2 **service** supplier in the compliance report submitted under ORS 469A.170.

3 “[5] (6) ‘Consumer-owned utility’ means a municipal electric utility, a  
4 people’s utility district organized under ORS chapter 261 that sells electricity  
5 or an electric cooperative organized under ORS chapter 62.

6 “(7) ‘Distribution utility’ has the meaning given that term in ORS  
7 **757.600.**

8 “[6] (8) ‘Electric company’ has the meaning given that term in ORS  
9 757.600.

10 “[7] (9) ‘Electric utility’ has the meaning given that term in ORS  
11 757.600.

12 “[8] (10) ‘Electricity service supplier’ has the meaning given that term  
13 in ORS 757.600.

14 “[9] (11) ‘Qualifying electricity’ means electricity described in ORS  
15 469A.010.

16 “[10] (12) ‘Renewable energy source’ means a source of electricity de-  
17 scribed in ORS 469A.025.

18 “[11] (13) ‘Retail electricity consumer’ means a retail electricity con-  
19 sumer, as defined in ORS 757.600, that is located in Oregon.

20 “[12] (14) ‘Unbundled renewable energy certificate’ means a renewable  
21 energy certificate for qualifying electricity that is acquired by an electric  
22 utility or electricity service supplier by trade, purchase or other transfer  
23 without acquiring the electricity [*for which the*] **that is associated with the**  
24 **renewable energy** certificate [*was issued*].

25

26 “(Qualifying Electricity)

27

28 “**SECTION 4.** ORS 469A.020 is amended to read:

29 “469A.020. (1) Except as provided in this section, electricity may be used  
30 to comply with a renewable portfolio standard only if the electricity is gen-

1 erated by:

2 “(a) A facility that becomes operational on or after January 1, 1995[.];  
3 **or**

4 “(b) **A hydroelectric facility or any other equipment that generates**  
5 **electricity through the use of hydroelectric energy.**

6 “(2) Electricity from a generating facility, other than a *[hydroelectric]* fa-  
7 cility **described in subsection (3) or (4) of this section**, that became op-  
8 erational before January 1, 1995, may be used to comply with a renewable  
9 portfolio standard if the electricity is attributable to capacity or efficiency  
10 upgrades made on or after January 1, 1995.

11 “[(3) *Electricity from a hydroelectric facility that became operational before*  
12 *January 1, 1995, may be used to comply with a renewable portfolio standard*  
13 *if the electricity is attributable to efficiency upgrades made on or after January*  
14 *1, 1995. If an efficiency upgrade is made to a Bonneville Power Administration*  
15 *facility, only that portion of the electricity generation attributable to Oregon’s*  
16 *share of the electricity may be used to comply with a renewable portfolio*  
17 *standard.*]

18 “[(4) *Subject to the limit imposed by ORS 469A.025 (5), electricity from a*  
19 *hydroelectric facility that became operational before January 1, 1995, may be*  
20 *used to comply with a renewable portfolio standard if the facility is certified*  
21 *as a low-impact hydroelectric facility on or after January 1, 1995, by a national*  
22 *certification organization recognized by the State Department of Energy by*  
23 *rule, and if the facility is either:]*

24 “[(a) *Owned by an electric utility; or]*

25 “[(b) *Not owned by an electric utility and located in Oregon and licensed*  
26 *by the Federal Energy Regulatory Commission under the Federal Power Act,*  
27 *16 U.S.C. 791a et seq., or exempt from such license.*]

28 “[(5)(a)] **(3) Electricity from a generating facility located in this state that**  
29 **uses biomass and that became operational before January 1, 1995, may be**  
30 **used to comply with a renewable portfolio standard if the facility meets the**

1 requirements of the federal Public Utility Regulatory Policies Act of 1978  
2 (P.L. 95-617) on March 4, 2010, regardless of whether the facility qualifies  
3 under the requirements of the Public Utility Commission.

4 “[*b*) Renewable energy certificates derived from electricity generated by a  
5 facility that qualifies under paragraph (a) of this subsection may not be used  
6 to comply with a renewable portfolio standard before January 1, 2026. How-  
7 ever, renewable energy certificates issued before January 1, 2026, may be  
8 banked pursuant to ORS 469A.005 to 469A.210 for use on or after January 1,  
9 2026.]

10 “[*(6)*] (4) A facility located in this state that generates electricity from  
11 direct combustion of municipal solid waste and that became operational be-  
12 fore January 1, 1995, may be used to comply with a renewable portfolio  
13 standard for up to 11 average megawatts of electricity generated per calendar  
14 year. [*Renewable energy certificates derived from electricity generated by a*  
15 *facility described in this subsection may not be used to comply with a*  
16 *renewable portfolio standard before January 1, 2026. However, renewable en-*  
17 *ergy certificates issued before January 1, 2026, may be banked pursuant to*  
18 *ORS 469A.005 to 469A.210 for use on or after January 1, 2026.*]

19 **“SECTION 4a.** ORS 469A.025 is amended to read:

20 “469A.025. (1) Electricity generated utilizing the following types of energy  
21 may be used to comply with a renewable portfolio standard:

22 “(a) Wind energy.

23 “(b) Solar photovoltaic and solar thermal energy.

24 “(c) Wave, tidal and ocean thermal energy.

25 “(d) Geothermal energy.

26 “(e) **Hydroelectric energy.**

27 “(2) Except as provided in subsection (3) of this section, electricity gen-  
28 erated from biomass and biomass by-products may be used to comply with a  
29 renewable portfolio standard, including but not limited to electricity gener-  
30 ated from:

1 “(a) Organic human or animal waste;

2 “(b) Spent pulping liquor;

3 “(c) Forest or rangeland woody debris from harvesting or thinning con-  
4 ducted to improve forest or rangeland ecological health and to reduce un-  
5 characteristic stand replacing wildfire risk;

6 “(d) Wood material from hardwood timber grown on land described in  
7 ORS 321.267 (3);

8 “(e) Agricultural residues;

9 “(f) Dedicated energy crops; and

10 “(g) Landfill gas or biogas produced from organic matter, wastewater,  
11 anaerobic digesters or municipal solid waste.

12 “(3) Electricity generated from the direct combustion of biomass may not  
13 be used to comply with a renewable portfolio standard if any of the biomass  
14 combusted to generate the electricity includes wood that has been treated  
15 with chemical preservatives such as creosote, pentachlorophenol or  
16 chromated copper arsenate.

17 “[*(4) Electricity generated by a hydroelectric facility may be used to comply*  
18 *with a renewable portfolio standard only if:*]

19 “[*(a) The facility is located outside any protected area designated by the*  
20 *Pacific Northwest Electric Power and Conservation Planning Council as of*  
21 *July 23, 1999, or any area protected under the federal Wild and Scenic Rivers*  
22 *Act, P.L. 90-542, or the Oregon Scenic Waterways Act, ORS 390.805 to*  
23 *390.925; or]*

24 “[*(b) The electricity is attributable to efficiency upgrades made to the fa-*  
25 *cility on or after January 1, 1995.]*

26 “[*(5)(a) Up to 50 average megawatts of electricity per year generated by an*  
27 *electric utility from certified low-impact hydroelectric facilities described in*  
28 *ORS 469A.020 (4)(a) may be used to comply with a renewable portfolio stand-*  
29 *ard, without regard to the number of certified facilities operated by the electric*  
30 *utility or the generating capacity of those facilities. A hydroelectric facility*



1 *described in this paragraph is not subject to the requirements of subsection (4)*  
2 *of this section.]*

3 “[*(b) Up to 40 average megawatts of electricity per year generated by certi-*  
4 *fied low-impact hydroelectric facilities described in ORS 469A.020 (4)(b) may*  
5 *be used to comply with a renewable portfolio standard, without regard to the*  
6 *number of certified facilities or the generating capacity of those facilities. A*  
7 *hydroelectric facility described in this paragraph is not subject to the require-*  
8 *ments of subsection (4) of this section.]*

9 “[*(6)(a)*] **(4)(a)** Direct combustion of municipal solid waste in a generating  
10 facility located in this state may be used to comply with a renewable port-  
11 folio standard. The qualification of a municipal solid waste facility for use  
12 in compliance with a renewable portfolio standard has no effect on the  
13 qualification of the facility for a tax credit under ORS 469B.130 to 469B.169.

14 “(b) The total amount of electricity generated in this state by direct  
15 combustion of municipal solid waste by generating facilities that became  
16 operational in this state on or after January 1, 1995, may not exceed nine  
17 average megawatts per year for the purpose of complying with a renewable  
18 portfolio standard.

19 “[*(7)*] **(5)** Electricity generated from hydrogen gas, including electricity  
20 generated by hydrogen power stations using anhydrous ammonia as a fuel  
21 source, may be used to comply with a renewable portfolio standard if:

22 “(a) The [*electricity*] **hydrogen** is derived from[:] **any source of energy**  
23 **described in subsection (1) or (2) of this section; and**

24 “[*(A) Any source of energy described in subsection (1) or (2) of this section;*  
25 *or*]

26 “[*(B) A hydroelectric facility that complies with subsection (4) of this sec-*  
27 *tion and that is certified as a low-impact hydroelectric facility as described in*  
28 *ORS 469A.020 (4); and*]

29 “(b) The output of the original source of energy is not also used to comply  
30 with a renewable portfolio standard.

1 “[8] (6) If electricity generation employs multiple energy sources, that  
2 portion of the electricity generated that is attributable to energy sources  
3 described in this section may be used to comply with a renewable portfolio  
4 standard.

5 “[9] (7) The State Department of Energy by rule may approve energy  
6 sources other than those described in this section that may be used to comply  
7 with a renewable portfolio standard. The department may not approve pe-  
8 troleum, natural gas, coal or nuclear fission as an energy source that may  
9 be used to comply with a renewable portfolio standard.

10

11

**“(Compliance Requirements for  
Renewable Portfolio Standard)**

12

13

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

15 “469A.052. (1) The large utility renewable portfolio standard imposes the  
16 following requirements on an electric utility that makes sales of electricity  
17 to retail electricity consumers in an amount that equals three percent or  
18 more of all electricity sold to retail electricity consumers:

19 “(a) At least five percent of the electricity sold by the **electric** utility to  
20 retail electricity consumers in each of the calendar years 2011, 2012, 2013 and  
21 2014 must be qualifying electricity;

22 “(b) At least 15 percent of the electricity sold by the **electric** utility to  
23 retail electricity consumers in each of the calendar years 2015, 2016, 2017,  
24 2018 and 2019 must be qualifying electricity;

25 “(c) At least 20 percent of the electricity sold by the **electric** utility to  
26 retail electricity consumers in each of the calendar years 2020, 2021, 2022,  
27 2023 and 2024 must be qualifying electricity; *[and]*

28 “(d) **At least 25 percent of the electricity sold by a consumer-owned**  
29 **utility to retail electricity consumers in the calendar year 2025 and**  
30 **subsequent calendar years must be qualifying electricity;**

1       “[(d)] (e) At least [25] **27** percent of the electricity sold by [*the utility to*  
2 *retail electricity consumers in calendar year 2025 and subsequent calendar*  
3 *years must be qualifying electricity.*] **an electric company to retail elec-**  
4 **tricity consumers in each of the calendar years 2025, 2026, 2027, 2028**  
5 **and 2029 must be qualifying electricity;**

6       “(f) **At least 35 percent of the electricity sold by an electric company**  
7 **to retail electricity consumers in each of the calendar years 2030, 2031,**  
8 **2032, 2033 and 2034 must be qualifying electricity;**

9       “(g) **At least 45 percent of the electricity sold by an electric com-**  
10 **pany to retail electricity consumers in each of the calendar years 2035,**  
11 **2036, 2037, 2038 and 2039 must be qualifying electricity; and**

12       “(h) **At least 50 percent of the electricity sold by an electric com-**  
13 **pany to retail electricity consumers in the calendar year 2040 and**  
14 **subsequent calendar years must be qualifying electricity.**

15       “(2) If, on June 6, 2007, an electric utility makes sales of electricity to  
16 retail electricity consumers in an amount that equals less than three percent  
17 of all electricity sold to retail electricity consumers, but in any three con-  
18 secutive calendar years thereafter makes sales of electricity to retail elec-  
19 tricity consumers in amounts that average three percent or more of all  
20 electricity sold to retail electricity consumers, the **electric** utility is subject  
21 to the renewable portfolio standard described in subsection (3) of this sec-  
22 tion. The **electric** utility becomes subject to the **renewable portfolio**  
23 standard described in subsection (3) of this section in the calendar year fol-  
24 lowing the three-year period during which the **electric** utility makes sales  
25 of electricity to retail electricity consumers in amounts that average three  
26 percent or more of all electricity sold to retail electricity consumers.

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

29       “(a) Beginning in the fourth calendar year after the calendar year in  
30 which the **electric** utility becomes subject to the **renewable portfolio**

1 standard described in this subsection, at least five percent of the electricity  
2 sold by the **electric** utility to retail electricity consumers in a calendar year  
3 must be qualifying electricity;

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

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

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

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

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

25 “(2) **At a minimum**, an implementation plan must [*at a minimum*] con-  
26 tain:

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

28 “(b) The estimated cost of meeting the annual targets, including the cost  
29 of transmission, the cost of firming, shaping and integrating qualifying  
30 electricity, the cost of alternative compliance payments and the cost of ac-

1 quiring renewable energy certificates.

2 “(3) The commission shall acknowledge [*the*] **an** implementation plan no  
3 later than six months after the **implementation** plan is filed with the com-  
4 mission. The commission may acknowledge the **implementation** plan subject  
5 to conditions specified by the commission.

6 “(4) The commission shall adopt rules:

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

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

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

14 “(d) **Encouraging, through competitive bidding processes, diverse**  
15 **ownership of renewable energy sources that generate qualifying elec-**  
16 **tricity.**

17 “(5) [*The*] **An** implementation plan filed under this section may include  
18 procedures that will be used by the electric company to determine whether  
19 the costs of constructing a facility that generates electricity from a  
20 renewable energy source, or the costs of acquiring bundled or unbundled  
21 renewable energy certificates, are consistent with the **renewable portfolio**  
22 standards of the commission relating to least-cost, least-risk planning for  
23 acquisition of resources.

24

25 “(Limits on Cost of Compliance with  
26 **Renewable Portfolio Standard)**

27

28 “**SECTION 7.** ORS 469A.100 is amended to read:

29 “469A.100. (1) Electric utilities are not required to comply with a  
30 renewable portfolio standard during a compliance year to the extent that the

1 incremental cost of compliance, the cost of unbundled renewable energy  
2 certificates and the cost of alternative compliance payments under ORS  
3 469A.180 exceeds [*four*] **three** percent of the **electric** utility’s annual revenue  
4 requirement for the compliance year.

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

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

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

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

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

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

1 “(b) Financing costs attributable to capital, operating and maintenance  
2 expenditures for generating facilities;

3 “(c) Transmission and substation costs;

4 “(d) Load following and ancillary services costs; and

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

8 “(5) For the purposes of this section, the governing body of a consumer-  
9 owned utility may include in the incremental cost of compliance with a  
10 renewable portfolio standard all expenses associated with research, develop-  
11 ment and demonstration projects related to the generation of qualifying  
12 electricity by the consumer-owned utility.

13 “(6) The commission shall establish limits on the incremental cost of  
14 compliance with the renewable portfolio standard for electricity service  
15 suppliers under ORS 469A.065 that are the equivalent of the cost limits ap-  
16 plicable to the electric companies that serve the territories in which the  
17 electricity service supplier sells electricity to retail electricity consumers. If  
18 an electricity service supplier sells electricity in territories served by more  
19 than one electric company, the commission may provide for an aggregate cost  
20 limit based on the amount of electricity sold by the electricity service sup-  
21 plier in each territory. Pursuant to ORS 757.676, a consumer-owned utility  
22 may establish limits on the cost of compliance with the renewable portfolio  
23 standard for electricity service suppliers that sell electricity in the territory  
24 served by the consumer-owned utility.

25

26 **“(Acquisition of Electric Company**  
27 **Service Territory)**

28

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

30 “469A.055. (1) Except as provided in this section, an electric utility that

1 makes sales of electricity to retail electricity consumers in an amount that  
2 equals less than three percent of all electricity sold to retail electricity  
3 consumers is not subject to ORS 469A.005 to 469A.210.

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

9 “(3) Beginning in calendar year 2025, at least 10 percent of the electricity  
10 sold to retail electricity consumers in a calendar year by an electric utility  
11 must be qualifying electricity if the electric utility makes sales of electricity  
12 to retail electricity consumers in an amount that equals or is more than one  
13 and one-half percent, and less than three percent, of all electricity sold to  
14 retail electricity consumers.

15 “(4) The exemption provided by subsection (1) of this section terminates  
16 if an electric utility, or a joint operating entity that includes the **electric**  
17 utility as a member, acquires electricity from an electricity generating fa-  
18 cility that uses coal as an energy source or makes an investment on or after  
19 June 6, 2007, in an electricity generating facility that uses coal as an energy  
20 source. **Beginning in the calendar year following the year in which an**  
21 **electric utility’s exemption terminates under this subsection, the**  
22 **electric utility is subject to the renewable portfolio standard described**  
23 **in ORS 469A.052 (3) and the provisions of ORS 469A.005 to 469A.210 that**  
24 **apply to ORS 469A.052 (3).** This subsection does not apply to:

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

27 “(b) BPA electricity;

28 “(c) Acquisition of electricity under a contract entered into before June  
29 6, 2007;

30 “(d) A renewal or replacement contract for a contract for purchase of



1 electricity described in paragraph (c) of this subsection;

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

5 “(f) Electricity provided to an electric utility under a contract for the  
6 acquisition of an interest in an electricity generating facility that was en-  
7 tered into by the **electric** utility before June 6, 2007, or entered into before  
8 June 6, 2007, by an electric cooperative organized under ORS chapter 62 of  
9 which the electric utility is a member, without regard to whether the elec-  
10 tricity is being used to serve the load of the electric utility on June 6, 2007;  
11 or

12 “(g) Investments in an electricity generating facility that uses coal as an  
13 energy source if the investments are for the purpose of improving the  
14 facility’s pollution mitigation equipment or the facility’s efficiency or are  
15 necessary to comply with requirements or standards imposed by govern-  
16 mental entities.

17 “(5)(a) The exemption provided by subsection (1) of this section termi-  
18 nates for a consumer-owned utility if [*at any time after June 6, 2007,*] the  
19 **consumer-owned** utility acquires service territory of an electric company  
20 without the consent of the electric company. **Except as provided in para-**  
21 **graph (b) of this subsection, beginning in the calendar year following**  
22 **the year in which a consumer-owned utility’s exemption terminates**  
23 **under this subsection, the consumer-owned utility is subject to the**  
24 **renewable portfolio standard described in ORS 469A.052 (3) and the**  
25 **provisions of ORS 469A.005 to 469A.210 that apply to ORS 469A.052 (3).**

26 “(b) **If a consumer-owned utility acquires service territory of an**  
27 **electric company without the consent of the electric company, then**  
28 **beginning in the calendar year following the acquisition, the percent-**  
29 **age of the consumer-owned utility’s electricity sold to all retail elec-**  
30 **tricity consumers of the consumer-owned utility that is sold to retail**

1 **electricity consumers that are located in the acquired service territory**  
2 **is subject to the renewable portfolio standard that is applicable to the**  
3 **electric company from which service territory was acquired and the**  
4 **provisions of ORS 469A.005 to 469A.210 that apply to the renewable**  
5 **portfolio standard.**

6 **“(6) The provisions of subsection (5) of this section do not authorize**  
7 **the acquisition by a municipal electric utility of service territory of a**  
8 **people’s utility district organized under ORS chapter 261.**

9 *“(6) Beginning in the calendar year following the year in which an electric*  
10 *utility’s exemption terminates under subsection (4) or (5) of this section, the*  
11 *utility is subject to the renewable portfolio standard described in ORS*  
12 *469A.052 (3) and related provisions of ORS 469A.005 to 469A.210.]*

13 **“(7) The provisions of this section do not affect the requirement that**  
14 **electric utilities offer a green power rate under ORS 469A.205.**

15

16 **“(Electricity Service Suppliers)**

17

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

19 **“469A.135. (1) A bundled renewable energy certificate may be used to**  
20 **comply with a renewable portfolio standard if:**

21 **“(a) The facility that generates the qualifying electricity for which the**  
22 **bundled renewable energy** certificate is issued is located in the United  
23 States and within the geographic boundary of the Western Electricity Coor-  
24 dinating Council; and

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

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

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

29 **“(C) A delivery point designated by [an] the electric utility for the pur-**  
30 **pose of subsequent delivery to the electric utility; or**

1       **“(D) A delivery point mutually agreed to by a distribution utility**  
2 **and an electricity service supplier for the purpose of subsequent de-**  
3 **livery to the distribution utility serving the customer of the electricity**  
4 **service supplier.**

5       “(2) An unbundled renewable energy certificate may be used to comply  
6 with a renewable portfolio standard if the facility that generates the quali-  
7 fying electricity [*for*] **with** which the **unbundled renewable energy** certif-  
8 icate is [*issued*] **associated** is located within the geographic boundary of the  
9 Western Electricity Coordinating Council.

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

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

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

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

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

21       **“(d) Imposed under rules adopted by the commission under ORS**  
22 **757.600 to 757.689.**

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

24       “469A.145. (1) Except as otherwise provided in this section, unbundled  
25 renewable energy certificates, including banked unbundled renewable energy  
26 certificates, may not be used to meet more than 20 percent of the require-  
27 ments of the large utility renewable portfolio standard described in ORS  
28 469A.052 for any compliance year.

29       “(2) The limitation imposed by subsection (1) of this section does not ap-  
30 ply to **unbundled** renewable energy certificates [*issued for*] **associated with**

1 electricity generated in [*Oregon*] **this state** from a renewable energy source  
2 by a net metering facility, as defined in ORS 757.300, or another generating  
3 facility that is not directly connected to a distribution or transmission sys-  
4 tem.

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

9 “(4) The limitation imposed by subsection (1) of this section does not ap-  
10 ply to an electricity service supplier **for purposes of meeting the**  
11 **renewable portfolio standard described in ORS 469A.065 during com-**  
12 **pliance years before 2021.**

13

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

16

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

18 “469A.120. (1) Except as provided in ORS 469A.180 (5), all prudently in-  
19 curred costs associated with [*compliance with a renewable portfolio*  
20 *standard*] **complying with ORS 469A.005 to 469A.210** are recoverable in the  
21 rates of an electric company, including interconnection costs, costs associ-  
22 ated with using physical or financial assets to integrate, firm or shape  
23 renewable energy sources on a firm annual basis to meet retail electricity  
24 needs, above-market costs and other costs associated with transmission and  
25 delivery of qualifying electricity to retail electricity consumers.

26 “(2)(a) The Public Utility Commission shall establish an automatic ad-  
27 justment clause as defined in ORS 757.210 or another method that allows  
28 timely recovery of costs prudently incurred by an electric company to con-  
29 struct or otherwise acquire facilities that generate electricity from renewable  
30 energy sources [*and for*], **costs related to** associated electricity transmission

1 **and costs related to associated energy storage.**

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

11 “(3)(a) An electric company must file with the commission for approval  
12 of a proposed rate change to recover costs under the terms of an automatic  
13 adjustment clause or other method for timely recovery of costs established  
14 under subsection (2) of this section. **As part of an electric company’s re-**  
15 **quest for approval under this subsection, the electric company may**  
16 **specify the date or the dates on which the electric company will begin**  
17 **to include in the electric company’s rates, in full or in part, the costs**  
18 **recoverable under subsection (2) of this section. The commission may**  
19 **accept or reject the date or dates specified by the electric company.**

20 “(b) [*Notwithstanding any other provision of law,*] Upon the request of any  
21 interested person the commission shall conduct a proceeding to determine  
22 whether to approve a proposed change in rates under the automatic adjust-  
23 ment clause or other method for timely recovery of costs. The commission  
24 shall provide parties to the proceeding with the procedural rights described  
25 in ORS 756.500 to 756.610, including but not limited to the opportunity to  
26 develop an evidentiary record, conduct discovery, introduce evidence, con-  
27 duct cross-examination and submit written briefs and oral argument. The  
28 commission shall issue a written order with findings on the evidentiary re-  
29 cord developed in the proceeding.

30 “(c) A filing made under this subsection is subject to the commission’s

1 authority under ORS 757.215 to suspend a rate, or schedule of rates, for in-  
2 vestigation.

3  
4 **“(Exemption for Purposes of Meeting**  
5 **Reliability Standards of North American**  
6 **Electric Reliability Corporation)**

7  
8 **“SECTION 12. Section 13 of this 2016 Act is added to and made a**  
9 **part of ORS 469A.005 to 469A.210.**

10 **“SECTION 13. (1) Upon its own motion or at the request of an**  
11 **electric company, the Public Utility Commission may open an inves-**  
12 **tigation to determine whether an electric company’s compliance with**  
13 **one or more of the requirements of ORS 469A.052 is likely to result in**  
14 **conflicts with or compromises to the electric company’s obligation to**  
15 **comply with the mandatory and enforceable reliability standards of the**  
16 **North American Electric Reliability Corporation, or compromises to**  
17 **the integrity of the electric company’s electrical system. An electric**  
18 **company making a request under this subsection must submit an ap-**  
19 **plication to the commission that includes:**

20 **“(a) An explanation of the reliability or integrity issue and how a**  
21 **temporary exemption from complying with one or more of the re-**  
22 **quirements of ORS 469A.052 will avoid the reliability or integrity issue;**  
23 **and**

24 **“(b) A plan to achieve full compliance with the requirements of**  
25 **ORS 469A.052.**

26 **“(2) In applying for a temporary exemption under this section, an**  
27 **electric company has the burden of demonstrating that compliance**  
28 **with one or more of the requirements of ORS 469A.052 is likely to re-**  
29 **sult in:**

30 **“(a) Conflicts with or compromises to the electric company’s obli-**

1 gation to comply with the mandatory and enforceable reliability stan-  
2 dards of the North American Electric Reliability Corporation; or

3 “(b) Compromises to the integrity of the electric company’s elec-  
4 trical system.

5 “(3) If the commission determines under this section that compli-  
6 ance with one or more of the requirements of ORS 469A.052 is likely  
7 to result in conflicts with or compromises to an electric company’s  
8 obligation to comply with the mandatory and enforceable reliability  
9 standards of the North American Electric Reliability Corporation, or  
10 compromises to the integrity of the electric company’s electrical sys-  
11 tem, the commission shall issue an order:

12 “(a) Notwithstanding ORS 469A.052, temporarily exempting the  
13 electric company from one or more of the requirements of ORS  
14 469A.052 for an amount of time sufficient to allow the electric company  
15 to achieve full compliance with the requirements of ORS 469A.052;

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

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

22 “(4) An electric company may request an extension of a temporary  
23 exemption granted under this section.

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

26  
27 “(Small-Scale Community-Based  
28 Renewable Energy Projects)  
29

30 “SECTION 14. ORS 469A.210 is amended to read:

1 “469A.210. (1) The Legislative Assembly finds that community-based  
2 renewable energy projects, including but not limited to marine renewable  
3 energy resources that are either developed in accordance with the Territorial  
4 Sea Plan adopted pursuant to ORS 196.471 or located on structures adjacent  
5 to the coastal shorelands, are an essential element of [Oregon’s] **this state’s**  
6 energy future[, and declares that it is the goal of the State of Oregon that].

7 **“(2) For purposes related to the findings in subsection (1) of this**  
8 **section, by the year 2035, [by 2025] at least eight percent of [Oregon’s] the**  
9 **retail electrical load [comes] of an electric company must come from:**

10 **“(a) Small-scale renewable energy projects [with]:**

11 **“(A) That are interconnected with a transmission or distribution**  
12 **system located in this state; and**

13 **“(B) That have a generating capacity of 20 megawatts or less.**

14 **“(b) From any generating facility described in ORS 469A.020 (5) that**  
15 **generates thermal energy for a secondary purpose.**

16 **“(3) All agencies of the executive department as defined in ORS 174.112**  
17 **shall establish policies and procedures promoting the [goal declared in] tar-**  
18 **get established under subsection (2) of this section.**

19

20 **“(Renewable Energy Certificates**  
21 **for Generation of Thermal Energy)**

22

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

25 **“SECTION 16. If a generating facility described in ORS 469A.020 (5)**  
26 **generates thermal energy for a secondary purpose, the State Depart-**  
27 **ment of Energy, as part of the system established under ORS 469A.130,**  
28 **shall provide that renewable energy certificates must be issued for the**  
29 **generation of the thermal energy. For purposes of issuing renewable**  
30 **energy certificates under this section, 3,412,000 British thermal units**



1 are equivalent to one megawatt-hour.

2  
3 **“ACQUISITION OF ELECTRIC COMPANY**  
4 **SERVICE TERRITORY OR PROPERTY**

5  
6 **“SECTION 17. Section 18 of this 2016 Act is added to and made a**  
7 **part of ORS chapter 757.**

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

9 **“(a) ‘Electric company’ has the meaning given that term in ORS**  
10 **757.600.**

11 **“(b) ‘Electric utility’ has the meaning given that term in ORS**  
12 **757.600.**

13 **“(c) ‘Retail electricity consumer’ has the meaning given that term**  
14 **in ORS 757.600.**

15 **“(2) Upon the request of an electric company, the Public Utility**  
16 **Commission shall establish a stranded costs obligation payable by an**  
17 **electric utility to an electric company in association with a condem-**  
18 **nation or transaction described in subsection (3) of this section.**

19 **“(3)(a) An electric utility that condemns the service territory or**  
20 **property of an electric company, or acquires property pursuant to a**  
21 **transaction described in ORS 757.480, must pay the stranded costs ob-**  
22 **ligation established by the commission under subsection (2) of this**  
23 **section.**

24 **“(b) The purpose of the stranded costs obligation is to prevent**  
25 **shifting the costs associated with the loss of service territory or**  
26 **property of an electric company from the retail electricity consumers**  
27 **of the electric utility to the retail electricity consumers of the electric**  
28 **company.**

29 **“(4) The commission may determine the stranded costs obligation**  
30 **in accordance with the Federal Energy Regulatory Commission’s cur-**

1 **rent methodology for determining stranded costs under the same or**  
2 **similar circumstances.**

3 **“(5) This section does not interfere with or supersede the jurisdic-**  
4 **tion of the Federal Energy Regulatory Commission.**

5

6 **“ENERGY EFFICIENCY**

7

8 **“SECTION 19. (1) As used in this section, ‘electric company’ has the**  
9 **meaning given that term in ORS 757.600.**

10 **“(2) The Legislative Assembly finds and declares that:**

11 **“(a) Energy efficiency programs promote lower energy bills, protect**  
12 **the public health and safety, improve environmental benefits, stimu-**  
13 **late sustainable economic development, create new employment op-**  
14 **portunities and reduce reliance on imported fuels; and**

15 **“(b) Demand response resources result in more efficient use of ex-**  
16 **isting resources and reduce the need for procuring new power gener-**  
17 **ating resources, which, in turn, reduces energy bills, protects the**  
18 **public health and safety and improves environmental benefits.**

19 **“(3) For the purpose of ensuring prudent investments by an electric**  
20 **company in energy efficiency and demand response before the electric**  
21 **company acquires new generating resources, and in order to produce**  
22 **cost-effective energy savings, reduce customer demand for energy, re-**  
23 **duce overall electrical system costs, increase the public health and**  
24 **safety and improve environmental benefits, each electric company**  
25 **serving customers in this state shall:**

26 **“(a) Plan for and pursue all available energy efficiency resources**  
27 **that are cost effective, reliable and feasible; and**

28 **“(b) As directed by the Public Utility Commission by rule or order,**  
29 **plan for and pursue the acquisition of cost-effective demand response**  
30 **resources.**

1                   **“TRANSPORTATION ELECTRIFICATION PROGRAMS**

2  
3           **“SECTION 20. (1) As used in this section:**

4           **“(a) ‘Electric company’ has the meaning given that term in ORS**  
5 **757.600.**

6           **“(b) ‘Transportation electrification’ means:**

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

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

11           **“(C) Infrastructure investments related to developing the use of**  
12 **electricity for the purpose described in subparagraph (A) of this para-**  
13 **graph.**

14           **“(c) ‘Vehicle’ means a vehicle, vessel, train, boat or any other**  
15 **equipment that is mobile.**

16           **“(2) The Legislative Assembly finds and declares that:**

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

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

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

28           **“(d) Widespread transportation electrification should stimulate in-**  
29 **novation and competition, provide consumers with increased options**  
30 **in the use of charging equipment and in procuring services from sup-**

1 pliers of electricity, attract private capital investments and create  
2 high quality jobs in this state;

3 “(e) Deploying electric vehicles should assist in managing the elec-  
4 trical grid, integrating generation from renewable energy resources  
5 and improving electric system efficiency and operational flexibility,  
6 including the ability of an electric company to integrate variable gen-  
7 erating resources;

8 “(f) Deploying electric vehicles in the manner described in para-  
9 graph (e) of this subsection creates the opportunity for an electric  
10 company to propose, to the Public Utility Commission, that a net  
11 benefit for the customers of the electric company is attainable; and

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

15 “(3) The Public Utility Commission shall direct each electric com-  
16 pany to file applications, in a form and manner prescribed by the  
17 commission, for programs to accelerate transportation electrification.  
18 A program proposed by an electric company may include prudent in-  
19 vestments in or customer rebates for electric vehicle charging and  
20 related infrastructure.

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

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

26 “(b) Are prudent as determined by the commission;

27 “(c) Are used and useful as determined by the commission;

28 “(d) Enable the electric company to support the electric company’s  
29 electrical system;

30 “(e) Improve the electric company’s electrical system efficiency and

1 operational flexibility, including the ability of the electric company to  
2 integrate variable generating resources;

3 “(f) Stimulate innovation, competition and customer choice in  
4 electric vehicle charging and related infrastructure and services; and

5 “(g) Meet any other factor determined by the commission to be  
6 reasonably related to transportation electrification, including the  
7 findings and declarations specified in subsection (2) of this section.

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

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

12 “(B) Shall be recovered from all customers of an electric company  
13 in a manner that is similar to the recovery of distribution system in-  
14 vestments.

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

22 “(6) For purposes of ORS 757.355, electric vehicle charging  
23 infrastructure provides utility service to the customers of an electric  
24 company.

25 “(7) In authorizing programs described in subsection (3) of this  
26 section, the commission shall review data concerning current and fu-  
27 ture adoption of electric vehicles and utilization of electric vehicle  
28 charging infrastructure. If market barriers unrelated to the invest-  
29 ment made by an electric company prevent electric vehicles from ad-  
30 equately utilizing available electric vehicle charging infrastructure,

1 the commission may not permit additional investments in transporta-  
2 tion electrification without a reasonable showing that the investments  
3 would not result in long-term stranded costs recoverable from the  
4 customers of electric companies.

5 **“SECTION 21.** For purposes of section 20 of this 2016 Act, invest-  
6 ments in and customer rebates for electric vehicle charging and re-  
7 lated infrastructure must be installed on or after July 1, 2016.

8  
9 **“SOLAR PROGRAM**

10 **“(Community Solar Projects)**

11  
12 **“SECTION 22.** (1) For purposes of this section:

13 **“(a) ‘Community solar project’ means one or more solar**  
14 **photovoltaic energy systems that provide owners and subscribers the**  
15 **opportunity to share the costs and benefits associated with the gener-**  
16 **ation of electricity by the solar photovoltaic energy systems.**

17 **“(b) ‘Electric company’ has the meaning given that term in ORS**  
18 **757.600.**

19 **“(c) ‘Owner’ means a customer of an electric company who has**  
20 **proportionate ownership of part of a community solar project, such**  
21 **as direct ownership of one or more solar panels or shared ownership**  
22 **of the infrastructure of the community solar project.**

23 **“(d) ‘Project manager’ means the entity identified as having re-**  
24 **sponsibility for managing the operation of a community solar project**  
25 **and, if applicable, for maintaining contact with the electric company**  
26 **that procures electricity from the community solar project. A project**  
27 **manager may be:**

28 **“(A) An electric company; or**

29 **“(B) An independent third party.**

30 **“(e) ‘Solar photovoltaic energy system’ means equipment and de-**

1 vices that have the primary purpose of collecting solar energy and  
2 generating electricity by photovoltaic effect.

3 “(f) ‘Subscriber’ means a customer of an electric company who  
4 proportionately leases part of a community solar project for a mini-  
5 mum of 10 years.

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

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

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

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

15 “(D) Require, by rule or order, electric companies to enter into a  
16 20-year power purchase agreement with a certified community solar  
17 project.

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

20 “(A) Incentivize consumers of electricity to be owners or subscrib-  
21 ers;

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

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

26 “(D) Protect the public interest.

27 “(3) A community solar project:

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

30 “(b) Must be located in this state; and

1       “(c) May be located anywhere in this state.

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

5       “(a) In this state; and

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

7       “(5)(a) A project manager may offer proportional ownership in or  
8 proportional subscriptions to a community solar project in any  
9 amount that does not exceed a potential owner’s or potential  
10 subscriber’s average annual consumption of electricity.

11       “(b) Any value associated with the generation of electricity in ex-  
12 cess of an offer to own or subscribe to a community solar project as  
13 limited by paragraph (a) of this subsection must be used by the electric  
14 company procuring electricity from the community solar project in  
15 support of low-income residential customers of the electric company.

16       “(6)(a) Except as provided in paragraph (b) of this subsection, an  
17 electric company shall credit an owner’s or subscriber’s electric bill  
18 for the amount of electricity generated by a community solar project  
19 for the owner or subscriber in a manner that reflects the resource  
20 value of solar energy. For purposes of this paragraph, the commission  
21 shall determine the resource value of solar energy.

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

26       “(7)(a) Except as otherwise provided in this section, owners and  
27 subscribers shall bear the costs and benefits of constructing and op-  
28 erating a community solar project.

29       “(b) Costs incurred by an electric company under the terms of a  
30 power purchase agreement entered into pursuant to subsection



1 (2)(a)(D) of this section are recoverable in the rates of the electric  
2 company. Moneys collected pursuant to imposing those rates, under  
3 the terms of a power purchase agreement entered into pursuant to  
4 subsection (2)(a)(D) of this section, may be transferred to a project  
5 manager for the purpose of operating a community solar project.

6 “(c) All start-up costs prudently incurred during the development  
7 or modification of the program established under this section are re-  
8 coverable in the rates of an electric company.

9 “(d) Owners and subscribers shall bear all ongoing costs incurred  
10 during the continued administration of the program established under  
11 this section.

12 “(8) Owners and subscribers own all renewable energy certificates  
13 established under ORS 469A.130 that are associated with the generation  
14 of electricity by a community solar project, in proportion to the  
15 owner’s proportional ownership in or the subscriber’s proportional  
16 subscription to the community solar project.

17  
18 “(Repeal of Minimum Solar Energy  
19 Capacity Standard for Electric Companies)  
20

21 “**SECTION 23. ORS 757.370 is repealed.**

22 “**SECTION 24.** ORS 757.375 is amended to read:

23 “757.375. (1) Any electricity produced from a [*qualifying system under*  
24 *ORS 757.370*] **solar photovoltaic energy system** that is physically located  
25 in this state may be used by an electric company to comply with the  
26 renewable portfolio standard established under ORS 469A.005 to 469A.210.

27 “(2) For each kilowatt-hour of electricity produced from a qualifying sys-  
28 tem that first becomes operational before January 1, 2016, and [*generates at*  
29 *least 500 kilowatts, an electric company will be credited with*] **has a name-**  
30 **plate capacity of between 500 kilowatts and five megawatts of alter-**

1 **nating current, the Public Utility Commission shall credit the electric**  
2 **company with** two kilowatt-hours of qualifying electricity toward the  
3 **electric** company's compliance with the renewable portfolio standard under  
4 ORS 469A.005 to 469A.210, up to a maximum of 20 megawatts of capacity.

5

6

## “CONFORMING AMENDMENTS

7

8 **“SECTION 25.** ORS 469A.140 is amended to read:

9 “469A.140. (1) Renewable energy certificates may be traded, sold or oth-  
10 erwise transferred.

11 “(2) Renewable energy certificates that are not used by an electric utility  
12 or electricity service supplier to comply with a renewable portfolio standard  
13 in a calendar year may be banked and carried forward indefinitely for the  
14 purpose of complying with a renewable portfolio standard in a subsequent  
15 year. For the purpose of complying with a renewable portfolio standard in  
16 any calendar year:

17 “(a) Banked renewable energy certificates must be used, up to the limit  
18 imposed by ORS 469A.145, before other certificates are used; and

19 “(b) Banked renewable energy certificates with the oldest issuance date  
20 must be used to comply with the **renewable portfolio** standard before  
21 banked renewable energy certificates with more recent issuance dates are  
22 used.

23 “(3) An electric utility or electricity service supplier is responsible for  
24 demonstrating that a renewable energy certificate used to comply with a  
25 renewable portfolio standard is derived from a renewable energy source and  
26 that the **electric** utility or **electricity service** supplier has not used, traded,  
27 sold or otherwise transferred the **renewable energy** certificate.

28 “(4) [*The same*] **A** renewable energy certificate may be used by an electric  
29 utility or electricity service supplier to comply with **both** a federal  
30 renewable portfolio standard and a renewable portfolio standard established

1 under ORS 469A.005 to 469A.210. An electric utility or electricity service  
2 supplier that uses a renewable energy certificate to comply with a renewable  
3 portfolio standard imposed by *[any other]* **a state other than this** state may  
4 not use the same **renewable energy** certificate to comply with a renewable  
5 portfolio standard established under ORS 469A.005 to 469A.210.

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

7 “469A.060. (1) Electric utilities are not required to comply with the  
8 renewable portfolio standards described in ORS 469A.052 and 469A.055 to the  
9 extent that:

10 “(a) Compliance with the standard would require the **electric** utility to  
11 acquire electricity in excess of the **electric** utility’s projected load require-  
12 ments in any calendar year; and

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

16 “(2)(a) Electric utilities are not required to comply with a renewable  
17 portfolio standard to the extent that compliance would require the **electric**  
18 utility to substitute qualifying electricity for electricity available to the  
19 **electric** utility under contracts for electricity from dams that are owned by  
20 Washington public utility districts and **that** are located between the Grand  
21 Coulee Dam and the Columbia River’s junction with the Snake River. The  
22 provisions of this subsection apply only to contracts entered into before June  
23 6, 2007, and to renewal or replacement contracts for contracts entered into  
24 before June 6, 2007.

25 “(b) If a contract described in paragraph (a) of this subsection expires and  
26 is not renewed or replaced, the **electric** utility must comply, in the calendar  
27 year following the expiration of the contract, with the renewable portfolio  
28 standard applicable to the **electric** utility.

29 “(3) A consumer-owned utility is not required to comply with a renewable  
30 portfolio standard to the extent that compliance would require the

1 **consumer-owned** utility to reduce the **consumer-owned** utility’s purchases  
2 of the lowest priced electricity from the Bonneville Power Administration  
3 pursuant to section 5 of the Pacific Northwest Electric Power Planning and  
4 Conservation Act of 1980, P.L. 96-501, as in effect on June 6, 2007. The ex-  
5 emption provided by this subsection applies only to firm commitments for  
6 BPA electricity that the Bonneville Power Administration has assured will  
7 be available to a **consumer-owned** utility to meet agreed portions of the  
8 **consumer-owned** utility’s load requirements for a defined period of time.

9

10

## “REPORTS

11

12 **“SECTION 27. (1) On or before January 1, 2020, the Public Utility**  
13 **Commission shall investigate the impacts of the amendments to ORS**  
14 **469A.052 by section 5 of this 2016 Act on:**

15

**“(a) Rates;**

16

**“(b) Greenhouse gas emissions;**

17

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

18

**“(d) The allocation of risk between customers of electric companies  
19 and electric companies;**

20

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

22

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

23

**“(2) In addition to the investigation described in subsection (1) of  
24 this section, the commission shall investigate:**

25

**“(a) The long-term access to and use of renewable energy generat-  
26 ing facilities, renewable energy sites and renewable energy resources  
27 beyond the time at which renewable energy generating facilities are  
28 fully depreciated, and the potential for repowering, refurbishing or  
29 retrofitting renewable energy generating facilities in a manner that  
30 ensures the ability of the renewable energy generating facilities to**

1 continue generating electricity beyond their expected useful life;

2 “(b) The means by which an electric company may track, and credit  
3 or charge customers for, the difference between state or federal pro-  
4 duction tax credits included in rates charged by the electric company  
5 and actual production tax credits received by the electric company;  
6 and

7 “(c) Whether the requirement of ORS 469A.052 (1)(e), (f), (g) or (h),  
8 or other requirements under ORS 469A.005 to 469A.210 related to supply  
9 of electricity, necessitate changes to the methodology for recovery of  
10 variable costs associated with supplying electricity.

11 “(3) On or before January 1, 2020, the commission shall report the  
12 findings of the investigations conducted under this section to the in-  
13 terim committees of the Legislative Assembly related to business and  
14 energy. As part of the report, the commission may make recommen-  
15 dations for legislation. The commission shall submit the report in the  
16 manner required by ORS 192.245.

17 “SECTION 28. On or before January 1, 2019, the Public Utility  
18 Commission shall report on the implementation of section 22 of this  
19 2016 Act to the interim committees of the Legislative Assembly related  
20 to business and energy. As part of the report, the commission may  
21 make recommendations for legislation. The commission shall submit  
22 the report in the manner required by ORS 192.245.

23

24

#### “MISCELLANEOUS

25

26 “SECTION 29. The Public Utility Commission shall direct each  
27 electric company in this state to file applications as required by sec-  
28 tion 20 of this 2016 Act on or before December 31, 2016.

29 “SECTION 30. On or before July 1, 2017, the Public Utility Com-  
30 mission shall:

1       **“(1) Require each electric company to implement a community solar**  
2 **project; and**

3       **“(2) Adopt rules for the implementation of community solar**  
4 **projects as required by section 22 of this 2016 Act.**

5       **“SECTION 31. The unit captions used in this 2016 Act are provided**  
6 **only for the convenience of the reader and do not become part of the**  
7 **statutory law of this state or express any legislative intent in the**  
8 **enactment of this 2016 Act.**

9       **“SECTION 32. This 2016 Act being necessary for the immediate**  
10 **preservation of the public peace, health and safety, an emergency is**  
11 **declared to exist, and this 2016 Act takes effect on its passage.”.**

12

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