

Requested by HOUSE COMMITTEE ON ENERGY AND ENVIRONMENT

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

1 On page 1 of the printed A-engrossed bill, delete the period and insert “;
2 creating new provisions; amending ORS 469A.005, 469A.020, 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) For purposes of evaluating the prudence of an investment de-
3 cision regarding a coal-fired resource made after the effective date of
4 this 2016 Act, or an investment related to the continued operation of
5 a coal-fired resource made after the effective date of this 2016 Act, the
6 useful life of the coal-fired resource may not be considered to be any
7 later than January 1, 2030, unless the commission determines other-
8 wise.

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

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

19
20 **“AMENDMENTS TO STATUTES REGULATING**
21 **RENEWABLE PORTFOLIO STANDARDS**
22 **“(Definitions)”**

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

25 “469A.005. As used in ORS 469A.005 to 469A.210:

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

30 “(a) Already owns, controls or operates an electric light and power

1 **system for supplying electricity to the inhabitants of the city and for**
2 **general municipal purposes;**

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

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

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

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

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

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

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

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

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

30 **“[(4)] (5) ‘Compliance year’ means the calendar year for which the electric**

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

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

7 “(7) **‘Distribution utility’ has the meaning given that term in ORS**
8 **757.600.**

9 “[6] (8) ‘Electric company’ has the meaning given that term in ORS
10 757.600.

11 “[7] (9) ‘Electric utility’ has the meaning given that term in ORS
12 757.600.

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

15 “[9] (11) ‘Qualifying electricity’ means electricity described in ORS
16 469A.010.

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

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

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

26

27 “(Qualifying Electricity)

28

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

30 “469A.020. (1) Except as provided in this section, electricity may be used

1 to comply with a renewable portfolio standard only if the electricity is gen-
2 erated by a facility that becomes operational on or after January 1, 1995.

3 “(2) Electricity from a generating facility, other than a hydroelectric fa-
4 cility, that became operational before January 1, 1995, may be used to comply
5 with a renewable portfolio standard if the electricity is attributable to ca-
6 pacity or efficiency upgrades made on or after January 1, 1995.

7 “(3) Electricity from a hydroelectric facility that became operational be-
8 fore January 1, 1995, may be used to comply with a renewable portfolio
9 standard if the electricity is attributable to efficiency upgrades made on or
10 after January 1, 1995. If an efficiency upgrade is made to a Bonneville Power
11 Administration facility, only that portion of the electricity generation at-
12 tributable to Oregon’s share of the electricity may be used to comply with
13 a renewable portfolio standard.

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

20 “(a) Owned by an electric utility; or

21 “(b) Not owned by an electric utility and located in Oregon and licensed
22 by the Federal Energy Regulatory Commission under the Federal Power Act,
23 16 U.S.C. 791a et seq., or exempt from such license.

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

30 “[~~(b)~~] *Renewable energy certificates derived from electricity generated by a*

1 *facility that qualifies under paragraph (a) of this subsection may not be used*
2 *to comply with a renewable portfolio standard before January 1, 2026. How-*
3 *ever, renewable energy certificates issued before January 1, 2026, may be*
4 *banked pursuant to ORS 469A.005 to 469A.210 for use on or after January 1,*
5 *2026.]*

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

15
16 **“(Compliance Requirements for**
17 **Renewable Portfolio Standard)**

18
19 **“SECTION 5.** ORS 469A.052 is amended to read:

20 “469A.052. (1) The large utility renewable portfolio standard imposes the
21 following requirements on an electric utility that makes sales of electricity
22 to retail electricity consumers in an amount that equals three percent or
23 more of all electricity sold to retail electricity consumers:

24 “(a) At least five percent of the electricity sold by the **electric** utility to
25 retail electricity consumers in each of the calendar years 2011, 2012, 2013 and
26 2014 must be qualifying electricity;

27 “(b) At least 15 percent of the electricity sold by the **electric** utility to
28 retail electricity consumers in each of the calendar years 2015, 2016, 2017,
29 2018 and 2019 must be qualifying electricity;

30 “(c) At least 20 percent of the electricity sold by the **electric** utility to

1 retail electricity consumers in each of the calendar years 2020, 2021, 2022,
2 2023 and 2024 must be qualifying electricity; *[and]*

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

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

11 “(f) **At least 35 percent of the electricity sold by an electric company**
12 **to retail electricity consumers in each of the calendar years 2030, 2031,**
13 **2032, 2033 and 2034 must be qualifying electricity;**

14 “(g) **At least 45 percent of the electricity sold by an electric com-**
15 **pany to retail electricity consumers in each of the calendar years 2035,**
16 **2036, 2037, 2038 and 2039 must be qualifying electricity; and**

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

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

1 percent or more of all electricity sold to retail electricity consumers.

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

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

9 “(b) Beginning in the 10th 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 15 percent of the electricity sold by the
12 **electric** utility to retail electricity consumers in a calendar year must be
13 qualifying electricity;

14 “(c) Beginning in the 15th 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 20 percent of the electricity sold by the
17 **electric** utility to retail electricity consumers in a calendar year must be
18 qualifying electricity; and

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

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

25 “469A.075. (1) An electric company that is subject to a renewable portfolio
26 standard shall develop an implementation plan for meeting the requirements
27 of the **renewable portfolio** standard and file the **implementation** plan with
28 the Public Utility Commission. Implementation plans must be revised and
29 updated at least once every two years.

30 “(2) **At a minimum**, an implementation plan must [*at a minimum*] con-

1 tain:

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

3 “(b) The estimated cost of meeting the annual targets, including the cost
4 of transmission, the cost of firming, shaping and integrating qualifying
5 electricity, the cost of alternative compliance payments and the cost of ac-
6 quiring renewable energy certificates.

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

11 “(4) The commission shall adopt rules:

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

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

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

19 “(d) **Providing for the evaluation of competitive bidding processes**
20 **that allow for diverse ownership of renewable energy sources that**
21 **generate qualifying electricity.**

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

29

30 **(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 oth-
3 erwise transferred.

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

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

13 “[(b)] banked renewable energy certificates with the oldest issuance date
14 must be used to comply with the **renewable portfolio** standard before
15 banked renewable energy certificates with more recent issuance dates are
16 used.

17 “(3)(a) **Renewable energy certificates issued on or before the effec-**
18 **tive date of this 2016 Act that are not used by an electric company or**
19 **electricity service supplier to comply with a renewable portfolio**
20 **standard in a calendar year may be banked and carried forward in-**
21 **definitely for the purpose of complying with a renewable portfolio**
22 **standard in a subsequent year.**

23 “(b) **For qualifying electricity generated from a renewable energy**
24 **source that becomes operational on or before the effective date of this**
25 **2016 Act, or for qualifying electricity that is acquired under a contract,**
26 **having a duration of less than 20 years, for the purchase of electricity**
27 **generated from a renewable energy source that becomes operational**
28 **between the effective date of this 2016 Act and December 31, 2022,**
29 **renewable energy certificates issued for the qualifying electricity after**
30 **the effective date of this 2016 Act that are not used by an electric**

1 company or an electricity service supplier to comply with a renewable
2 portfolio standard in the calendar year in which the renewable energy
3 certificates are issued may be banked and carried forward, for up to
4 five compliance years immediately following the compliance year in
5 which the renewable energy certificates are issued, for the purpose of
6 complying with a renewable portfolio standard in one of those five
7 compliance years.

8 “(c) For qualifying electricity generated from a renewable energy
9 source that becomes operational between the effective date of this 2016
10 Act and December 31, 2022, or for qualifying electricity that is acquired
11 under a contract, having a duration of 20 years or more, for the pur-
12 chase of electricity generated from a renewable energy source that
13 becomes operational between the effective date of this 2016 Act and
14 December 31, 2022, renewable energy certificates issued for the quali-
15 fying electricity during the five-year period after the date the
16 renewable energy source becomes operational that are not used by an
17 electric company or an electricity service supplier to comply with a
18 renewable portfolio standard in the calendar year in which the
19 renewable energy certificates are issued may be banked and carried
20 forward indefinitely for the purpose of complying with a renewable
21 portfolio standard in a subsequent year.

22 “(d) For qualifying electricity generated from a renewable energy
23 source that becomes operational between the effective date of this 2016
24 Act and December 31, 2022, or for qualifying electricity that is acquired
25 under a contract, having a duration of 20 years or more, for the pur-
26 chase of electricity generated from a renewable energy source that
27 becomes operational between the effective date of this 2016 Act and
28 December 31, 2022, renewable energy certificates issued for the quali-
29 fying electricity more than five years after the renewable energy
30 source becomes operational that are not used by an electric company

1 or an electricity service supplier to comply with a renewable portfolio
2 standard in the calendar year in which the renewable energy certifi-
3 cates are issued may be banked and carried forward, for up to five
4 compliance years immediately following the compliance year in which
5 the renewable energy certificates are issued, for the purpose of com-
6 plying with a renewable portfolio standard in one of those five com-
7 pliance years.

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

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

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

1 “(Acquisition of Electric Utility
2 Service Territory)
3

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

5 “469A.055. (1) Except as provided in this section, an electric utility that
6 makes sales of electricity to retail electricity consumers in an amount that
7 equals less than three percent of all electricity sold to retail electricity
8 consumers is not subject to ORS 469A.005 to 469A.210.

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

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

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

30 “(a) A wholesale market purchase by an electric utility for which the

1 energy source for the electricity is not known;

2 “(b) BPA electricity;

3 “(c) Acquisition of electricity under a contract entered into before June
4 6, 2007;

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

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

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

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

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

1 **469A.052 (3).**

2 **“(6) If an electric utility acquires service territory of another elec-**
3 **tric utility without the consent of the electric utility from which ser-**
4 **vice territory was acquired, then beginning in the calendar year**
5 **following the acquisition, the percentage of the acquiring electric**
6 **utility’s electricity sold to all retail electricity consumers of the ac-**
7 **quiring electric utility that is sold to retail electricity consumers that**
8 **are located in the acquired service territory is subject to the renewable**
9 **portfolio standard that is applicable to the electric utility from which**
10 **service territory was acquired and the provisions of ORS 469A.005 to**
11 **469A.210 that apply to the renewable portfolio standard.**

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

15 *“[(6) Beginning in the calendar year following the year in which an electric*
16 *utility’s exemption terminates under subsection (4) or (5) of this section, the*
17 *utility is subject to the renewable portfolio standard described in ORS*
18 *469A.052 (3) and related provisions of ORS 469A.005 to 469A.210.]*

19 *“[(7)] (8) The provisions of this section do not affect the requirement that*
20 *electric utilities offer a green power rate under ORS 469A.205.*

21
22 **“(Electricity Service Suppliers)**

23
24 **“SECTION 9.** ORS 469A.135 is amended to read:

25 **“469A.135. (1) A bundled renewable energy certificate may be used to**
26 **comply with a renewable portfolio standard if:**

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

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

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

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

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

7 “(D) **A delivery point mutually agreed to by a distribution utility**
8 **and an electricity service supplier for the purpose of subsequent de-**
9 **livery to the distribution utility serving the customer of the electricity**
10 **service supplier.**

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

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

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

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

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

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

27 “(d) **Imposed under rules adopted by the commission under ORS**
28 **757.600 to 757.689.**

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

30 “469A.145. (1) Except as otherwise provided in this section, unbundled

1 renewable energy certificates, including banked unbundled renewable energy
2 certificates, may not be used to meet more than 20 percent of the require-
3 ments of the large utility renewable portfolio standard described in ORS
4 469A.052 for any compliance year.

5 “(2) 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** from a renewable energy source
8 by a net metering facility, as defined in ORS 757.300, or another generating
9 facility that is not directly connected to a distribution or transmission sys-
10 tem.

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

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

19

20 “(Recovery of Costs for Complying
21 with Renewable Portfolio Standard)
22

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

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

1 delivery of qualifying electricity to retail electricity consumers.

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

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

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

26 “(b) Notwithstanding any other provision of law, upon the request of any
27 interested person the commission shall conduct a proceeding to determine
28 whether to approve a proposed change in rates under the automatic adjust-
29 ment clause or other method for timely recovery of costs. The commission
30 shall provide parties to the proceeding with the procedural rights described

1 in ORS 756.500 to 756.610, including but not limited to the opportunity to
2 develop an evidentiary record, conduct discovery, introduce evidence, con-
3 duct cross-examination and submit written briefs and oral argument. The
4 commission shall issue a written order with findings on the evidentiary re-
5 cord developed in the proceeding.

6 “(c) A filing made under this subsection is subject to the commission’s
7 authority under ORS 757.215 to suspend a rate, or schedule of rates, for in-
8 vestigation.

9

10 **“(Exemption for Purposes of Meeting**
11 **Reliability Standards of North American**
12 **Electric Reliability Corporation)**

13

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

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

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

30 **“(b) A plan to achieve full compliance with the requirements of**

1 **ORS 469A.052.**

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

6 **“(a) Conflicts with or compromises to the electric company’s obli-**
7 **gation to comply with the mandatory and enforceable reliability stan-**
8 **dards of the North American Electric Reliability Corporation; or**

9 **“(b) Compromises to the integrity of the electric company’s elec-**
10 **trical system.**

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

18 **“(a) Notwithstanding ORS 469A.052, temporarily exempting the**
19 **electric company from one or more of the requirements of ORS**
20 **469A.052 for an amount of time sufficient to allow the electric company**
21 **to achieve full compliance with the requirements of ORS 469A.052;**

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

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

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

30 **“(5) This section does not permanently relieve an electric company**

1 of its obligation to comply with the requirements of ORS 469A.052.

2
3 **“(Small-Scale Community-Based**
4 **Renewable Energy Projects)**

5
6 **“SECTION 14.** ORS 469A.210 is amended to read:

7 “469A.210. (1) The Legislative Assembly finds that community-based
8 renewable energy projects, including but not limited to marine renewable
9 energy resources that are either developed in accordance with the Territorial
10 Sea Plan adopted pursuant to ORS 196.471 or located on structures adjacent
11 to the coastal shorelands, are an essential element of [*Oregon’s*] **this state’s**
12 energy future[, and declares that it is the goal of the State of Oregon that].

13 **“(2) For purposes related to the findings in subsection (1) of this**
14 **section, by the year 2025, at least eight percent of [*Oregon’s retail electrical***
15 **load comes from] the aggregate electrical capacity of all electric com-**
16 **panies that make sales of electricity to 25,000 or more retail electricity**
17 **consumers in this state must be composed of electricity generated by**
18 **one or both of the following sources:**

19 **“(a)** Small-scale renewable energy projects with a generating capacity of
20 20 megawatts or less[. *All agencies of the executive department as defined in*
21 *ORS 174.112 shall establish policies and procedures promoting the goal de-*
22 *clared in this section.*]; **or**

23 **“(b) Generating facilities described in ORS 469A.020 (5) that generate**
24 **thermal energy for a secondary purpose.**

25
26 **“(Renewable Energy Certificates**
27 **for Generation of Thermal Energy)**

28
29 **“SECTION 15.** Section 16 of this 2016 Act is added to and made a
30 **part of ORS 469A.005 to 469A.210.**

1 **“SECTION 16. If a generating facility described in ORS 469A.020 (5)**
2 **generates thermal energy for a secondary purpose, the State Depart-**
3 **ment of Energy, as part of the system established under ORS 469A.130,**
4 **shall provide that renewable energy certificates must be issued for the**
5 **generation of the thermal energy. For purposes of issuing renewable**
6 **energy certificates under this section, 3,412,000 British thermal units**
7 **are equivalent to one megawatt-hour.**

8
9 **“ACQUISITION OF ELECTRIC COMPANY**
10 **SERVICE TERRITORY OR PROPERTY**

11
12 **“SECTION 17. Section 18 of this 2016 Act is added to and made a**
13 **part of ORS chapter 757.**

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

15 **“(a) ‘Electric company’ has the meaning given that term in ORS**
16 **757.600.**

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

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

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

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

30 **“(b) The purpose of the stranded costs obligation is to prevent**

1 shifting the costs associated with the loss of service territory or
2 property of an electric company from the retail electricity consumers
3 of the electric utility to the retail electricity consumers of the electric
4 company.

5 “(4) The commission may determine the stranded costs obligation
6 in accordance with the Federal Energy Regulatory Commission’s cur-
7 rent methodology for determining stranded costs under the same or
8 similar circumstances.

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

11
12 “INCLUSION OF STATE AND FEDERAL PRODUCTION TAX
13 CREDITS IN VARIABLE POWER COST FORECASTING PROCESS

14
15 “SECTION 18a. Section 18b of this 2016 Act is added to and made a
16 part of ORS chapter 757.

17 “SECTION 18b. Each public utility that makes sales of electricity
18 shall forecast on an annual basis the projected state and federal pro-
19 duction tax credits received by the public utility due to variable
20 renewable electricity production, and the Public Utility Commission
21 shall allow those forecasts to be included in rates through any variable
22 power cost forecasting process established by the commission.

23
24 “APPLICATION OF TERM ‘PUBLIC UTILITY’

25
26 “SECTION 18c. For purposes of ORS chapter 757, the term ‘public
27 utility’ does not include a people’s utility district organized under ORS
28 chapter 261 or an electric cooperative organized under ORS chapter 62.

29
30 “ENERGY EFFICIENCY

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

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

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

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

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

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

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

24
25 **“TRANSPORTATION ELECTRIFICATION PROGRAMS**

26
27 **“SECTION 20. (1) As used in this section:**

28 **“(a) ‘Electric company’ has the meaning given that term in ORS**
29 **757.600.**

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

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

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

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

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

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

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

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

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

22 **“(d) Widespread transportation electrification should stimulate in-**
23 **novation and competition, provide consumers with increased options**
24 **in the use of charging equipment and in procuring services from sup-**
25 **pliers of electricity, attract private capital investments and create**
26 **high quality jobs in this state;**

27 **“(e) Transportation electrification and the purchase and use of**
28 **electric vehicles should assist in managing the electrical grid, inte-**
29 **grating generation from renewable energy resources and improving**
30 **electric system efficiency and operational flexibility, including the**

1 ability of an electric company to integrate variable generating re-
2 sources;

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

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

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

16 “(4) When considering a transportation electrification program and
17 determining cost recovery for investments and other expenditures re-
18 lated to a program proposed by an electric company under subsection
19 (3) of this section, the commission shall consider whether the invest-
20 ments and other expenditures:

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

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

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

25 “(d) Are reasonably expected to enable the electric company to
26 support the electric company’s electrical system;

27 “(e) Are reasonably expected to improve the electric company’s
28 electrical system efficiency and operational flexibility, including the
29 ability of the electric company to integrate variable generating re-
30 sources; and

1 **“(f) Are reasonably expected to stimulate innovation, competition**
2 **and customer choice in electric vehicle charging and related**
3 **infrastructure and services.**

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

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

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

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

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

21 **“(7) In authorizing programs described in subsection (3) of this**
22 **section, the commission shall review data concerning current and fu-**
23 **ture adoption of electric vehicles and utilization of electric vehicle**
24 **charging infrastructure. If market barriers unrelated to the invest-**
25 **ment made by an electric company prevent electric vehicles from ad-**
26 **equately utilizing available electric vehicle charging infrastructure,**
27 **the commission may not permit additional investments in transporta-**
28 **tion electrification without a reasonable showing that the investments**
29 **would not result in long-term stranded costs recoverable from the**
30 **customers of electric companies.**

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

4
5 **“SOLAR PROGRAM**

6 **“(Community Solar Projects)**

7
8 **“SECTION 22. (1) For purposes of this section:**

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

13 **“(b) ‘Electric company’ has the meaning given that term in ORS**
14 **757.600.**

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

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

24 **“(A) An electric company; or**

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

26 **“(e) ‘Solar photovoltaic energy system’ means equipment and de-**
27 **vices that have the primary purpose of collecting solar energy and**
28 **generating electricity by photovoltaic effect.**

29 **“(f) ‘Subscriber’ means a customer of an electric company who**
30 **proportionately leases part of a community solar project for a mini-**

1 **mum of 10 years.**

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

5 **“(A) Adopt rules prescribing what qualifies a community solar**
6 **project to participate in the program;**

7 **“(B) Certify qualified community solar projects for participation in**
8 **the program;**

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

11 **“(D) Require, by rule or order, electric companies to enter into a**
12 **20-year power purchase agreement with a certified community solar**
13 **project.**

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

16 **“(A) Incentivize consumers of electricity to be owners or subscrib-**
17 **ers;**

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

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

22 **“(D) Protect the public interest.**

23 **“(c) The commission may suspend the program adopted under this**
24 **subsection if the commission has good cause to suspend the program.**

25 **“(3) A community solar project:**

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

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

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

30 **“(4) A project manager may offer ownership in or subscriptions to**

1 a community solar project only to consumers of electricity that are
2 located:

3 “(a) In this state; and

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

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

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

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

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

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

27 “(b) Costs incurred by an electric company under the terms of a
28 power purchase agreement entered into pursuant to subsection
29 (2)(a)(D) of this section are recoverable in the rates of the electric
30 company. Moneys collected pursuant to imposing those rates, under

1 the terms of a power purchase agreement entered into pursuant to
2 subsection (2)(a)(D) of this section, may be transferred to a project
3 manager for the purpose of operating a community solar project.

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

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

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

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

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

21 “(b) Periodically review and adjust the percentage described in
22 paragraph (a) of this subsection.

23

24 “(Repeal of Minimum Solar Energy
25 Capacity Standard for Electric Companies)

26

27 “SECTION 23. ORS 757.370 is repealed.

28 “SECTION 24. ORS 757.375 is amended to read:

29 “757.375. (1) Any electricity produced from a *[qualifying system under*
30 *ORS 757.370]* solar photovoltaic energy system that is physically located

1 in this state may be used by an electric company to comply with the
2 renewable portfolio standard established under ORS 469A.005 to 469A.210.

3 “(2) For each kilowatt-hour of electricity produced from a qualifying sys-
4 tem that first becomes operational before January 1, 2016, and [*generates at*
5 *least 500 kilowatts, an electric company will be credited with*] **has a name-**
6 **plate capacity of between 500 kilowatts and five megawatts of alter-**
7 **nating current, the Public Utility Commission shall credit the electric**
8 **company with** two kilowatt-hours of qualifying electricity toward the
9 **electric** company’s compliance with the renewable portfolio standard under
10 ORS 469A.005 to 469A.210, up to a maximum of 20 megawatts of capacity.

11
12 **“CONFORMING AMENDMENTS**

13
14 **“SECTION 25.** ORS 469A.100 is amended to read:

15 “469A.100. (1) Electric utilities are not required to comply with a
16 renewable portfolio standard during a compliance year to the extent that the
17 incremental cost of compliance, the cost of unbundled renewable energy
18 certificates and the cost of alternative compliance payments under ORS
19 469A.180 exceeds four percent of the **electric** utility’s annual revenue re-
20 quirement for the compliance year.

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

26 “(3) The annual revenue requirement for an electric utility shall be cal-
27 culated based only on the operations of the **electric** utility relating to elec-
28 tricity. The annual revenue requirement does not include any amount
29 expended by the **electric** utility for energy efficiency programs for customers
30 of the **electric** utility or for low income energy assistance, the incremental

1 cost of compliance with a renewable portfolio standard, the cost of unbun-
2 dled renewable energy certificates or the cost of alternative compliance
3 payments under ORS 469A.180. The annual revenue requirement does include:

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

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

9 “(4) For the purposes of this section, the incremental cost of compliance
10 with a renewable portfolio standard is the difference between the levelized
11 annual delivered cost of the qualifying electricity and the levelized annual
12 delivered cost of an equivalent amount of reasonably available electricity
13 that is not qualifying electricity. For the purpose of this subsection, the
14 commission or **the** governing body of a consumer-owned utility shall use the
15 net present value of delivered cost, including:

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

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

19 “(c) Transmission and substation costs;

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

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

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

29 “(6) The commission shall establish limits on the incremental cost of
30 compliance with the renewable portfolio standard for electricity service

1 suppliers under ORS 469A.065 that are the equivalent of the cost limits ap-
2 plicable to the electric companies that serve the territories in which the
3 electricity service supplier sells electricity to retail electricity consumers. If
4 an electricity service supplier sells electricity in territories served by more
5 than one electric company, the commission may provide for an aggregate cost
6 limit based on the amount of electricity sold by the electricity service sup-
7 plier in each territory. Pursuant to ORS 757.676, a consumer-owned utility
8 may establish limits on the cost of compliance with the renewable portfolio
9 standard for electricity service suppliers that sell electricity in the territory
10 served by the consumer-owned utility.

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

12 “469A.060. (1) Electric utilities are not required to comply with the
13 renewable portfolio standards described in ORS 469A.052 and 469A.055 to the
14 extent that:

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

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

21 “(2)(a) Electric utilities are not required to comply with a renewable
22 portfolio standard to the extent that compliance would require the **electric**
23 utility to substitute qualifying electricity for electricity available to the
24 **electric** utility under contracts for electricity from dams that are owned by
25 Washington public utility districts and **that** are located between the Grand
26 Coulee Dam and the Columbia River’s junction with the Snake River. The
27 provisions of this subsection apply only to contracts entered into before June
28 6, 2007, and to renewal or replacement contracts for contracts entered into
29 before June 6, 2007.

30 “(b) If a contract described in paragraph (a) of this subsection expires and

1 is not renewed or replaced, the **electric** utility must comply, in the calendar
2 year following the expiration of the contract, with the renewable portfolio
3 standard applicable to the **electric** utility.

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

14
15 **“REPORTS**

16
17 **“SECTION 27. (1) On or after January 1, 2020, but no later than**
18 **December 31, 2021, the Public Utility Commission shall investigate the**
19 **impacts of the amendments to ORS 469A.052 by section 5 of this 2016**
20 **Act on:**

21 **“(a) Rates;**

22 **“(b) Greenhouse gas emissions;**

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

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

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

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

29 **“(2) In addition to the investigation described in subsection (1) of**
30 **this section, on or after January 1, 2020, but no later than December**

1 31, 2021, the commission shall investigate the forecasting of projected
2 state and federal production tax credits as described in section 18b of
3 this 2016 Act and allowing those costs to be included in rates through
4 any variable power cost forecasting process established by the com-
5 mission.

6 “(3) On or after January 1, 2020, but no later than December 31,
7 2021, the commission shall report the findings of the investigations
8 conducted under this section to the interim committees of the Legis-
9 lative Assembly related to business and energy. As part of the report,
10 the commission may make recommendations for legislation. The
11 commission shall submit the report in the manner required by ORS
12 192.245.

13 “SECTION 28. On or before January 1, 2019, the Public Utility
14 Commission shall report on the implementation of section 22 of this
15 2016 Act to the interim committees of the Legislative Assembly related
16 to business and energy. As part of the report, the commission may
17 make recommendations for legislation. The commission shall submit
18 the report in the manner required by ORS 192.245.

19

20

“MISCELLANEOUS

21

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

25 “SECTION 30. On or before July 1, 2017, the Public Utility Com-
26 mission shall adopt rules for the implementation of community solar
27 projects as required by section 22 of this 2016 Act.

28 “SECTION 31. The unit captions used in this 2016 Act are provided
29 only for the convenience of the reader and do not become part of the
30 statutory law of this state or express any legislative intent in the

1 enactment of this 2016 Act.

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

5
