

Senate Bill 979 - Renewable Energy Direct Access

This legislation would enable commercial and industrial customers to secure least cost renewable electricity by providing them access to the competitive power market. The resulting investment would spur economic development, enhance Oregon-based businesses' competitiveness, encourage the growth of renewable energy, and protect remaining ratepayers. This legislation preserves Oregon's overall Renewable Portfolio Standard (RPS) and allows customers to go beyond the RPS requirements to purchase renewable power from other power suppliers in a manner that makes it easier for the utilities to meet their own RPS obligations.

Oregon's two major investor-owned utilities (IOUs), vertically integrated monopolies, oppose providing customers the option of purchasing renewable power from the market. The Oregon Public Utility Commission (OPUC) protects Oregonians from egregious monopolistic abuse by IOUs. Regrettably, it has failed to provide for nonresidential customer choice as envisioned by SB 1149,¹ outside of limited pockets within Portland General Electric's service territory.

More and more businesses rank the purchase of renewable energy as a priority. They prefer to do so outside traditional cost of service purchases from IOUs, and above and beyond renewable portfolio standard requirements. Sections 2 and 3 of HB 4126² reflected these commercial and industrial businesses' environmental goals. The OPUC specified terms under which the utilities could offer a "Voluntary Renewable Energy Tariff" pursuant to HB 4126, but the IOUs declined to do so. Action is needed to boost Oregon's reliance on clean power and to take advantage of the unique opportunity that has been caused by nonresidential customers' growing interest in renewable power.

This legislation creates a new category of direct access uniquely applicable to market purchases of renewable energy. Under the "Renewable Direct Access" program, departing utility customers would be allowed to purchase renewable energy from qualified, third party energy service suppliers, including both independent power producers and utility affiliates. The power could be sourced from new or existing renewable power plants throughout the West.

Customers electing the Renewable Direct Access program would bear transition charges consistent with existing statutory prohibitions against unwarranted cost shifts and recognizing the net benefits of using renewable energy. Load not previously served by the utility, including new load or increased requirements of existing power users above a set level, would be eligible for Renewable Direct Access without having to pay transition charges. Transition charges for ratepayers shifting their existing load to the market would be limited to five years. The OPUC also would specify requirements for customers forced to return to standard cost of service, including an obligation to pay for "interim" power based on prevailing market prices for a period determined by the OPUC so that all other customers are fully protected.

¹ Senate Bill 1149, Section 6(1) "The duties, functions and powers of the Public Utility Commission shall include developing policies to eliminate barriers to the development of a competitive retail market structure. The policies shall be designed to mitigate the vertical and horizontal market power of incumbent electric companies, prohibit preferential treatment, or the appearance of such treatment, of generation or market affiliates and determine the electricity services likely to be competitive."

² House Bill 4126, Sections 2 and 3.