

HB 3166 A -A8 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

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Meeting Dates: 6/29

WHAT THE MEASURE DOES:

Modifies cost recovery formula for site certificate holders by removing limitation that no more than 35 percent of annual fee be for recovery of general costs. Requires Oregon Department of Energy (ODOE) Director to adopt formula for apportioning general costs among holders of site certificates. Changes calculated share of annual energy resource supplier assessment below which energy resource supplier is exempt from payment of assessment from \$250 to \$2,500. Applies to annual fees due on and after July 1, 2018. Becomes operative January 1, 2018.

Establishes nine-member Energy Facility Siting Task Force (Task Force). Requires Task Force to review statutes and regulations that govern Energy Facility Siting Council jurisdiction and develop recommendations in certain areas and develop recommendations for clarifying single energy facility. Sunsets Task Force on December 31, 2018.

Transfers duties, functions and powers of ODOE related to issuance of loans for small scale local energy projects (SELP) to Oregon Business Development Department (OBDD), effective January 1, 2018. Transfers unexpended balances from revenues dedicated to SELP program to OBDD for biennium beginning July 1, 2017. Authorizes OBDD to undertake collection or enforcement of any liability, duty or obligation. Requires OBDD to conduct study to determine commercial needs for loans for small scale local energy projects for the purpose of identifying the highest and best uses of funds. Directs OBDD Director to utilize information developed through study to adopt rules. Requires OBDD report on findings of the study to Governor and Legislative Assembly no later than September 15, 2018. Abolishes the Energy Project Supplemental Fund, Energy Revenue Bond Repayment Fund, Energy Project Bond Loan Fund and Fuel Vehicle Revolving Fund and transfers remaining funds to Small Scale Local Energy Project Administration and Bond Sinking Fund (Fund). Abolishes Jobs, Energy and Schools Fund and transfers remaining balance to Clean Energy Development Fund. Appropriates \$3 million from General Fund to OBDD for purposes of Act. Authorizes ODOE and OBDD to take any action necessary before operative date. Becomes operative January 1, 2018.

Takes effect on 91st day after 2017 regular legislative session adjourns sine die.

ISSUES DISCUSSED:

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EFFECT OF AMENDMENT:

-A8 The amendment removes the Energy Facility Siting Task Force, eliminates the \$3 million General Fund appropriation to the Oregon Business Development Department, and adjusts the operative date for the program transfer to July 1, 2018. The amendment also removes the increase of the Energy Supplier Assessment floor from \$250 to \$2,500 and abolishment of the Alternative Fuel Revolving Vehicle Loan Fund.

BACKGROUND:

The Oregon Department of Energy (ODOE) was first established in 1975 in response to the national energy crisis. Its statutory mission is to promote the efficient use of energy and advocate for the use and development of new renewable energy. In the 41 years since its creation, it has been assigned a variety of energy-related responsibilities, including some regulatory functions. In January, 2016 the Joint Interim Committee on Department of Energy Oversight (Committee) was appointed to conduct a thorough review of ODOE and to make recommendations to the 2017 session. The Committee was directed by the Senate President and the Speaker of the House to focus its work on

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the following elements: review of the agency's charge, mission, and statutory responsibilities; review of the agency's organizational structure and funding streams; assessment of the current gaps and deficiencies in the agency's operational structure and personnel capacity to fulfill its mission and programs; and assessment of the agency's capacity to facilitate stakeholder relationships, both public and private, to fulfill its mission. House Bill 3166A includes several recommendations that the Committee considered.

The small scale local energy projects, commonly referred to as SELP was created in 1979, and in 1980, voters amended the Oregon Constitution to authorize the sale of general obligation bonds to finance low-interest energy loans. SELP is a revolving loan fund that derives revenue from interest margins, loan fees, reimbursed expenses, and loan payments received on outstanding obligations. The loan fund is protected by the full faith and credit of the State of Oregon, requiring the General Fund to support the SELP fund in the event of a revenue shortfall that prevents the agency from paying its bond debt service. SELP loans money to individuals, businesses, schools, state and local governments, tribes, public cooperatives, and non-profits. The program may provide loans for projects that: save energy, produce energy from renewable resources, use recycled material to create products, or use alternative fuels. House Bill 3166A would transfer the duties, functions and powers of ODOE related to issuance of loans for SELP to the Oregon Business Development Department, effective January 1, 2018.

The Oregon Legislative Assembly established the Energy Facility Siting Council (EFSC) in 1975, and charged EFSC with overseeing energy facility siting in Oregon. The seven-member citizen body is appointed by the Governor and confirmed by the Senate. EFSC's jurisdiction covers specific types and sizes of energy facilities including proposed: thermal power plants above 25 MW, wind projects that are 105 MW or greater; and utility-scale solar projects. Liquefied Natural Gas facilities and very large energy facilities are subject to federal siting processes, with support from ODOE's Siting Division. Many smaller facilities with less than a 25 megawatt (MW) capacity are subject to local jurisdictions. As of May, 2016 there were 29 energy facilities in Oregon with site certificates and five additional facilities under review. House Bill 3166A would modify the cost recovery formula for site certificate holders and establishes the Energy Facility Siting Task Force.

In Oregon, each energy resource supplier is required to pay ODOE its share of an annual assessment to fund EFSC and ODOE programs and activities. The amount assessed to an energy resource supplier is based on the ratio which that supplier's annual gross operating revenue derived within this state in the preceding calendar year bears to the total gross operating revenue derived within this state during that year by all energy resource suppliers. The assessment against an energy resource supplier is not allowed to exceed 0.375 percent of the supplier's gross operating revenue derived within this state in the preceding calendar year. Under current law, the ODOE Director is required to exempt from the payment of an assessment, any individual energy resource supplier whose calculated share of the annual assessment is less than \$250. House Bill 3166A would change this exemption level from \$250 to \$2,500.