

SB 978 A STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Action Date: 04/17/17

Action: Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

Vote: 5-0-0-0

Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Directs the Public Utility Commission to establish a public process for investigating how developing industry trends, technologies and policy drivers impact the existing regulatory system and incentives currently used by the Commission. Outlines issues for consideration for the investigation and directs the Commission to explore changes to the existing regulatory system. Requires Commission to provide an opportunity for public comment and to report to interim legislative committees by September 15, 2018. Sunsets January 2, 2019.

ISSUES DISCUSSED:

- Study issues to determine whether regulatory compact is still appropriate model
- Role of independent power producers under current model
- Possible incentives for utilities to build capacity themselves
- Proper timing of study

EFFECT OF AMENDMENT:

Replaces the original measure.

BACKGROUND:

The investor-owned electric utility model relies on a regulatory compact under which an electric utility is granted a monopoly over a given service area and authorized to recover all of its costs, as well as a reasonable return on investment. Under the model, the Oregon Public Utility Commission (PUC) is the regulatory body that administers the rate-setting process. A primary factor in setting electric utility rates is the cost incurred by the electric company for procuring the electricity needed to provide service to its service area. Proponents of Senate Bill 978-A assert that the rate-setting process creates incentives for electric utilities to acquire more expensive power generation than to seek the lowest price for electricity on the market.