

**B-Engrossed**  
**Senate Bill 978**

Ordered by the Senate June 30  
Including Senate Amendments dated April 24 and June 30

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires Public Utility Commission to establish public process for purpose of investigating how industry trends, technologies and policy drivers in electricity sector might impact existing regulatory system and incentives currently employed by commission. Requires commission to report findings to interim committees of Legislative Assembly related to energy and business no later than September 15, 2018.

**Limits biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery and federal funds, collected or received by commission.**

Sunsets January 2, 2019.

**A BILL FOR AN ACT**

1  
2 Relating to utilities.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Public Utility Commission shall establish a public process for the**  
5 **purpose of investigating how developing industry trends, technologies and policy drivers in**  
6 **the electricity sector might impact the existing regulatory system and incentives currently**  
7 **employed by the commission. If warranted, the commission may consider changes to the**  
8 **existing regulatory system and incentives.**

9 **(2) As part of the public process established under subsection (1) of this section, the**  
10 **commission shall investigate the following:**

11 **(a) The obligations of and benefits to electric companies under the existing regulatory**  
12 **system;**

13 **(b) The obligations of and benefits to customers of electric companies under the existing**  
14 **regulatory system, including customers that participate in direct access;**

15 **(c) The current use of regulatory incentives, including but limited to:**

16 **(A) Incentives for electric companies to place capital investment in rate base, paying**  
17 **particular attention to the perception of bias in resource selection;**

18 **(B) Incentives for electric companies to plan for serving all existing and all new elec-**  
19 **tricity loads in electric companies' service territories; and**

20 **(C) Incentives for electric companies and for customers of electric companies to develop**  
21 **renewable energy resources and purchase renewable energy; and**

22 **(d) The primary public policy objectives that are promoted by the commission's current**  
23 **statutory authority and by the existing regulatory system and incentives.**

24 **(3) As part of the public process established under subsection (1) of this section, the**  
25 **commission shall identify industry trends, technologies and policy drivers currently develop-**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 ing in the electricity industry, including but not limited to:

2 (a) Greater penetration by variable energy resources of electric utilities' electrical sys-  
3 tems;

4 (b) Increasing presence and cost-effectiveness of distributed energy resources in electric  
5 utilities' electrical systems;

6 (c) Greater customer support sophistication and desire for energy service options and  
7 energy management tools;

8 (d) Increasing customer desire for energy service needs to be met by a specific generat-  
9 ing resource through either nonutility owned resources and delivery options or utility owned  
10 resources and delivery options;

11 (e) Greater recognition of the carbon output of electricity generation;

12 (f) The electrification of the transportation sector;

13 (g) The potential for regional transmission markets;

14 (h) Advances in distribution system communication and control technologies;

15 (i) The need to replace aging distribution system equipment for grid modernization;

16 (j) Use of performance-based incentives used by other states in addressing the industry  
17 trends, technologies and policy drivers described in this subsection; and

18 (k) Changes in public policy objectives that are developing in relation to the electricity  
19 sector or that have directly or indirectly been identified by the Legislative Assembly.

20 (4) The commission shall explore changes to the existing regulatory system and incen-  
21 tives that could accommodate developing industry trends and support new policy objectives  
22 without compromising affordable rates, safety and reliable service. If the commission deter-  
23 mines that changes to the existing regulatory system and incentives would be in the interest  
24 of customers of electric companies and the public generally, the commission shall develop  
25 plans to administratively implement changes to the regulatory system and incentives or shall  
26 make recommendations to the Legislative Assembly for the purpose of legislatively imple-  
27 menting changes to the regulatory system and incentives.

28 (5) As part of the public process established under subsection (1) of this section, the  
29 commission shall provide the public with an opportunity to comment.

30 (6) The commission shall submit a report on the findings of the public process established  
31 under subsection (1) of this section and the progress of investigations conducted under sub-  
32 section (2) of this section in the manner provided by ORS 192.245 to the interim committees  
33 of the Legislative Assembly related to energy and business no later than September 15, 2018.  
34 The commission may include, as part of the commission's report, recommendations for leg-  
35 islation.

36 **SECTION 2.** Section 1 of this 2017 Act is repealed on January 2, 2019.

37 **SECTION 3.** Notwithstanding any other law limiting expenditures, the limit on expen-  
38 ditures established by section 1 (1), chapter 93, Oregon Laws 2017 (Enrolled House Bill 5035),  
39 for the biennium beginning July 1, 2017, as the maximum limit for payment of expenses from  
40 fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds  
41 and federal funds, collected or received by the Public Utility Commission, is increased by  
42 \$166,400 for the purpose of carrying out the provisions of section 1 of this 2017 Act.