

LC19: Natural Gas

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2 Key Elements on Natural Gas in LC 19

1. Establishes a limit on GHG emissions across Oregon's economy, including all natural gas in 2022
2. Does not directly regulate individual entities for gas they receive via utilities

Accomplishes 1 & 2 by regulating gas utilities and other suppliers for all the gas they provide to end users in Oregon

3 Mitigation Measures for (Most) Natural Gas Users

1. Free allowances allocated to gas utilities for low-income customers
 2. Consignment to gas utilities for customers buy gas from utilities
 - Initially 60% of their forecasted gas use
 - Reduced in future years as the annual economy-wide GHG limits shrink
 3. Consignment to gas utilities for customers buying from other suppliers
 - Initially 60% of their forecasted gas use
 - Reduced in future years as the annual economy-wide GHG limits shrink
- PUC oversight is critical for each of these mitigation measures

Additional Measure for Trade Exposed Natural Gas Users

4. Consignment to gas utilities for “Trade Exposed Natural Gas Users”
 - 100% of their gas use
 - Minimize leakage from businesses facing competition in jurisdictions without a carbon price
 - Help these businesses reduce emissions while maintaining competitiveness
- PUC oversight is also critical here

PUC Oversight of Allowance Value for Natural Gas Customers

1. Allowances provided for low-income customers: PUC and utility develop tariff to allocate value to these customers for rate relief
2. Value from sale of allowances for customers buying gas from utilities:
 - Utilities create plan how to use proceeds and PUC acknowledges
 - At least 25% for rate relief; activities that reduce GHG; renewable NG; R&D
3. Value from sale of allowances for customers buying gas from other suppliers:
 - PUC determines amounts of proceeds for various purposes
 - At least 25% for rate relief; activities that reduce GHG including fuel switching
 - PUC must consider GHG reduction potential and competitive considerations

PUC Oversight of Allowance Value for Trade Exposed Natural Gas Users

4. Consignment to gas utilities for “Trade Exposed Natural Gas Users”
 - **2022 – 2024:** 100% rate relief using all revenue generated from sale of allowances allocated on behalf Trade Exposed Natural Gas Users
 - **After 2024:** Rate relief declines annually in proportion to overall allowance budget, unless...

PUC Oversight of Allowance Value for Trade Exposed Natural Gas Users

- A trade exposed customer can extend full rate relief through 2030, and maintain 97% rate relief after 2030, if they elect to:
 - Submit to the PUC an energy management system audit for approval every 5 years
 - Complete all efficiency improvements in the audit that have a 5 year payback
 - Complete efficiency improvements beyond a 5 year payback if state grants or loans reduce the cost to a 5 year payback
- PUC will develop a program for grants and loans may contract with a 3rd parties for assistance with audits and operating the grant/loan program