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SUMMARY

Authorizes electric companies that are subject to renewable portfolio standards to offer to purchase qualifying electricity generated by certain hydroelectric facilities.

A BILL FOR AN ACT

Relating to electricity from hydroelectric facilities that may be used to comply with renewable portfolio standards; creating new provisions; and amending ORS 757.603.

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

SECTION 1. Section 2 of this 2019 Act is added to and made a part of ORS 469A.005 to 469A.210.

SECTION 2. (1) An electric company that is subject to a renewable portfolio standard may, consistent with ORS 758.505 to 758.555, offer to purchase qualifying electricity generated by a hydroelectric facility that is a small power production facility as defined in ORS 758.505 and has been certified as a low-impact hydroelectric facility by the national certification organization recognized by the State Department of Energy by a rule adopted under ORS 469A.020, except that:

(a) The hydroelectric facility must be owned by:

(A) A domestic water supply district organized under ORS chapter 264;

(B) An irrigation district organized under ORS chapter 545;

(C) A drainage district organized under ORS chapter 547;

(D) A diking district organized under ORS chapter 551;

1 (E) A water improvement district organized under ORS chapter 552;

2 (F) A water control district organized under ORS chapter 553; or

3 (G) A district improvement company or corporation organized un-
4 der ORS chapter 554.

5 (b) The price the electric company pays for the hydroelectric
6 facility's electricity must include value for both the energy and the
7 capacity provided by the hydroelectric facility.

8 (c) The price the electric company pays for the hydroelectric
9 facility's electricity must be at the avoided cost price for energy and
10 capacity most recently approved by the Public Utility Commission
11 under ORS 758.525 (1).

12 (d) The avoided cost price identified in paragraph (c) of this sub-
13 section must govern the contract between the electric company and
14 the hydroelectric facility for at least 20 years, irrespective of the
15 electric company's sufficiency position.

16 (2) Costs associated with acquiring energy and capacity under this
17 section are prudently incurred costs that may be recovered under ORS
18 469A.120.

19 **SECTION 3.** ORS 757.603 is amended to read:

20 757.603. (1)(a) Except as provided in this subsection, an electric company
21 shall provide all retail electricity consumers that are connected to the elec-
22 tric company's distribution system with a regulated, cost-of-service rate op-
23 tion.

24 (b) The Public Utility Commission by order may waive the requirement
25 of paragraph (a) of this subsection for any retail electricity consumer other
26 than residential electricity consumers and small commercial electricity con-
27 sumers. Before ordering a waiver under this paragraph, the commission shall
28 conduct such studies as the commission deems necessary and provide notice
29 and opportunity for public comment and hearings. The commission may order
30 a waiver under this paragraph if the commission finds, based on an
31 evidentiary record developed through public comment and hearings, that a

1 market exists in which retail electricity consumers subject to the waiver are
2 able to:

3 (A) Purchase supplies of electricity adequate to meet the needs of the
4 retail electricity consumers;

5 (B) Obtain multiple offers for electricity supplies within a reasonable pe-
6 riod of time;

7 (C) Obtain reliable supplies of electricity; and

8 (D) Purchase electricity at prices that are not unduly volatile and that
9 are just and reasonable.

10 (2) Each electric company shall provide each residential electricity con-
11 sumer that is connected to its distribution system a portfolio of rate options.
12 The portfolio shall include at least the following options:

13 (a) A rate that reflects significant new renewable energy resources;

14 (b) A market-based rate; and

15 (c) If the commission finds, through public comment and hearing or
16 through market research conducted by the electric company, that demand is
17 sufficient to justify the rate, a rate option for electricity associated with a
18 specific renewable energy resource, including solar photovoltaic energy **and**
19 **low-impact hydroelectric energy.**

20 (3)(a) The commission shall regulate the cost-of-service rate option under
21 subsection (1) of this section and the portfolio of rate options under sub-
22 section (2) of this section. The commission shall reasonably ensure that the
23 costs and risks of serving each option are reflected in the rates for each
24 option.

25 (b) The commission may prohibit or otherwise limit the use of a cost-of-
26 service rate by retail electricity consumers who have been served through
27 direct access, and may limit switching among portfolio options and the
28 cost-of-service rate by residential electricity consumers.

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