

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	HB 2494
Revenue Area:	Utility Fees
Economist:	Mazen Malik
Date:	04-04-2019

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Extends operation of public purpose charges until January 1, 2036.

Revenue Impact:

The Public Purpose charge extension to 2036 will start showing up in the 2025-2027 biennium. Starting in FY 2023 the amount of funds the Public Purpose Charge (PPC) generates is about \$190 to \$200 million a year. Additional amounts, that are not easy to determine will come from the charges and penalties

Impact Explanation:

As part of SB 1149 (1999), utilities were required to reserve 3 percent of their retail electricity sales for 10 years beginning in March 2002. This public purpose charge is used to fund energy conservation and renewable energy programs and to help provide weatherization and other energy assistance to low-income households and public schools in Oregon. Entities that receive and use these funds are:

- Energy Trust of Oregon, Inc. The non-profit Energy Trust began administering funds in March 2002; it develops and implements programs that promote energy conservation and development of renewable energy resources within the State. The Energy Trust receives 73 % of the funds (56 % dedicated to conservation programs and 17 % for renewable energy projects).
- Education Service Districts. Oregon's Education Service Districts receive 10 % of funds to improve energy efficiency in individual schools. The distribution formula is used to prioritize projects.
- Oregon Housing and Community Services. Oregon Housing and Community Services (OHCS) receive and administer PPC funds for low-income housing programs. 4.5 % of the PPC funds are dedicated to low-income housing development projects; the projects involve construction of new housing or rehabilitation of existing housing for low-income families through the OHCS Housing Trust Fund. OHCS operates two weatherization programs, and an **additional 11.7 % of the total PPC funds collected are allocated for low-income weatherization. One program provides** home weatherization (for single- and multi-family, owner occupied, and rental housing) and the other provides for weatherization of affordable multi-family rental housing through the OHCS Housing Division. In addition to projects conducted by these agencies, large commercial and industrial customers can implement their own energy conservation or renewable energy projects. These "self-direct customers can then deduct the cost of projects from the conservation and renewable resource development portion of their PPC obligation to utilities.

In 2007 SB 838 made some changes. In addition to extending the law to 2026, a key provision for conservation in SB 838 is the ability for utilities to ask the Commission for permission to include in rates the costs of implementing or funding additional cost-effective energy conservation measures.

The Commission requires PGE and PPL to assess the achievable cost-effective conservation potential in their service territories. If there is a gap between the potential and what can be achieved through the current public purpose funding, the utility can ask the Commission to include in customer rates the cost to pursue the additional conservation. Retail electricity consumers whose load is greater than 1 aMW are excluded from these specific rate increases. However, they are not allowed to directly benefit from the related conservation measures.

Creates, Extends, or Expands Tax Expenditure: Yes No