

SB 928 A STAFF MEASURE SUMMARY**Senate Committee On Environment and Natural Resources****Action Date:** 04/09/19**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)**Vote:** 3-2-0-0**Yeas:** 3 - Dembrow, Prozanski, Roblan**Nays:** 2 - Bentz, Olsen**Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Prepared By:** Beth Patrino, LPRO Analyst**Meeting Dates:** 4/8, 4/9**WHAT THE MEASURE DOES:**

Makes legislative findings and declarations. Establishes the **Oregon Climate Authority** (OCA) and lists responsibilities. Specifies that OCA is under the supervision of a director appointed by the Governor and subject to confirmation by the Senate. Lists director's duties. Creates the **Oregon Climate Board** (Board) with nine voting members appointed by the Governor and subject to Senate confirmation. Identifies 13 exofficio, nonvoting Board members. Requires appointed members to be Oregon residents who are well informed in energy and climate issues and who represent specified interests and two at-large members. Requires that Governor appoint Board chairperson and that Board meet once every calendar quarter at various locations throughout the state. Lists duties of Board advising the OCA Director. Specifies that by arrangement with the Board chairperson, the OCA Director will review OCA activities with the Board and, subject to Board policy direction, outline the OCA methods, policies, and program of work. Requires Board to submit annual report to Legislative Assembly on activities related to establishment of OCA no later than September 15 of each year until January 2, 2023. Requires Board to receive regular updates from the Energy Facility Siting Council and the Oregon Hanford Cleanup Board. Amends **greenhouse gas (GHG) registration and reporting** statute (ORS 468A.280). Requires person required to register and report to make reports containing information that Environmental Quality Commission (EQC) may require by rule to determine and verify GHG emissions. Authorizes EQC to by rule require person to provide an audit by an independent and disinterested party to verify GHG information reported is true and accurate. Authorizes rule adopted by EQC to require reporting of type and quantity of fuel and any additional information necessary to determine GHG emissions associated with use or combustion of fuel. Specifies that for persons failing to report, EQC may develop an assigned emissions level for person if necessary for purpose of regulating person under any GHG regulation program adopted by Legislative Assembly. Authorizes EQC to adopt schedule of fees for registration and reporting limited to anticipated cost of developing, implementing, and analyzing data collected. Transfers GHG registration and reporting program to OCA effective January 1, 2022 and makes corresponding amendments. **Abolishes State Department of Energy** (ODOE). Transfers ODOE records, property, employees, and unexpended revenues. Stipulates that ODOE administrative rules remain in effect until superseded or repealed by OCA or Oregon Business and Development Department (OBDD). Transfers **Energy Supplier Assessment** (ESA) to OCA with operative date of July 1, 2020. Changes ESA from not to exceed 0.375 percent to not to exceed 0.25 percent of the supplier's gross operating revenue derived within the state in the preceding calendar year, effective July 1, 2021. Revises purposes for which ESA moneys may be spent effective July 1, 2021. Defines energy service programs. Requires Secretary of State to conduct an audit no later than September 15 of each even-numbered year to determine whether the ESA and its uses during the previous biennium complied with requirements. Modifies role of ESA advisory work group effective July 1, 2021. Revises definition of "energy services program" effective January 1, 2022 to exclude GHG reporting program. Establishes **Energy Program**

SB 928 A STAFF MEASURE SUMMARY

Review Task Force and assigns task force with providing recommendations on OCA programs to Governor and Legislative Assembly. Requires Task Force submit initial report no later than November 30, 2019. Directs OCA to provide staff support to the Task Force. Makes **housekeeping** amendments to ODOE statutes to reflect assumption by OCA. Transfers **Small Scale Energy Loan Program (SELP)** to OBDD. Establishes minimum and maximum application fees. Directs OBDD to conduct a study to determine the commercial needs in Oregon for small scale energy program loans and initially complete and report findings to the Governor and interim legislative committees no later than September 15, 2021. Requires OBDD director to adopt by rule standards and criteria for program based on this study. Requires OBDD to refer application and findings and recommendations to the Oregon Infrastructure Finance Authority (IFA) Board or designee for approval or rejection. Modifies basis for IFA Board findings on application and makes other modifications to loan terms. Abolishes specified funds and transfers any moneys remaining into SELP Administration and Bond Sinking Fund. Abolishes Oregon Global Warming Commission. Repeals Energy Efficiency and Sustainable Technology Loan Program. Prohibits rules adopted by OCA director from becoming operative until January 1, 2020. Establishes operative dates for provisions of Act. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Structure of Oregon Climate Authority (OCA)
- OCA role in coordination of state climate programs
- Director rulemaking authority vs. board rulemaking authority
- Moving greenhouse gas reporting program from Department of Environmental Quality to OCA
- Oregon Climate Board membership
- Energy supplier assessment rate and uses

EFFECT OF AMENDMENT:

Revises goal statement regarding promotion of efficient use of energy resources. Adds nonvoting, ex officio members to Oregon Climate Board (OCB). Revises term limits for first members appointed to OCB. Requires OCB to submit annual report to Legislative Assembly on activities related to establishment of Oregon Climate Authority (OCA). Repeals reporting requirement January 2, 2023. Amends greenhouse gas (GHG) registration and reporting statute (ORS 468A.280). Requires person required to register and report to make reports containing information that Environmental Quality Commission (EQC) may require by rule to determine and verify GHG emissions. Authorizes EQC to by rule require person to provide an audit by an independent and disinterested party to verify GHG information reported is true and accurate. Authorizes rule adopted by EQC to require reporting of type and quantity of fuel and any additional information necessary to determine GHG emissions associated with use or combustion of fuel. Specifies that for persons failing to report, EQC may develop an assigned emissions level for person if necessary for purpose of regulating person under any GHG regulation program adopted by Legislative Assembly. Authorizes EQC to adopt schedule of fees for registration and reporting limited to anticipated cost of developing, implementing, and analyzing data collected. Transfers GHG registration and reporting program to the OCA effective January 1, 2022 and makes corresponding amendments. Transfers Energy Supplier Assessment (ESA) to OCA with operative date of July 1, 2020. Changes ESA from not to exceed 0.375 percent to not to exceed 0.25 percent of the supplier's gross operating revenue derived within the state in the preceding calendar year, effective July 1, 2021. Revises purposes for which ESA moneys may be spent effective July 1, 2021. Defines energy service programs. Requires Secretary of State to conduct an audit no later than September 15 of each even-numbered year to determine whether the ESA and its uses during the previous biennium complied with requirements. Modifies role of ESA advisory work group effective July 1, 2021. Revises definition of "energy services program" effective January 1, 2022 to exclude GHG reporting program. Establishes Energy Program Review Task Force and assigns task force with providing Governor and Legislative Assembly recommendations on OCA programs. Requires Task Force submit initial report no later than November 30, 2019. Directs OCA to provide staff support to the Task Force. Adds references to section 2 of Act (OCA policy). Establishes what may be included in content of public purpose program biennial report to Legislative Assembly. Abolishes specified funds effective

SB 928 A STAFF MEASURE SUMMARY

July 1, 2020. Requires Oregon Business Development Department to report small energy loan program study findings no later than September 1, 2021. Removes repeal of Sustainability Board statutes.

BACKGROUND:

The Oregon Department of Energy (ODOE) was first established in 1975 in response to the national energy crisis. Its statutory mission is to promote the efficient use of energy and advocate for the use and development of new renewable energy. In the 41 years since its creation, ODOE has been assigned a variety of energy-related responsibilities, including some regulatory functions. The Oregon Department of Environmental Quality's (DEQ) mission is to be a leader in restoring, maintaining, and enhancing the quality of Oregon's air, land, and water; DEQ administers the state's greenhouse gas reporting program as part of its air quality programs.

Senate Bill 928-A would abolish the Oregon Department of Energy and establish the Oregon Climate Authority (OCA). The measure would also transfer the greenhouse gas reporting program from DEQ to OCA.