

**HB 3274 A    STAFF MEASURE SUMMARY**  
**House Committee On Energy and Environment**

**Action Date:** 04/09/19

**Action:** Without recommendation as to passage, with amendments, and be referred to Rules.  
 (Printed A-Eng.)

**Vote:** 6-3-0-0

**Yeas:** 6 - Helm, Salinas, Schouten, Sollman, Wilde, Williams

**Nays:** 3 - Findley, Reschke, Zika

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact

**Prepared By:** Misty Freeman, LPRO Analyst

**Meeting Dates:** 3/26, 3/28, 4/4, 4/9

**WHAT THE MEASURE DOES:**

Requires that by 2025, at least eight percent of the electricity sold in Oregon by each electric company that make sales of electricity to 25,000 or more retail electricity consumers be composed of electricity generated by small-scale renewable energy facilities that are not owned by a person that is an electric company; or electricity generated by a facility using biomass, that generates thermal energy for a secondary purpose. Requires an electric company subject to goals for community-based renewable energy projects in ORS 469A.210 to include in an implementation plan annual targets for acquisition and use of electricity generated by small-scale renewable energy facilities and the estimated cost of meeting annual targets, including the cost of transmission; the cost of firming, shaping, and integrating qualifying electricity; the cost of alternative compliance payments; and the cost of acquiring renewable energy certificates (RECs). Directs an electric company to use bundled renewable energy certificates (RECs) issued or acquired during the compliance year to establish compliance. Allows same bundled RECs to be used to comply with provisions of this Act and Oregon's renewable portfolio standard in ORS 469A.052. Increases from 40 to 100 the average megawatts of electricity per year generated from a low-impact hydroelectric facility that may be used to comply with a renewable portfolio standard. Authorizes RECs for electricity generated from a certified low-impact hydroelectric facility described in ORS 469A.020 to be banked and carried forward, subject to certain rules. Modifies rules for public utility filing of avoided cost schedules. Establishes that avoided costs include the electric utility's transmission costs. Allows a facility that has already been paid for energy and capacity for at least 15 years to sell additional energy and capacity to the electric utility with the option to accept immediate payment of projected fixed costs that purchasing additional capacity from the facility would allow the electric utility to avoid, in exchange for delivering the energy and capacity. Stipulates that electric utility may offer the same arrangement to a qualifying facility that has not been paid for energy and capacity for at least 15 years. Adds rules for public utility to offer purchase options for energy or capacity delivered indirectly from a qualifying facility. Requires Public Utility Commission (PUC) to approve standard avoided cost rates and contracts offered by public utilities for purchase of energy or energy and capacity from qualifying facilities with a design capacity of 10,000 kW or less. Establishes how the design capacity of a qualifying facility is calculated. Establishes that a qualifying facility that includes any associated energy storage devices is eligible for all applicable standard avoided cost rates and contracts offered to other qualifying facilities with similar design capacity, if the energy storage devices meet certain requirements. Establishes that a qualifying facility that uses variable or intermittent generation technology shall be eligible for standard avoided cost rates and contracts approved for qualifying facilities that use firm, baseload, or nonvariable generation technology, with certain requirements. Allows a qualifying facility that uses variable or intermittent generation technology to meet requirement through use of associated energy storage devices or other means. Describes process and jurisdiction for resolving disputes between a public utility and a qualifying facility. Describes the role of PUC in such disputes.

## HB 3274 A STAFF MEASURE SUMMARY

### ISSUES DISCUSSED:

- Public Utility Regulatory Policies Act of 1978 (PURPA) required utilities to purchase power generated by renewable energy projects
- Small-scale hydroelectric projects in Oregon
- Transmission costs for energy
- Avoided cost pricing set by the Oregon Public Utility Commission

### EFFECT OF AMENDMENT:

Modifies requirements for an electric utility to contract with a qualifying facility to offer the option of delivering energy and capacity in exchange for an immediate payment of the projected fixed costs of capacity that the electric utility would avoid by purchasing the output from the qualifying facility, requiring that if the qualifying facility has been paid by the electric utility for energy and capacity for at least 15 years, the electric utility offers the option. Stipulates that the electric utility may offer the aforementioned option to a qualifying facility that does not meet the requirement for having been paid by the electric utility for energy and capacity for at least 15 years. Requires PUC to approve standard avoided cost rates and contracts offered by public utilities for purchase of energy or energy and capacity from qualifying facilities with a design capacity of 10,000 kW or less. Establishes how the design capacity of a qualifying facility is calculated. Establishes that a qualifying facility that includes any associated energy storage devices is eligible for all applicable standard avoided cost rates and contracts offered to other qualifying facilities with similar design capacity, if the energy storage devices are charged with energy solely from that facility and the facility meets the requirements of the Federal Energy Regulatory Commission for qualifying facilities. Establishes that a qualifying facility that uses variable or intermittent generation technology shall be eligible for standard avoided cost rates and contracts approved for qualifying facilities that use firm, baseload, or nonvariable generation technology, with certain requirements. Allows a qualifying facility that uses variable or intermittent generation technology to meet requirement through use of associated energy storage devices or other means. Removes prohibition on a public utility charging a qualifying facility for the use of transmission facilities unless the public utility joins a regional transmission organization or an independent system operator.

### BACKGROUND:

The Public Utility Regulatory Policies Act of 1978 (PURPA) requires electric utilities to offer to purchase power from, and interconnect with, qualifying energy generation projects. Implementation of PURPA is guided by rules established by the Federal Energy Regulatory Commission (FERC) and each state with jurisdiction over the electric utility. Avoided cost is the cost a utility avoids as a result of purchasing energy generated by a qualifying facility. Avoided cost rates and contracts are established by the Oregon Public Utility Commission and offer options for utilities to pay different avoided cost rates for standard and renewable energy generation projects.

In 2007, the Oregon Legislature passed Oregon's Renewable Portfolio Standard (RPS), which was amended in 2016 to require 50 percent of the electricity used in the state to come from renewable resources by 2040, with benchmarks required along the way. Among other renewable energy sources, up to 40 average megawatts of electricity generated by certified low impact hydroelectric facilities per year may be used to comply with Oregon's RPS. Large utilities, those that serve three percent or more of Oregon's population, are required to adhere to RPS targets and report annual progress to the Oregon Department of Energy. From 2015-2019, these large utilities demonstrated compliance with Oregon's RPS by reporting that at least fifteen percent of megawatt hours of energy sold to consumers comes from qualifying sources.

House Bill 3274 A would require that by the year 2025, eight percent of electricity sold in Oregon by each electric company that sells electricity to 25,000 or more retail customers to be composed of electricity generated by small-scale renewable energy facilities not owned by an electric company or facilities not owned by an electric company that generate electricity using biomass and that generate thermal energy for a secondary purpose.