

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 318 - 1**81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***Prepared by: Michael Graham
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Date: March 4, 2021**Measure Description:**

Authorizes the Public Utility Commission to determine the resource adequacy and power supply reliability for all load serving entities.

Government Unit(s) Affected:

Public Utility Commission (PUC)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

Other Funds	2021-23 Biennium	2023-25 Biennium
Personal Services	\$332,412	\$341,911
Services and Supplies	114,800	106,762
Total Funds	\$447,212	\$448,673
Positions	2	2
FTE	1.46	1.50

Analysis:

The measure, as amended by the -1 amendments, permits the Public Utility Commission (PUC) to determine the resource adequacy for load serving entities. PUC shall determine resource adequacy, and the sufficient level of power supply reliability, through use of a loss of load probability, loss of load expectation or similar metric or metrics. If PUC determines resource adequacy for load serving entities, PUC shall require each load serving entity, at multiple intervals on a schedule determined by the commission, to periodically demonstrate that the load serving entity is achieving its resource adequacy. If PUC determines that a load serving entity is not satisfactorily providing resource adequacy, PUC may commence an investigation to identify remedial actions, analysis or planning necessary to correct any deficiency and direct the load serving entity to perform the actions, analysis or planning. If a load serving entity fails to undertake remedial actions, analysis or planning as directed by PUC, the commission may direct a public utility to provide an assessment of the utility's ability to provide resource adequacy for customers served by the load serving entity within the utility's service territory and identify the actions necessary to remedy the deficiency; direct the public utility to provide resource adequacy for customers served by the load serving entity and, if so directed, allow the public utility to recover from the entity and the entity's customers all prudently incurred costs; and revoke or otherwise condition the load serving entity's certification, if the load serving entity is an electricity service supplier. PUC may consider coordination and integration with any multistate, regional or national entity when assessing resource adequacy and may consider resource adequacy requirements or obligations imposed on load serving entities.

To implement the measure, PUC will need to engage in initial rulemaking to establish resource adequacy needs, metrics, and planning horizons; additions to existing investor-owned utility processes; a new planning process for electricity service suppliers; a new compliance and ongoing oversight process; rules and processes for deficiencies and penalties; and determining if there are specific cost recovery requirements and interactions with

regional resource adequacy programs. Beyond the initial rulemaking, PUC will need to engage in ongoing review of long-term planning work; establish a new compliance process to manage two or three investor-owned utilities, depending on whether Idaho Power Company is covered, including additional coordination with the Northwest Power Pool; manage new plans and compliance reports for at least five electricity service suppliers serving Oregon. These processes might not be as routine as the renewable portfolio standards compliance reports, due to the complexity of resource adequacy metrics. Utilities and electricity service suppliers, moreover, might insist on a more robust stakeholder process than for the current electricity service suppliers' renewable portfolio standards oversight process.

PUC estimates it will need two permanent positions for the initial development of rules and processes and for the ongoing oversight processes. PUC would need two Utility and Energy Analyst 3 positions (1.46 FTE in 2021-23, 1.50 in 2023-35). While both positions would start out as full-time, one of them would become part-time in 2023-25. Funding for these positions would come from the annual fee imposed on public utilities by ORS 756.310.

Because PUC may need an increase in expenditure limitation and additional position authority, the measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on PUC's biennial budget.