

HB 2143 -4 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Prepared By: Erin Pischke, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/31, 4/12

WHAT THE MEASURE DOES:

Changes annual fee for hydroelectric projects producing more than 123.5 theoretical horsepower to a base rate of \$0.687 per theoretical horsepower. Requires the Water Resources Commission to annually adjust the fee based on the specified Consumer Price Index. Changes annual fee to \$50 for hydroelectric projects producing 15 or more theoretical horsepower but not more than 123.5 theoretical horsepower. Establishes an annual fee of \$15 for hydroelectric projects producing less than 15 theoretical horsepower. Changes annual relicensing and reauthorization fee for claimants other than a license holder to match annual fee for other hydroelectric projects. Changes timing requirement to at least once every eight years for appointment of panel to review fee amount. Repeals current reauthorization fee statute. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-4 Removes the requirement that the annual fee shall be adjusted annually for inflation according to rules established by the Water Resources Commission. Requires the Water Resources Commission to annually adjust the fee based on the specified Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor, using a base date of January 1, 2021. Establishes that: 1) the amount of theoretical horsepower upon which the fees are paid must be computed by multiplying the maximum amount of water appropriated, expressed in cubic feet per second, by the average total fall utilized, expressed in feet, and dividing the number resulting from the multiplication by 8.8; and 2) for a project that diverts water from a point on a river that forms a border with another state, the fee computation may not use as the maximum amount of water appropriated more than half of the capacity of the project. Requires a holder of a hydroelectric project to pay \$0.48 per theoretical horsepower for a project producing more than 123.5 theoretical horsepower if: 1) the project is not exempt from relicensing under statutes relating to reauthorizing and decommissioning hydroelectric projects (ORS chapter 543A); and 2) the holder has not received either a final order that approves an application for reauthorization of a water right or license or a new license issued by the Federal Energy Regulatory Commission on or after the effective date of this Act to replace an original license issued by the commission. Repeals fee of \$0.48 per theoretical horsepower for a project producing more than 123.5 theoretical horsepower on December 31, 2023.

- - *FISCAL: Costs related to the measure may require budgetary action*
 - *REVENUE: May have revenue impact, but further analysis is required*

BACKGROUND:

Hydroelectric project operators in Oregon are required to pay annual fees on each project based on the theoretical horsepower of each project. The fees are deposited into the Water Resources Department Hydroelectric Fund, from which proportions of the fees are used to pay certain hydroelectric program costs accrued by the Oregon Department of Environmental Quality, the Water Resources Commission, and the Water Resources Department. House Bill 2143 would change the annual fees for hydroelectric projects that produce

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certain theoretical horsepower. The bill would require the Water Resources Commission to annually adjust the fee based on the specified Consumer Price Index. The bill would change the annual relicensing and reauthorization fees to match annual fees for other hydroelectric projects and would revise the fee structure for annual hydroelectric project fee.

PRELIMINARY