

SB 784 -4, -5, -6 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

Prepared By: Beth Reiley, LPRO Analyst

Meeting Dates: 3/9, 4/13

WHAT THE MEASURE DOES:

Authorizes a public utility to seek rate recovery for operating expenses and capital costs associated with resiliency measures. Authorizes Public Utility Commission (PUC) to allow rate recovery for resiliency measures that: increase ability of essential public facility or public service to continue to operate; provide distribution system efficiencies and grid services, such as flexible load programs, demand management programs or dispatchable standby capacity; provide service during emergencies in microgrids or at centrally located community facilities; modify existing programs, like tree trimming, in areas more likely to be subject to fire or other emergencies to improve reliability; involve different business models; or seek to address needs of potentially affected communities. Requires PUC to consider certain factors when considering the prudence of an investment in resiliency measure. Authorizes electric company to include as part of portfolio of rate options, program of rates or charges reflecting costs of serving retail electricity consumers within boundaries of local governments with electricity derived from renewable energy sources or paired with unbundled renewable energy certificates. Requires PUC to allow recovery of certain social and environmental costs from retail electricity consumers receiving electricity from electricity service suppliers. Modifies certain laws related to competitive retail market for electricity. Requires responsible contractor labor standards for large-scale renewable energy generation or storage facilities.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-4 Clarifies PUC authority to allow rate recovery for resiliency measures to provide for one or more certain factors. Remove allowance for PUC to allow rate recovery for resiliency measures that: modify existing programs, or involve different business models. Stipulates public utility seeking rate recovery for resiliency measures to utilize information gained from relevant processes conducted by PUC. Authorizes public utility to propose different business models. Requires PUC to authorize cost recovery for one or more measures from retail electricity customers of a public utility based on benefits received by those customers. Clarifies direction to PUC to regulate cost-of-service and portfolio of rate options that reasonably ensure that the costs, risks and benefits of serving each option are reflected in the rates for each option. Defines government. Authorizes electric company to file as a part of the portfolio of rate options, if agreed to in coordination with one or more government, to meet adopted renewable and nonemitting energy goals, a program of rates or charges to reflect the cost of a program to serve retail electricity consumers with electricity that is derived from new or existing renewables energy resources; or paired with unbundled renewable energy certificates. Authorizes PUC to approve rate or charge if certain actions have occurred. Requires electric company to: receive acknowledgement from government to proceed, provide certain information and notice to consumers and provide an annual report to PUC and participating government. Authorizes PUC to allow electric company to: own facilities or use power purchase agreements; recover part or all of costs associated with the resources to serve the program; and collect moneys from participating retail electricity consumers in excess of the cost of service and defer revenues or costs for the purpose of making future investments to serve program. Stipulates that electric company serving fewer than 25,000 customers can propose a program to PUC if it meets certain criteria. Removes section on nonbypassability of social and environmental costs. Establishes "large-scale project" means a renewable energy or storage facility with capacity rating greater than 10 megawatts. Stipulates that a person who constructs or

SB 784 -4, -5, -6 STAFF MEASURE SUMMARY

repowers a large-scale project in Oregon must participate in apprenticeship program registered with the State Apprenticeship and Training Council so that 15 percent of the total work hours are performed by workers in apprenticeable occupations. Requires large-scale projects to have aspirational goal of having at least 15 percent of the total work hours performed by individuals from certain communities.

- Revenue Statement Issued
- Minimal Fiscal Impact

-5 Extends authority to a public utility to seek rate recovery for operating expenses and capital costs associated with resiliency measures to natural gas consumers. Clarifies PUC authority to allow rate recovery for resiliency measures that provide for one or more of certain factors. Removes allowance for PUC to allow rate recovery for resiliency measures that: modify existing programs or involve different business models. Stipulates resiliency measure provides utility service to customers of public utility if the resiliency measure is capable of providing the service for which it was designed during emergency. Stipulates public utility seeking rate recovery for resiliency measures to utilize information gained from relevant processes conducted by PUC. Authorizes public utility to propose different business models. Requires PUC to authorize cost recovery for one or more measures from retail electricity customers of a public utility based on benefits received by those customers. Directs Public Utility Commission (PUC) to establish a voluntary emission reduction program to incentivize public utilities that furnish natural gas to invest in projects that reduce emissions and provide benefits to utility customers. Establishes project eligibility and application requirements. Establishes two-tiered process for submitting project proposals and associated requirements. Identifies as a tier one project a voluntary emission reduction program developed in coordination with local government. Establishes specifications for final orders issued authorizing a project, including identification of the type of ratepayer from whom the utility may recover costs and the method by which the utility may recover costs incurred and investments made and receive any additional incentives. Specifies methods of recovery and receipt. Authorizes PUC to consider the amount of reduced emissions or the value of reduced emission for purposes of voluntary emissions reduction program. Directs PUC to establish a rate cap for each public utility for which a project is authorized. Directs PUC to conduct biennial study on whether federal law or regulation or other state laws or rules provide adequate incentive for public utilities that furnish natural gas to invest in projects that reduce emissions in the ordinary course of business. Requires PUC to report study results to Legislative Assembly not later than February 1 of each odd-numbered year. Clarifies direction to PUC to regulate cost-of-service and portfolio of rate options that reasonably ensure that the costs, risks and benefits of serving each option are reflected in the rates for each option. Defines government. Authorizes electric company to file as a part of the portfolio of rate options, if agreed to in coordination with one or more government, to meet adopted renewable and nonemitting energy goals, a program of rates or charges to reflect the cost of a program to serve retail electricity consumers with electricity that is derived from new or existing renewables energy resources; or paired with unbundled renewable energy certificates. Authorizes PUC to approve rate or charge if certain actions have occurred. Requires electric company to: receive acknowledgement from government to proceed, provide certain information and notice to consumers and provide an annual report to PUC and participating government. Authorizes PUC to allow electric company to: own facilities or use power purchase agreements; recover part or all of costs associated with the resources to serve the program; and collect moneys from participating retail electricity consumers in excess of the cost of service and defer revenues or costs for the purpose of making future investments to serve program. Stipulates that electric company serving fewer than 25,000 customers can propose a program to PUC if it meets certain criteria. Removes section on nonbypassability of social and environmental costs. Establishes "large-scale project" means: a renewable energy or storage facility with capacity rating greater than 10 megawatts; or a facility that processes renewable natural gas where the total capital costs are \$1 million or more. Requires person the constructs or repowers a large-scale project in Oregon must attest or declare that the person will participate in apprenticeship program registered

with the State Apprenticeship and Training Council so that 15 percent of the total work hours are performed by workers in apprenticeable occupations. Requires large-scale projects to have aspirational goal of having at least 15 percent of the total work hours performed by individuals from certain communities.

- Revenue Statement Issued
- Minimal Fiscal Impact

-6 Stipulates Public Utility Commission must require an electricity service supplier to publicly disclose summary of aggregated energy supply mix and associated emissions of the power sources that serve direct retail electricity consumers or any other aggregated information comparable to information provided by electric companies to retail electric consumers.

- Revenue Statement Issued
- Minimal Fiscal Impact

BACKGROUND:

The Oregon Public Utility Commission (PUC) regulates investor-owned electric and natural gas utilities providing service to ensure they offer safe and reliable energy at reasonable rates. All regulated electric and natural gas utilities must seek PUC approval for all rate and service schedules, or tariffs. Under Oregon law, a regulated utility may propose to change rates for service with the PUC at any time. This filing must clearly define the effects and justification for the proposed change. For a general rate proceeding (that proposes a change in all rates), the PUC will conduct up to a year-long investigation into the filing to determine if any changes in rates are warranted by evaluating many components of the proposed cost – such as the cost of labor, purchased energy, and the cost of capital. When deciding whether to approve a proposed rate adjustment, The PUC must ensure the change is fair and reasonable for utility customers while also allowing the utility service provider the opportunity to recover reasonable costs and earn a reasonable return on its investments.