

HB 3141 A -A4 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Michael Graham, Fiscal Analyst

Meeting Dates: 6/15

WHAT THE MEASURE DOES:

Reduces public purpose charge for retail electricity consumers within service areas of electric companies and Oregon Community Power. Modifies allocation of funds collected through public purpose charges. Requires recovery in rates by electric company of funds necessary to plan for and pursue all available energy efficiency resources that are cost effective, reliable and feasible. Allows for credit against amounts recovered in certain circumstances. Modifies reporting requirements for nongovernmental entity that is paid certain funds as directed by commission. Requires Public Utility Commission to establish and update metrics for assessing, addressing and creating accountability for environmental justice in expenditure and investment of funds collected for certain purposes and paid to nongovernmental entity. Requires reporting by nongovernmental entity on progress in achieving equity metrics. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A4 Increases the expenditure limitation of the Housing and Community Services Department by \$9,751,584 Other Funds in the 2021-23 biennium for expenses related to the Energy Conservation Helping Oregonians program.

BACKGROUND:

In 1999, the Oregon Legislative Assembly adopted Senate Bill 1149, which directed Oregon's two largest investor-owned electric utilities, Portland General Electric and Pacific Power, to collect three percent of their revenues for a public purpose charge. This requirement sunsets on January 1, 2026. The public purpose charge funds new cost-effective energy conservation, new market transformation efforts, above-market costs of new renewable energy resources, and new low-income weatherization. The law requires that the first 10 percent of funds be distributed to school districts in the areas where the public purpose charge is collected and the remaining revenues be allocated as follows: 63 percent for energy conservation; 19 percent for renewable energy resources; 13 percent for low-income weatherization; and five percent for low-income housing. Three entities—the Oregon Department of Energy, the Housing and Community Services Department, and an independent nonprofit organization, the Energy Trust of Oregon—administer and oversee these programs to ensure that the utilities are fulfilling the statutory mandate of the public purpose charge.

House Bill 3141, as amended by the -A4 amendments, increases the expenditure limitation of the Housing and Community Services Department (HCSD) by \$9,751,584 Other Funds in the 2021-23 biennium to expand the Energy Conservation Helping Oregonians (ECHO) weatherization program by allowing funding for manufactured housing replacement and changing energy sources from bulk fuels to electricity sources. The measure reduces the public purpose charge for electricity consumers from 3 percent to 1.5 percent. Electric companies or Oregon Community Power must collect a public purpose charge equal to 1.5 percent of total revenues collected from retail electricity consumers for electricity services for low-income electric bill payment and crisis assistance to be paid into the Low-Income Electric Bill Payment Assistance Fund until January 1, 2036. The measure changes how the public purpose charge is allocated, which is expected to result in a higher percentage of public purpose charge revenues being allocated to the ECHO program and the Housing Development Grant Program (HDGP). Revenue

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will be generated from the public purpose charge assessed on the revenues of utility companies. The measure requires electric companies to recover the funds necessary to plan for and pursue all cost-effective energy efficiency resources to be collected in the rates of an electric company through charges paid by all retail electricity consumers. The measure has various operative and sunset dates and takes effect on the 91st day following adjournment *sine die*.

PRELIMINARY