

HB 2021 A STAFF MEASURE SUMMARY

House Committee On Energy and Environment

Action Date: 04/12/21

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

Vote: 4-3-0-0

Yeas: 4 - Helm, Marsh, Pham, Speaker Kotek

Nays: 3 - Moore-Green, Owens, Smith DB

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/22, 4/5, 4/7, 4/12

WHAT THE MEASURE DOES:

Establishes as state policy that electricity supplied to retail electricity consumers: 1) produces zero greenhouse gas emissions; and 2) is generated in a manner that provides additional direct benefits to communities in this state in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity, and increasing energy security and resiliency. Requires retail electricity providers to reduce annual greenhouse gas emissions by 80 percent below baseline emissions level by 2030, by 90 percent below baseline emissions level by 2035 and 100 percent below baseline emissions level by 2040. Requires retail electricity providers to create a clean energy plan to the Public Utility Commission (PUC) and to the Department of Environmental Quality (DEQ). Requires the clean energy plan to include annual goals for meeting clean energy targets, demonstrate the electric company is making continual progress within the planning period towards meeting the clean energy targets, and result in an affordable, reliable and clean electric system. Authorizes clean energy plan's proposed actions and investments to include the development or acquisition of clean energy resources, acquisition of energy efficiency and demand response, development of new transmission and other supporting infrastructure, retirement of existing generating facilities, short and long duration energy storage, changes in system operation, and any other necessary action. Requires PUC to ensure that an electric company demonstrates continual progress and is taking actions as soon as practicable that facilitate rapid reduction of greenhouse gas emissions at reasonable costs to retail electricity consumers. Requires DEQ to determine each electric company's baseline emissions level and, for each retail electricity provider, the amount of emissions reduction necessary to meet the established clean energy targets in the state policy. Requires the DEQ to report retail electricity providers' baseline emissions level to the PUC. Requires the PUC to acknowledge clean energy plans if PUC finds the plan to be in the public interest and consistent with the clean energy targets. Requires the PUC evaluate the plan's: 1) related environmental or health benefits; 2) feasibility; 3) impacts on reliability and resiliency of electric system; 4) availability of federal policy incentives; and other relevant factors. Requires retail electricity provider to report greenhouse gas emissions associated with electricity sold for the current and following three years, annual goals, including a projected reduction of annual greenhouse gas emissions, and other information to demonstrate the electricity service supplier's anticipated ability to meet the clean energy targets. Requires the PUC to consider unexpected greenhouse gas emissions when determining whether a retail electricity provider has complied with clean energy targets in the policy. Requires an electric company that files a clean energy plan to convene a Community Benefits and Impacts Advisory Group with members determined by the electric company with input from stakeholders that represent the interests of customers or affected entities within the electric company's service territory, including representatives of environmental justice communities and low-income ratepayers and may include representatives from other affected entities within the electric company's service territory. Requires an electric company, in consultation with the Community Benefits and Impacts Advisory Group, to develop a biennial report

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that assesses the community benefits and impacts of the electric company and shall file the biennial report with the PUC Commission. Requires biennial report to include a description of the: 1) energy burden and disconnections for residential customers and disconnections for small commercial customers; 2) opportunities to increase contracting with businesses owned by women, veterans, or Black, Indigenous, or People of Color; 3) actions within environmental justice communities within the electric company's service territory intended to improve resilience during adverse conditions or facilitate investments in the distribution system, including investments in facilities that generate nonemitting electricity; 4) distribution of infrastructure or grid investments and upgrades in environmental justice communities in the electric company's service territory; 5) social, economic or environmental justice cobenefits that result from the electric company's investments, contracts, or internal practices; 6) customer experience, including a review of annual customer satisfaction surveys; 7) actions to encourage customer engagement; and 8) other items. Requires PUC to establish a process for an electric company to contemporaneously recover the cost associated with the development of biennial reports and the costs associated with compensation or reimbursement for time and travel of members of a Community Benefits and Impacts Advisory Group. Requires electricity to have the emission attributes of the underlying generating resource or resources. Requires PUC to take into consideration, in determining whether a retail electricity provider has complied with the clean energy targets, unplanned emissions in excess of the amount projected in the development of an electric company's clean energy plan or the information provided by an electricity service supplier to the extent that certain conditions are met. Requires greenhouse gas emissions associated with electricity acquired from net metering of customer resources, a community solar project, or a qualifying facility under the terms of the Public Utility Regulatory Policies Act to be excluded from the determination of the retail electricity provider's total greenhouse gas emissions. Requires electricity purchased from the Bonneville Power Administration for delivery to retail electricity consumers, for purposes of determining whether a retail electricity provider has complied with the clean energy targets, to be deemed to have the Bonneville Power Administration asset controlling supplier emission factor reported to DEQ. Requires PUC to initiate a process, within a certain time period, for an electric company to update the avoided costs calculated for a qualifying facility to ensure avoided costs accurately reflect the characteristics of generators that contribute to compliance of clean energy targets. Authorizes PUC, or at the request of an electric company, to open an investigation to determine whether to grant a temporary exemption to an electric company's compliance with one or more of the requirements of the clean energy targets, if certain criteria are met. Requires PUC, after an investigation, to: 1) issue an order exempting the electric company from one a clean energy plan for a length of time sufficient to allow the electric company to achieve full compliance and imposing a penalty if applicable; 2) direct the electric company to take specific actions to remedy the potential issue or issues identified in the order; and 3) direct the electric company to file within six months from the date the order is issued, or within a length of time determined by PUC to be reasonable, a report on the company's progress toward achieving full compliance of a clean energy plan. Authorizes PUC to grant an electric company or electricity service supplier a temporary exemption that is comparable to a temporary exemption granted to another electric company or electricity service supplier without conducting a separate investigation if the commission determines that the conditions that resulted in the granted temporary exemption holds for the electric company or electricity service supplier. Requires PUC, upon determining that an investment or cost of an electric company contributes to compliance with this Act, to determine the actual or anticipated rate impact for the investment or cost on the same basis and with the same treatment for similarly situated investments or costs in the most recently approved general rate case or other relevant rate making proceeding. Requires PUC to use the actual or anticipated rate impact of each investment or cost to calculate the cumulative rate impact and make adjustments or consider alternative rates, if necessary. Authorizes PUC to apply a performance incentive for early compliance with one or more of the clean energy targets. Establishes that the clean energy targets in the policy do not modify the requirements of Renewable Portfolio Standards. Authorizes PUC to adopt rules to implement clean energy targets. Authorizes DEQ to periodically review and update its calculation of the greenhouse gas emissions rates assigned to unspecified

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power purchases and purchases of power dispatched by centralized market operators to reflect the current resource mix and associated emissions of such purchases. Requires DEQ to ensure that the calculation of emissions rates takes into account the potential for the energy imbalance market and other centralized market operations across a wide geographic area to increase the availability of nonemitting resources to serve load in the state. Repeals temporary exemption for purposes of meeting reliability standards of North American Electric Reliability Corporation (ORS 469A.062). Requires Oregon Department of Energy (ODOE) to convene a work group comprised of various stakeholders to examine potential barriers and opportunities to encourage development of small-scale renewable energy projects in this state that contribute to economic development and local energy resiliency. Requires ODOE to report on current status and trends for small-scale and community-based renewable energy development in this state and may include recommendations to an interim committee of the Legislative Assembly related to energy no later than September 30, 2022. Repeals requirement for small-scale and community-based renewable energy development report on December 15, 2022. Requires electric companies to provide each retail electricity consumer that is connected to its distribution system and whose electricity demand at any point of delivery is less than 30 kilowatts a portfolio of rate options. Requires PUC to reasonably ensure that the costs, risks, and benefits of serving each option are reflected in the rates for each option, and such rates may include a monthly flat rate or charge in addition to usage. Authorizes PUC to prohibit or otherwise limit the use of a cost-of-service rate by retail electricity consumers who have been served through direct access and to limit switching among the portfolio of rate options and the cost-of-service rate. Authorizes electric companies to file a program of rates or charges that reflect the cost of an electric company program to serve retail electricity consumers within the boundaries of those governments with electricity: 1) derived from new or existing renewable energy resources or nonemitting resources; or 2) paired with unbundled renewable energy certificates, from new or existing renewable energy resources. Authorizes PUC to approve a rate or charge under certain circumstances. Authorizes an electric company serving fewer than 25,000 customers in this state to propose a program for approval by the commission if the program meets certain criteria. Requires duties, functions and powers of the PUC to include developing policies to eliminate barriers to the development of a competitive retail market between electricity service suppliers and electric companies. Requires the commission to ensure that policies developed to mitigate the vertical and horizontal market power of incumbent electric companies do not limit or delay electric companies from offering programs or services or making prudent investments in furtherance of the clean energy targets or that otherwise aid in reducing statewide emissions of greenhouse gases consistent with state policies. Requires PUC to require electricity service suppliers to publicly disclose a summary of the aggregated energy supply mix and associated emissions of the power sources that serve the direct access retail electricity consumers of the electricity service supplier, or such other aggregated information comparable to information provided by electric companies to retail electricity consumers as the commission may require. Requires a person who constructs or repowers a large-scale project sited in Oregon to, at the time of contract finalization for development of the project or execution of a contract for delivery of energy from the project, provide a signed attestation or declaration stating to the best of their knowledge and belief that during all periods of construction all contractors and subcontractors working on the construction or repowering project will: 1) participate in an apprenticeship program registered with the State Apprenticeship and Training Council; 2) establish and execute a plan for outreach, recruitment and retention of certain workers to perform work under the contract, with a target of having at least 15 percent of total work hours performed by those workers; 3) have policies in place that are designed to limit or prevent workplace harassment and discrimination, among other policies relating to promoting workplace diversity, equity, and inclusion for certain groups; 4) providing documented and verifiable information demonstrating good faith with meeting the requirements; 5) maintain a license and good standing to perform the work and remain eligible to receive a contract or subcontract for public works; 6) materially demonstrate a history of material compliance with the rules and other requirements of state agencies with oversight regarding workers' compensation, building codes, and occupational safety and health; 7) materially demonstrate a history of compliance with federal and state wage and hour laws; and 8) provide

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quarterly reporting and recordkeeping to the project owner or electric utility and respond to records requests and verification. Requires a person constructing or repowering a large-scale project with a capacity rating of 10 megawatts or greater—finalized or executed on or after the effective date of this Act—to require all contractors and subcontractors working on the construction or repowering project to: 1) pay the area wage standard for an hour’s work in the same trade or occupation in the locality where the labor is performed; 2) offer health care and retirement benefits to the employees performing the labor on the project; 3) provide quarterly reporting and recordkeeping to the project owner or electric utility and respond to records requests and verification; and 4) provide the attestation or declaration and good faith effort to ODOE within 30 days from the date construction begins and provide notice of such delivery to the purchaser of the project or of the energy from the project or provide a copy of a project labor agreement. Prohibits Energy Facility Siting Council from issuing a site certificate for a generating facility, with some exceptions, that produces electric power from fossil fuels, including natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material. Authorizes a public entity or federally recognized Oregon Indian tribe, partnering with a nonprofit entity, private business, or an owner of rental property in this state, to submit to ODOE an application drafted with electric utilities that have customers in the communities covered by a community renewable energy project for grant moneys from the Community Renewables Investment Fund established for the purpose of planning or creating community renewable energy projects. Requires an application for planning a community renewable energy project to demonstrate that the planning: 1) is for a project located in this state but outside the City of Portland; 2) will be completed within six months; 3) will result in a proposal for creating a community renewable energy project; and 4) incorporates feedback from members of environmental justice communities covered by the community renewable energy project, businesses located in the communities covered by the community renewable energy project, electric utilities that have customers in the communities covered by the community renewable energy project, and other regional stakeholders. Requires an application for creating a community renewable energy project to demonstrate that the project: 1) is located in this state but outside the City of Portland; 2) will be completed within 18 months; 3) results in increased community energy resilience, local jobs, economic development, or direct energy cost savings to families and small businesses; 4) complies with applicable state and local laws and regulations and has the required licenses and permits; 5) does not exceed 20 megawatts of nameplate capacity, if the project is for generating renewable energy; and 6) will operate for at least five years, if the project is for producing electricity, or for at least a period of time established by the Director of ODOE (Director) by rule. Requires ODOE, upon receipt of an application for creating a community renewable energy project to review and determine whether the applicant is eligible to receive a grant from the Community Renewables Investment Fund. Authorizes ODOE to approve an application if it finds that the project meets certain requirements, standards, and is technically feasible. Requires ODOE, in approving applications and awarding grant moneys, to prioritize planning and project proposals that: 1) include community renewable energy projects; 2) increase energy efficiency or result in demands response aggregate improvements; 3) are for projects located in a geographic area that is identified by the department as being at high risk for natural disasters, economically disadvantaged, or socially vulnerable; 4) when applicable, are for projects constructed in part or in whole by disadvantaged business enterprises, emerging small businesses, or businesses that are owned by minorities, women, or disabled veterans; 4) include inclusive hiring and promotion policies for workers; and 5) incorporate equity metrics developed in coordination with the Environmental Justice Task Force established for evaluating the involvement of and leadership by people of low income, Black, Indigenous, or People of Color, people with disabilities, youth, people from rural communities, and people from otherwise disadvantaged communities in the siting, planning, designing, or evaluating of the proposed renewable energy systems. Authorizes that up to 50 percent of all moneys available for providing grants in the Community Renewable Investment Fund on July 1 of each fiscal year be reserved for grants to applicants that primarily serve low-income households or communities. Authorizes ODOE to award additional grant moneys to applicants that primarily serve low-income households or communities if there are moneys in the Community Renewable Investment Fund that have been reserved but

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have not been awarded because there is an insufficient number of applicants that primarily serve low-income households or communities. Requires ODOE to adopt rules, in consultation with Business Oregon, that: 1) define eligible planning costs to be covered by a grant; 2) create a community centered process for identifying what specific structures or facilities are involved with delivering essential services and provide maximum benefit if supported by a community energy resilience project; 3) incorporate existing designations under state and federal law of critical infrastructure or essential buildings for the purpose of identifying structures or facilities essential to the public welfare during an emergency; and 4) are consistent with state and federal guidance. Requires a performance agreement for planning a community renewable energy project entered into between the ODOE and an applicant to provide, at a minimum the types of costs, prohibited uses of grant moneys, and recovery of grant moneys. Requires a performance agreement for creating a community renewable energy project entered into between the ODOE and an applicant to provide, at a minimum: 1) a grant that covers no more than \$1 million for a given renewable energy system and no more than 35 percent of the total costs associated with the project, except the grant amount will be reduced if the grant combined with other government incentives and grants received by the applicant exceeds 75 percent of the total costs associated with the project; 2) the department may release no more than 30 percent of the grant moneys awarded upon entering into a performance agreement for creating a community renewable energy project with the remaining grant moneys to be released upon the department's verifying the completion of the project and if the applicant demonstrates having met certain requirements; and 3) the department may recover grant moneys if a project fails to abide by the performance agreement or if construction is not completed within 18 months from the date the performance agreement is signed. Authorizes the Director to appoint an Advisory Committee on Community Renewables Investment, consisting of eight representatives of various entities. Establishes and provides grants for community renewable energy projects from the Community Renewables Investment Fund. Establishes that moneys in the fund are continuously appropriated to the ODOE for the purpose of providing grants and that the fund consists of: moneys appropriated or otherwise transferred to the fund by the Legislative Assembly; moneys received from federal, state, or local sources; gifts, grants, or other moneys contributed to the fund; and other amounts deposited in the fund from any source. Requires Director to submit biennial report to the Legislative Assembly regarding the expenditures of moneys deposited in the Community Renewables Investment Fund and status of ongoing projects funded by the moneys. Appropriates the amount of \$50,000,000 out of the General Fund, in addition to and not in lieu of any other appropriations, to the Community Renewables Investment Fund, for the biennium beginning July 1, 2021. Establishes that grants for community renewable energy projects and related performance agreements become operative on January 1, 2022.

ISSUES DISCUSSED:

- Timeline for achieving clean energy targets
- Potential community benefits of local renewable energy projects
- Impact on regional energy grid
- Potential state and federal investment in Oregon
- Opportunities for achieving local job growth
- Potential changes in customer rates

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

Clean energy policies support the development and implementation of renewable energy projects, often with the dual goals of replacing fossil fuel resources and reducing greenhouse gas emissions. As recently as 2019, 11 states and territories and approximately 200 local jurisdictions have made commitments to 100 percent clean energy policies in the United States. The Oregon Legislative Assembly has taken significant steps to invest in the deployment of renewable energy resources in the state. Since 1977, the legislature has passed a number of

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energy-related bills promoting the development of local renewable resources.

House Bill 2021 A would establish that electricity supplied to retail electricity consumers: 1) produces zero greenhouse gas emissions; and 2) is generated in a manner that provides additional direct benefits to communities in Oregon in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity, and increasing energy security and resiliency. The bill would require retail electricity providers to reduce annual greenhouse gas emissions by 80 percent below baseline emissions level by 2030, by 90 percent below baseline emissions level by 2035, and 100 percent below baseline emissions level by 2040. House Bill 2021 A would require electric companies to provide each retail electricity consumer a portfolio of rate options. The bill would require the Public Utility Commission (PUC) to reasonably ensure that the costs, risks, and benefits of serving each option are reflected in the rates for each option. The bill would require a person who constructs or repowers a large-scale project sited in Oregon to provide a signed attestation or declaration stating to the best of their knowledge and belief that during all periods of construction all contractors and subcontractors working on the construction or repowering project will meet responsible contractor labor standards. The bill would prohibit the Energy Facility Siting Council from issuing a site certificate for a generating facility, with some exceptions, that produces electric power from fossil fuels, including natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material. The measure would establish and provide grants for community renewable energy projects from the Community Renewables Investment Fund. House Bill 2021 A would appropriate \$50,000,000 out of the General Fund to the Community Renewables Investment Fund, for the 2021-2023 biennium.