

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 784 - A

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Allows a public utility to seek rate recovery for operating expenses and capital costs associated with a resiliency measures from all retail electricity consumers or natural gas consumers.

Government Unit(s) Affected:

Cities, Department of Energy (DOE), Special Districts, Public Utility Commission (PUC), Counties, Confederated Tribes of Siletz, Confederated Tribes of Warm Springs and Coquille Indian Tribe, Confederated Tribes of Grand Ronde

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

Public Utility Commission

Other Funds	2021-23 Biennium	2023-25 Biennium
Personal Services	\$341,910	
Services and Supplies	110,456	
Total Funds	\$452,366	\$0
Positions	2	
FTE	1.50	

Analysis:

Senate Bill 784, A-engrossed, replaces the introduced version. The measure allows a public utility to seek rate recovery for operating expenses and capital costs associated with a resiliency measure from all retail electricity consumers or natural gas consumers. It specifies that the Public Utility Commission (PUC) may allow rate recovery for resiliency measures. It directs PUC to establish a voluntary emission reduction program for the purposes of incentivizing public utilities that furnish natural gas to invest in projects that reduce emissions and providing benefits to customers of public utilities that furnish natural gas. PUC shall establish eligibility criteria for the voluntary emission reduction program and a two-tiered process for a public utility to submit a project proposal.

PUC shall establish a rate cap for each public utility for which a project is authorized. PUC shall conduct a biennial study on whether state and federal laws, rules and regulations provide adequate incentives for public utilities to invest in projects that reduce emissions in the ordinary course of business. It directs PUC to regulate the 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. It authorizes an electric company to file as a part of the portfolio of rate options, if agreed to in coordination with one or more governments, to meet adopted renewable and non-emitting 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 renewable energy resources or paired with unbundled renewable energy certificates. It authorizes PUC to approve a rate or charge if certain conditions are met.

The measure requires any person who constructs or repowers a large-scale project sited in Oregon, at the time of contract finalization for development of the project or delivery of energy from that project, to attest or declare, that during all periods of construction, the person will pay employees the a prevailing rate of wage and participate in an apprenticeship program registered with the State Apprenticeship and Training Council. The person constructing or repowering the large-scale project shall provide the attestation or declaration to the Oregon Department of Energy (ODOE), which ODOE shall retain in accordance with its record retention policies.

The measure takes effect on January 1, 2022.

Public Utility Commission

The measure clarifies the requirements for two community-wide, voluntary programs. The first is the Voluntary Emission Reduction Program, which builds upon an existing, but never used, voluntary emissions reduction program to incentivize natural gas utilities to invest in greenhouse gas reduction projects. The second is the Green Tariffs for Local Governments Program, which is an entirely new program for electric utility customers.

Based on the PUC's experience with the Voluntary Renewable Energy Tariff and a previously filed project using the existing rules under OAR 860-085, PUC anticipates that there will be an increase in workload once the natural gas utilities begin filing voluntary program applications and, if approved, imposing the subsequent tariffs. The anticipated staff work will include an investigation for each proposal and reviewing the tariff at issue. In conducting this review, staff will perform discovery, review complex and commercially sensitive filings and work papers, facilitate workshops, write and review comments or testimony, develop recommendation memoranda, and present recommendations at public meetings. While it is unknown how many proposals PUC would need to review, PUC knows of at least one community that is already engaged in discussions with a public utility.

To handle the anticipated increase in workload, PUC will need two full-time, limited duration Utility Energy Analyst 3 positions (1.50 FTE). The total cost for these two positions is \$452,366 Other Funds, which includes \$110,456 in related services and supplies, in the 2021-23 biennium. These positions, which would be phased out after the 2021-23 biennium, would be funded through PUC's annual statutory fee imposed on utilities.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on PUC's biennial budget.

Local/Sovereign Governments

The measure would have an indeterminate impact on cities, counties, special districts, as well as the Confederated Tribes of Grand Ronde, Siletz, Warm Springs and Coquille Indian Tribe. The measure creates a voluntary emissions program in which local governments can partner with natural gas and/or electric providers to reduce emissions in their jurisdictions, as well as a voluntary program for large-scale renewable energy projects to meet renewable and non-emitting energy goals. Due to the voluntary nature of these programs, there would be no fiscal impact for local or sovereign governments, unless they choose to participate in these programs. While there would likely be costs associated with participation, including staff time, stakeholder engagement, public hearings and rulemaking, those costs would depend on the extent and length of the government's participation in the program. Over time, local and sovereign governments may even realize savings in their energy costs from increased energy efficiency.

Oregon Department of Energy

The measure would have a minimal fiscal impact on ODOE. Developers would be required to submit an attestation to ODOE that they meet the responsible labor standards in the measure. ODOE would be responsible for collecting and storing these attestations, but ODOE would have no other regulatory authority or responsibility under the measure. ODOE will need to develop the attestation form and possibly consult the Department of Justice to review the form for legal sufficiency. ODOE will need to develop a system to collect and retain the attestation forms, which will require information technology services to build functionality into ODOE's Customer

Relationship Management System. ODOE will also need to administer the collection of these attestation forms, including fielding inquiries from developers, ensuring accurate receipt of the forms, and responding to requests for public disclosure of the forms. ODOE would not need any additional staff or budgetary resources to develop and administer these attestation forms.