

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3221 - A

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office**Only Impacts on Original or Engrossed
Versions are Considered Official**Prepared by: Michael Graham
Reviewed by: Ben Ruef, Laurie Byerly
Date: June 9, 2021**Measure Description:**

Establishes Oregon Renewable Options Program.

Government Unit(s) Affected:

Public Utility Commission (PUC), Counties, Cities, federally recognized Indian Tribes in Oregon, Special Districts

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	\$208,946	
Services and Supplies	59,381	
Total Funds	\$268,327	\$0
Positions	1	
FTE	0.92	

Analysis:

House Bill 3221, A-engrossed, allows the Public Utility Commission (PUC) to authorize qualified utilities to provide local governments, service districts, and tribal governments, through the Oregon Renewable Options Program (OROP), opportunities to have greater choice over the renewable energy that powers and increases resilience of their communities. It requires that each participating community utilize a public engagement process to solicit feedback from and address the needs of participating customers, especially those who are disadvantaged, climate vulnerable, or energy burdened. The measure establishes a process for the development, approval, and implementation of OROP. It limits cumulative generating capacity of small renewable energy projects included in a proposal to at least five megawatts or five percent of the cumulative generating capacity requested. PUC may open an investigation into whether compliance with OROP is compromising the reliability of the electric system and may prescribe steps to remedy the reliability issues. PUC will set rates to be charged to customers of qualified electric utilities and review and adjust rates as necessary, given changes in customer enrollment or changes in resource costs. The measure directs PUC to adopt rules and authorizes PUC to take action before the measure's operative date. The measure takes effect 91 days after adjournment *sine die* and becomes operative on January 1, 2023.

Public Utility Commission

The measure would have a fiscal impact on PUC. To implement the measure, PUC would need to hire a full-time, limited duration Utility and Energy Analyst 3 (UA3) position (0.92 FTE) to engage in rulemaking and other investigation-related activities. Initially, the UA3 position's rulemaking and investigation activities will include conducting research and analysis to identify the scope of the rulemaking, including developing a draft recommended scope and schedule for rulemaking and other investigations; soliciting and incorporating feedback

on the scope and schedule; requesting PUC open an investigation(s) at a public meeting; facilitating a rulemaking process; and recommending final rules and other changes.

For the remainder of the biennium, the UA3 position would review the proposals, tariffs, requests for exceptions to the small project carve out and for customers over 30 KW to participate, reliability pause requests, and other associated tasks. More specifically, the UA3 would ensure that the proposal adheres to statutory requirements and administrative rules; ensure that the proposal provides adequate protection for customers, including an equity lens; ensure that a proposal has adequate protections for competition under direct access; review proposal-specific rates and resources, including specific resource characteristics, community load forecasts, generation profile forecasts, interactions with long-term planning and RPS for all customers, review risk adjustment, admin fee, and other pricing components; review all language for tariff or other rate related documents, and contracts; perform discovery, and facilitate a transparent stakeholder review process with discovery, workshops and comments; develop a written recommendation memo; present at a public meeting.

The UA3 position would be funded with PUC's statutory annual fee collected from utilities. The estimated total cost of the position, including related services and supplies, is \$268,327 Other Funds in 2021-23 biennium. The UA3 position would be phased out after the 2021-23 biennium.

Other Government Units

The measure would have a minimal fiscal impact on cities, counties, federally recognized Indian Tribes and special districts, assuming they participate in OROP. If they do not participate, the measure would have no fiscal impact.