

DRAFT

SUMMARY

Digest: This Act extends dates for a state agency to submit certain reports. The Act extends dates for the agency and others to develop goals for carbon storage. The Act changes parts of a grant program to support renewable energy projects. (Flesch Readability Score: 60.0).

Extends the deadlines for certain reports by the State Department of Energy. Extends by one year the deadline for the establishment of nonbinding biological carbon sequestration and storage goals for natural and working lands. Modifies provisions of the Community Renewable Investment Program.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to the State Department of Energy; creating new provisions;
3 amending ORS 468A.193 and 468A.195 and sections 29 and 31, chapter 508,
4 Oregon Laws 2021, section 16, chapter 99, Oregon Laws 2022, and sections
5 60 and 61, chapter 442, Oregon Laws 2023; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

6 **SECTION 1.** ORS 468A.195 is amended to read:

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8 468A.195. (1) The State Department of Energy and the Oregon Climate
9 Action Commission, in coordination with the State Forestry Department, the
10 State Department of Agriculture, the Oregon Watershed Enhancement Board,
11 the Department of State Lands, the Department of Land Conservation and
12 Development and federal land management partners, shall develop a natural
13 and working lands net biological carbon sequestration and storage inventory.

14 The inventory must:

15 (a) Be based on the best available field-based and remote sensing data on
16 biological carbon sequestration;

1 (b) To the greatest extent possible, be developed using methods consistent
2 with methods used to assess greenhouse gas fluxes related to land use, land
3 change and forestry for the United States Environmental Protection
4 Agency's Inventory of U.S. Greenhouse Gas Emissions and Sinks; and

5 (c) Where feasible, utilize information from the environmental justice
6 mapping tool developed under ORS 182.555.

7 (2) Before finalizing the inventory, the State Department of Energy and
8 the commission shall make a draft version publicly available and receive
9 comments from the public, state agencies and the advisory committee estab-
10 lished under ORS 468A.197.

11 (3) The State Department of Energy shall update the inventory and submit
12 a report describing the inventory to the Oregon Climate Action Commission
13 no later than December 1 of each [*even-numbered*] **odd-numbered** year.

14 (4) The State Department of Energy may contract with a third party to
15 assist the department in performing its duties under this section.

16 **SECTION 2.** Section 60, chapter 442, Oregon Laws 2023, is amended to
17 read:

18 **Sec. 60.** (1) The State Department of Energy, in coordination with the
19 Oregon Climate Action Commission, shall study the workforce and training
20 programs needed to support adoption of natural climate solutions on natural
21 and working lands.

22 (2) The department shall provide the results of the study, and may include
23 recommendations for legislation, in a report to the committees of the Legis-
24 lative Assembly related to the environment, in the manner provided under
25 ORS 192.245, no later than September 15, [2024] **2025**.

26 (3) The department may contract with a third party to assist the depart-
27 ment in performing its duties under this section.

28 **SECTION 3.** Section 61, chapter 442, Oregon Laws 2023, is amended to
29 read:

30 **Sec. 61.** Section 60, **chapter 442, Oregon Laws 2023**, [*of this 2023 Act*]
31 is repealed on January 2, [2025] **2026**.

1 **SECTION 4.** ORS 468A.193 is amended to read:

2 468A.193. (1) The State Department of Energy and the Oregon Climate
3 Action Commission shall, in coordination with the State Forestry Depart-
4 ment, the State Department of Agriculture, the State Department of Fish and
5 Wildlife, the Oregon Watershed Enhancement Board the Department of State
6 Lands, the State Parks and Recreation Department and the Department of
7 Land Conservation and Development, and in consultation with relevant fed-
8 eral agencies, establish and maintain:

9 (a) A net biological carbon sequestration and storage baseline for natural
10 and working lands;

11 (b) Activity-based metrics in accordance with subsection (3) of this sec-
12 tion; and

13 (c) Community impact metrics in accordance with subsection (4) of this
14 section.

15 (2) The net biological carbon sequestration and storage baseline may use
16 1990 as a baseline year if the department determines that there is adequate
17 information to support setting the baseline at that year.

18 (3) Activity-based metrics shall be used to evaluate progress toward in-
19 creasing net biological carbon sequestration and storage in natural and
20 working lands, as measured against the net carbon sequestration and storage
21 baseline. Activity-based metrics may include, but need not be limited to,
22 acres of lands for which certain management practices have been adopted.

23 (4) Community impact metrics shall be used to evaluate the positive and
24 negative effects, over time, of strategies for net biological carbon
25 sequestration and storage in natural and working lands on landowners, land
26 managers and communities. Community impact metrics may include, but need
27 not be limited to:

28 (a) Metrics to measure the effects of net biological carbon sequestration
29 and storage strategies on jobs, local economies, environmental integrity and
30 public health; and

31 (b) Metrics to evaluate the accessibility of a diverse range of landowners

1 to net biological carbon sequestration and storage programs.

2 (5) Before finalizing the net biological carbon sequestration and storage
3 baseline, activity-based metrics and community impact metrics, the State
4 Department of Energy and the commission shall make draft versions publicly
5 available and receive comments from the public, state agencies and the ad-
6 visory committee established under ORS 468A.197.

7 (6) The State Department of Energy and the Oregon Climate Action
8 Commission, in consultation with the State Forestry Department, the State
9 Department of Agriculture, the Oregon Watershed Enhancement Board, the
10 State Department of Fish and Wildlife, shall[, *no later than January 1,*
11 *2025,*] establish nonbinding biological carbon sequestration and storage goals
12 for Oregon’s natural and working lands and update those goals as new in-
13 formation becomes available.

14 (7) The State Department of Energy may contract with a third party to
15 assist the department in performing its duties under this section.

16 **SECTION 5. The State Department of Energy shall ensure that the**
17 **nonbinding biological carbon sequestration and storage goals for**
18 **Oregon’s natural and working lands described in ORS 468A.193 (6) are**
19 **first established no later than January 1, 2026.**

20 **SECTION 6.** Section 16, chapter 99, Oregon Laws 2022, is amended to
21 read:

22 **Sec. 16. Notwithstanding ORS 469.064 (4),** the State Department of
23 Energy shall submit the **first** energy security plan developed under [*section*
24 *12 of this 2022 Act*] **ORS 469.064** in a report to the interim committees of the
25 Legislative Assembly related to energy, in the manner provided under ORS
26 192.245, no later than [*June 1,*] **September 30, 2024.**

27 **SECTION 7.** Section 29, chapter 508, Oregon Laws 2021, is amended to
28 read:

29 **Sec. 29.** As used in sections 29 to 32, **chapter 508, Oregon Laws 2021**
30 [*of this 2021 Act*]:

31 (1) “Community renewable energy project” means one or more renewable

1 energy systems, storage systems, microgrids or energy-related infrastructures
2 that promote energy resilience, increase renewable energy generation or
3 renewable energy storage capacity and provide a direct benefit to a partic-
4 ular community in the form of increased community energy resilience, local
5 jobs, economic development or direct energy costs savings to families and
6 small businesses.

7 (2) “Community energy resilience” means the ability of a specific com-
8 munity to maintain the availability of energy needed to support the provision
9 of energy-dependent critical public services to the community following
10 nonroutine disruptions of severe impact or duration to the state’s broader
11 energy systems.

12 (3) “Community energy resilience project” means a community renewable
13 energy project that includes utilizing one or more renewable energy systems
14 to support the energy resilience of structures or facilities that are essential
15 to the public welfare.

16 (4) “Consumer-owned utility” means a municipal electricity utility, a
17 people’s utility district organized under ORS chapter 261 that sells electricity
18 or an electric cooperative organized under ORS chapter 62.

19 (5) “Energy resilience” means the ability of energy systems, from pro-
20 duction through delivery to end-users, to withstand and restore energy de-
21 livery rapidly following nonroutine disruptions of severe impact or duration.

22 (6) “Planning costs” means the costs related to planning paid by an ap-
23 plicant, **or an applicant’s partner**, described under section 30, **chapter 508,**
24 **Oregon Laws 2021** [*of this 2021 Act*].

25 (7) “Project cost” means the actual cost of the acquisition, construction
26 and installation of a renewable energy system incurred by an applicant, **or**
27 **an applicant’s partner**, described under section 30, **chapter 508, Oregon**
28 **Laws 2021**, [*of this 2021 Act*] for the system, before considering utility in-
29 centives.

30 (8) “Public body” means a public body as defined in ORS 174.109.

31 (9) “Qualifying community” means a community that qualifies as an en-

1 vironmental justice community as defined in **ORS 469A.400** [*section 1 of this*
2 *2021 Act*].

3 (10) “Renewable energy system” includes:

4 (a) A system that uses biomass, solar, geothermal, hydroelectric, wind,
5 landfill gas, biogas or wave, tidal or ocean thermal energy technology to
6 produce energy.

7 (b) One or more energy storage systems paired with an existing or newly
8 constructed system described in paragraph (a) of this subsection.

9 (c) One or more vehicle charging stations paired with an existing or
10 newly constructed system described in paragraph (a) of this subsection.

11 (d) Microgrid enabling technologies, including microgrid controllers and
12 any other related technologies needed to electrically isolate a community
13 energy resilience project from the electric grid so that the project is capable
14 of operating independently from the electric grid.

15 **SECTION 8.** Section 31, chapter 508, Oregon Laws 2021, is amended to
16 read:

17 **Sec. 31.** (1)(a) A performance agreement for planning a community
18 renewable energy project entered into between the State Department of En-
19 ergy and an applicant under section 30 (9), **chapter 508, Oregon Laws 2021,**
20 [*of this 2021 Act*] must provide, at a minimum:

21 (A) A grant in an amount described in paragraph (b) of this subsection
22 that covers up to 100 percent of the reasonable planning costs including, but
23 not limited to, costs associated with:

24 (i) Consulting fees.

25 (ii) Load analysis.

26 (iii) Siting, excluding property acquisition.

27 (iv) Ensuring code compliance.

28 (v) Interconnection studies.

29 (vi) Transmission studies.

30 (vii) Other reasonable expenditures made in the community renewable
31 energy project planning process as determined by the department by rule.

1 (B) A grant may not be used to cover any fixed costs the applicant would
2 incur in the applicant's normal course of business such as existing staff
3 salaries or overhead costs.

4 (C) The department may recover grant moneys if a project fails to abide
5 by the performance agreement or if planning is not completed within six
6 months of execution of the performance agreement or a reasonable time
7 frame if good cause to extend the deadline is demonstrated as determined by
8 rule.

9 (b) The department may establish differing limits on the maximum amount
10 of grants for planning community renewable energy projects based on the
11 scope and attributes of the planning applications not to exceed an amount
12 of \$100,000 per grant.

13 (c) Notwithstanding paragraph (a) of this subsection, the department may
14 provide a grant that covers up to 100 percent of the reasonable planning
15 costs only if the application demonstrates the planning proposal is for a
16 community renewable energy project that:

17 (A) If for producing energy:

18 (i) Will make use of an adequately available renewable energy resource
19 to produce the energy;

20 (ii) Has a specific market for the energy; and

21 (iii) Will reasonably and efficiently connect or transmit the energy to the
22 specific community identified in the application under section 30 (3), **chap-**
23 **ter 508, Oregon Laws 2021** [*of this 2021 Act*]; or

24 (B) If for increasing energy resilience:

25 (i) Will increase the energy resilience of a specific structure or facility
26 or collection of structures or facilities essential to the public welfare; and

27 (ii) Will provide energy resilience benefits to the specific structure or
28 facility or to the collection of structures or facilities.

29 (2) A performance agreement for developing a community renewable en-
30 ergy project entered into between the State Department of Energy and an
31 applicant under section 30 (9), **chapter 508, Oregon Laws 2021**, [*of this 2021*

1 *Act*] must provide, at a minimum:

2 (a) For a community renewable energy project that qualifies as a com-
3 munity energy resilience project, a grant that covers up to 100 percent of the
4 project cost not to exceed \$1 million. The department shall reduce the grant
5 amount, if the grant combined with other incentives and grants received by
6 the applicant **or a partner of the applicant** exceeds 100 percent of the total
7 costs associated with the project.

8 (b) For a community renewable energy project that does not qualify as a
9 community energy resilience project, a grant that covers up to 50 percent
10 of the project cost not to exceed \$1 million. The department shall reduce the
11 grant amount, if the grant combined with other incentives and grants re-
12 ceived by the applicant **or a partner of the applicant** exceeds 100 percent
13 of the total costs associated with the project.

14 (c) The department may release up to 30 percent of the grant moneys
15 provided for in a performance agreement, not to exceed 30 percent of project
16 cost, upon entering into a performance agreement with an applicant for de-
17 veloping a community renewable energy project, with the remaining grant
18 moneys to be released upon project completion under the terms of the per-
19 formance agreement, if upon entering the performance agreement the appli-
20 cant demonstrates **that the applicant or a partner of the applicant have**
21 [*having*]:

22 (A) Taken meaningful steps to seek site control, including but not limited
23 to an option to lease or purchase the site or an executed letter of intent or
24 exclusivity agreement to negotiate an option to lease or purchase the site;

25 (B) Filed a request for interconnection with a host utility or appropriate
26 transmission provider; and

27 (C) Met any other requirements provided by the department by rule, such
28 as filing a request for a power purchase or net metering agreement.

29 (d) The department may recover grant moneys if:

30 (A) The project fails to abide by the performance agreement;

31 (B) The project fails to begin construction within 12 months of execution

1 of the performance agreement or a reasonable time frame if good cause to
2 extend the deadline is demonstrated as determined by rule; or

3 (C) The project is not completed within 36 months of execution of the
4 performance agreement or a reasonable time frame if good cause to extend
5 the deadline is demonstrated as determined by rule.

6 (3) The department shall gather information from grantees necessary to
7 evaluate indicators of success as determined by rule.

8 **SECTION 9. This 2024 Act being necessary for the immediate pres-**
9 **ervation of the public peace, health and safety, an emergency is de-**
10 **clared to exist, and this 2024 Act takes effect on its passage.**

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