

HB 2816 -3 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Meeting Dates: 3/20, 3/27

WHAT THE MEASURE DOES:

Defines terms. Defines “high energy use facility” as a facility that: 1) uses a base load of 10 or more megawatt-hours; 2) uses electricity that is not supplied by an electric company or electricity service supplier, that is subject to certain requirements; and 3) has a primary purpose of providing electronic data processing or hosting services or producing or processing cryptocurrency or carrying out other operations related to cryptocurrency. Requires person who owns, operates, or controls high-energy-use facility to ensure that greenhouse gas (GHG) emissions associated with electricity used by high-energy-use facility are reduced to 60 percent below baseline emissions levels by 2027, 80 percent below baseline emissions levels by 2030, 90 percent below baseline emissions levels by 2035, and 100 percent below baseline emissions levels by 2040. Requires person to provide annual report to Department of Environmental Quality (DEQ) to demonstrate compliance. Requires report to include: 1) an estimate of annual GHG emissions associated with the electricity used by the high-energy-use facility; 2) annual goals set by the person who owns, operates, or controls the high-energy-use facility for reducing annual GHG emissions associated with the electricity used by the high-energy-use facility that demonstrate continual progress towards meeting the GHG reduction amounts; 3) a copy of any power purchase agreement or other contract for supplying electricity to the high-energy-use facility; and 4) any other information necessary, as determined by the Environmental Quality Commission (EQC) by rule, to determine GHG emissions associated with the electricity used by the high-energy-use facility, continual progress, and compliance with the GHG reduction amounts. Requires DEQ to review and verify the information in each report and determine whether the person who owns, operates, or controls a high-energy-use facility has complied with the GHG reduction amounts. Exempts a person who owns, operates, or controls a high-energy-use facility from complying with the GHG reduction amounts to the extent that compliance would require a consumer-owned utility to reduce the consumer-owned utility’s purchases of the lowest priced electricity from the Bonneville Power Administration pursuant to section 5 of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, as in effect on June 6, 2007. Authorizes the EQC to adopt rules to implement section 1 of the Act. Authorizes the Director of the Oregon Department of Energy or the Energy Facility Siting Council to impose civil penalty of \$12,000 per megawatt-hour in violation for each day of violation. Excludes property that is or is part of high-energy-use facility from enterprise zone tax benefits unless amount of GHG emissions associated with electricity that high-energy-use facility uses complies with amount of GHG emissions associated with electricity permitted for high-energy-use facilities.

- *FISCAL: May have fiscal impact, but no statement yet issued*
- *REVENUE: May have revenue impact, but no statement yet issued*

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Defines “backup power generation.” Modifies definition of “high energy use facility” to mean a facility that uses **10 or more average megawatts of electricity per year**. Removes 60 percent reduction of greenhouse gas (GHG) emissions below baseline emissions levels by 2027 from high-energy-use facilities’ requirements. Requires Department of Environmental Quality (DEQ) to publish and make public, for each high-energy-use facility, the annual GHG emissions associated with the electricity used by the high-energy-use facility and the **average amount**

of greenhouse (GHG) emissions associated with a megawatt-hour of electricity used by the high-energy-use facility. Establishes that a copy of a power purchase agreement or other contract for supplying electricity provided to the DEQ is confidential and exempt from disclosure under ORS 192.311 to 192.478. Permits renewable energy certificates that are used for electricity received by a high-energy-use facility through a local utility's distribution system be used to comply with requirements. Prohibits renewable energy certificates that are used for electricity derived from fossil fuels that is generated on site of a high-energy-use facility from being used to comply with the GHG emissions reduction requirements. Requires a person who owns, operates, or controls a high-energy-use facility to provide the Environmental Quality Commission (EQC) with an annual accounting report regarding the renewable energy certificates used by the person, if any, to comply with the GHG emissions reduction requirements. Requires EQC to adopt rules establishing additional requirements regarding the eligibility, reporting, and treatment of renewable energy certificates under the GHG emissions reduction requirements. Establishes that the GHG emissions reduction requirements do not apply to: 1) high-energy-use facilities that first become operational before **January 1, 2024**; or 2) GHG emissions associated with the use by a high-energy-use facility of backup power generation during a temporary power outage, including brief periods of testing or maintenance. Authorizes DEQ to grant a temporary exemption to a person's compliance with one or more of the GHG emissions reduction requirements. Requires DEQ, in consultation with the Oregon Department of Energy, to grant a temporary exemption if the department finds that a person is unable to comply with GHG emissions reduction requirements because of certain significant constraints or disruptions. Requires DEQ, if it finds that a person is unable to comply with GHG emissions reduction requirements, to temporarily exempt the person from one or more of the requirements for a length of time sufficient to allow the person to achieve full compliance and direct the person to take specific actions to achieve full compliance. Modifies civil penalties for violations of GHG emissions reduction requirements. Removes civil penalty of \$12,000 per megawatt-hour in violation for each day of violation. Removes exemption for property that is or is part of high-energy-use facility from ad valorem property taxation. Prohibits the sales of electricity that an electric utility makes for use by a high-energy-use facility from counting towards determining the amount of the sales of electricity to retail electricity consumers that an electric utility makes to comply with **large** utility renewable portfolio standards and with **small** electric utilities' renewable portfolio standards.

BACKGROUND:

According to the U.S. Department of Energy, data centers consume "ten to 50 times the energy per floor space of a typical commercial office building," which amounts to approximately two percent of the total U.S. electricity use. Facilities that house cryptocurrency mining processes also use large amounts of energy. According to the U.S. Environmental Protection Agency and the Department of Energy's ENERGY STAR program, "a single crypto transaction [consumes] more energy than that required to power six houses for a day in the U.S." because of the computing power needed to create blockchain.

House Bill 2816 would require a person who owns, operates, or controls a high-energy-use facility to ensure that greenhouse gas emissions associated with electricity used by the facility are reduced to 100 percent below baseline emissions levels by 2040, while meeting certain percentage reductions targets in prior years.