

HB 3004 -2, -3 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

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Meeting Dates: 3/15, 3/29

WHAT THE MEASURE DOES:

Requires Oregon Department of Energy (ODOE) to study renewable energy resource development. Directs ODOE to submit findings to interim committees of Legislative Assembly related to energy no later than September 15, 2024.

- *Fiscal:* May have fiscal impact, but no statement issued yet
- Revenue: Revenue impact statement issued

Subsequent referral to the Joint Committee on Tax Expenditures added

ISSUES DISCUSSED:

- Potential economic benefits of decarbonizing electric grid
- Provisions of measure

EFFECT OF AMENDMENT:

-2 Replaces the measure.

TAX CREDIT FOR TRANSMISSION SERVICE EXPENSES

Defines terms. Creates income or corporate tax credit for the owner of an eligible generation facility for transmission services. Establishes eligibility criteria for tax credit.

GRANT PROGRAM FOR ELIGIBLE INTERCONNECTION FACILITIES

Defines terms. Requires Oregon Department of Energy (ODOE) to establish a program for providing grants to offset the costs of developing eligible interconnection facilities. Establishes eligibility criteria for receiving grant. Establishes criteria for ODOE to award grants. Requires grants to cover up to 75 percent of the costs incurred to develop the eligible interconnection facility for first grant awarded. Permits second grant to be awarded, in an amount not to exceed 10 percent of the initial grant moneys awarded, if eligible energy facility is covered by an agreement to provide emergency backup energy services. Requires ODOE and grantee to enter into performance agreement. Establishes criteria for performance agreement. Permits ODOE to adopt rules to carry out grant provisions. Repeals grant program on January 2, 2034.

COMMUNITY SOLAR PROJECTS

Requires Public Utility Commission (PUC) to adopt rules prescribing what qualifies a community solar project to participate in the procurement of electricity from community solar projects program that, at a minimum, permit a community solar project to participate in the program, irrespective of the community solar project's nameplate capacity, location in this state or interconnecting utility, or of the electric company service territory in which the community solar project's owners or subscribers are located relative to the location of the community solar project.

SOLAR PROJECTS: FEE IN LIEU OF PROPERTY TAX

Establishes that the fee in lieu of property taxes for a solar project with a nameplate capacity of **20 megawatts or less** be computed at a rate no less than \$5,500 and no more than \$7,000 per megawatt of nameplate capacity. Establishes that the fee in lieu of property taxes for a solar project with a nameplate capacity **greater than 20 megawatts** be computed at a rate not less than \$1,000 and not more than \$3,000 per megawatt of nameplate

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capacity. Establishes separate fees in lieu of property taxes for solar projects with a nameplate capacity of **20 megawatts or less** and nameplate capacity **greater than 20 megawatts**. Extends the sunset on the fee in lieu of property tax for solar projects incentive program to January 2, 2032.

REIMBURSEMENT FOR NETWORK UPGRADES

Defines terms. Requires PUC to, by rule, 1) entitle an interconnection customer to reimbursement rights, upon the commercial operation date, that provide the interconnection customer with the right to be reimbursed for the cost of network upgrades incurred by the interconnection customer and paid to a transmission provider; and 2) require the transmission provider to reimburse, within five years from the commercial operation date and with interest, the amount of the cost of network upgrades paid by the interconnection customer to the transmission provider. Requires transmission provider to reimburse an interconnection customer the amount of the cost of network upgrades paid by the interconnection customer to the transmission provider under certain circumstances. Requires PUC to adopt rules to carry out reimbursement for network upgrades. Takes effect on 91st day following adjournment sine die.

-3 Replaces the measure. Has the same content as the -2 amendment with the exception of the grant program for eligible interconnection facilities; community solar projects; solar projects: fee in lieu of property tax; reimbursement for network upgrades; and effective date.

- Revenue Statement Issued - Further Analysis Required
- Fiscal Statement Issued - Further Analysis Required

BACKGROUND:

Energy planning efforts in Oregon focus first on conservation and increased efficiency to meet extra consumer demand, and then on increased generation from local renewable and traditional sources. The Oregon Department of Energy reports that hydro power has been the largest primary source of energy in the state since 2010. The amount of solar and wind power has been growing in the past decade.

Oregon's Renewable Portfolio Standard (RPS) requires that 50 percent of energy sold by Oregon electric utilities must be from renewable sources by 2040. House Bill 2021 (2021) requires electricity sold in the state by Oregon's large investor-owned utilities and electricity service suppliers be generated from low- or zero-carbon emitting sources. The bill requires those retail electricity providers to reduce annual GHG emissions by 80 percent below the baseline emissions level by 2030, by 90 percent below the baseline emissions level by 2035, and 100 percent below the baseline emissions level by 2040. Renewable energy resources will need to be generated to meet the targets in the RPS and 2021 law.

House Bill 3004 would require Oregon Department of Energy to study renewable energy resource development.