

Senate Bill 1525

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Energy and Environment)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**. The statement includes a measure digest written in compliance with applicable readability standards.

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; amending ORS 468A.193 and
3 468A.195 and sections 29 and 31, chapter 508, Oregon Laws 2021, section 16, chapter 99, Oregon
4 Laws 2022, and sections 60 and 61, chapter 442, Oregon Laws 2023; and declaring an emergency.

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

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

7 468A.195. (1) The State Department of Energy and the Oregon Climate Action Commission, in
8 coordination with the State Forestry Department, the State Department of Agriculture, the Oregon
9 Watershed Enhancement Board, the Department of State Lands, the Department of Land Conserva-
10 tion and Development and federal land management partners, shall develop a natural and working
11 lands net biological carbon sequestration and storage inventory. The inventory must:

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

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

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

19 (2) Before finalizing the inventory, the State Department of Energy and the commission shall
20 make a draft version publicly available and receive comments from the public, state agencies and
21 the advisory committee established under ORS 468A.197.

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

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

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

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

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

5 (2) The department shall provide the results of the study, and may include recommendations for
6 legislation, in a report to the committees of the Legislative Assembly related to the environment,
7 in the manner provided under ORS 192.245, no later than September 15, [2024] **2025**.

8 (3) The department may contract with a third party to assist the department in performing its
9 duties under this section.

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

11 **Sec. 61.** Section 60, **chapter 442, Oregon Laws 2023**, [of this 2023 Act] is repealed on January
12 2, [2025] **2026**.

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

14 468A.193. (1) The State Department of Energy and the Oregon Climate Action Commission shall,
15 in coordination with the State Forestry Department, the State Department of Agriculture, the State
16 Department of Fish and Wildlife, the Oregon Watershed Enhancement Board the Department of
17 State Lands, the State Parks and Recreation Department and the Department of Land Conservation
18 and Development, and in consultation with relevant federal agencies, establish and maintain:

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

20 (b) Activity-based metrics in accordance with subsection (3) of this section; and

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

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

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

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

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

35 (b) Metrics to evaluate the accessibility of a diverse range of landowners to net biological car-
36 bon sequestration and storage programs.

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

41 (6) The State Department of Energy and the Oregon Climate Action Commission, in consultation
42 with the State Forestry Department, the State Department of Agriculture, the Oregon Watershed
43 Enhancement Board, the State Department of Fish and Wildlife, shall, *no later than January 1,*
44 *2025,*] establish nonbinding biological carbon sequestration and storage goals for Oregon's natural
45 and working lands and update those goals as new information becomes available.

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

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

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

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

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

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

13 (1) “Community renewable energy project” means one or more renewable energy systems, stor-
14 age systems, microgrids or energy-related infrastructures that promote energy resilience, increase
15 renewable energy generation or renewable energy storage capacity and provide a direct benefit to
16 a particular community in the form of increased community energy resilience, local jobs, economic
17 development or direct energy costs savings to families and small businesses.

18 (2) “Community energy resilience” means the ability of a specific community to maintain the
19 availability of energy needed to support the provision of energy-dependent critical public services
20 to the community following nonroutine disruptions of severe impact or duration to the state’s
21 broader energy systems.

22 (3) “Community energy resilience project” means a community renewable energy project that
23 includes utilizing one or more renewable energy systems to support the energy resilience of struc-
24 tures or facilities that are essential to the public welfare.

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

28 (5) “Energy resilience” means the ability of energy systems, from production through delivery
29 to end-users, to withstand and restore energy delivery rapidly following nonroutine disruptions of
30 severe impact or duration.

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

33 (7) “Project cost” means the actual cost of the acquisition, construction and installation of a
34 renewable energy system incurred by an applicant, **or an applicant’s partner**, described under
35 section 30, **chapter 508, Oregon Laws 2021**, [*of this 2021 Act*] for the system, before considering
36 utility incentives.

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

38 (9) “Qualifying community” means a community that qualifies as an environmental justice com-
39 munity as defined in **ORS 469A.400** [*section 1 of this 2021 Act*].

40 (10) “Renewable energy system” includes:

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

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

45 (c) One or more vehicle charging stations paired with an existing or newly constructed system

1 described in paragraph (a) of this subsection.

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

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

6 **Sec. 31.** (1)(a) A performance agreement for planning a community renewable energy project
7 entered into between the State Department of Energy and an applicant under section 30 (9), **chapter**
8 **508, Oregon Laws 2021**, [of this 2021 Act] must provide, at a minimum:

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

11 (i) Consulting fees.

12 (ii) Load analysis.

13 (iii) Siting, excluding property acquisition.

14 (iv) Ensuring code compliance.

15 (v) Interconnection studies.

16 (vi) Transmission studies.

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

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

21 (C) The department may recover grant moneys if a project fails to abide by the performance
22 agreement or if planning is not completed within six months of execution of the performance
23 agreement or a reasonable time frame if good cause to extend the deadline is demonstrated as de-
24 termined by rule.

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

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

31 (A) If for producing energy:

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

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

34 (iii) Will reasonably and efficiently connect or transmit the energy to the specific community
35 identified in the application under section 30 (3), **chapter 508, Oregon Laws 2021** [of this 2021
36 Act]; or

37 (B) If for increasing energy resilience:

38 (i) Will increase the energy resilience of a specific structure or facility or collection of struc-
39 tures or facilities essential to the public welfare; and

40 (ii) Will provide energy resilience benefits to the specific structure or facility or to the col-
41 lection of structures or facilities.

42 (2) A performance agreement for developing a community renewable energy project entered into
43 between the State Department of Energy and an applicant under section 30 (9), **chapter 508,**
44 **Oregon Laws 2021**, [of this 2021 Act] must provide, at a minimum:

45 (a) For a community renewable energy project that qualifies as a community energy resilience

1 project, a grant that covers up to 100 percent of the project cost not to exceed \$1 million. The de-
 2 partment shall reduce the grant amount, if the grant combined with other incentives and grants
 3 received by the applicant **or a partner of the applicant** exceeds 100 percent of the total costs as-
 4 sociated with the project.

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

10 (c) The department may release up to 30 percent of the grant moneys provided for in a per-
 11 formance agreement, not to exceed 30 percent of project cost, upon entering into a performance
 12 agreement with an applicant for developing a community renewable energy project, with the re-
 13 maining grant moneys to be released upon project completion under the terms of the performance
 14 agreement, if upon entering the performance agreement the applicant demonstrates **that the appli-
 15 cant or a partner of the applicant have** *[having]*:

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

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

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

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

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

25 (B) The project fails to begin construction within 12 months of execution of the performance
 26 agreement or a reasonable time frame if good cause to extend the deadline is demonstrated as de-
 27 termined by rule; or

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

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

33 **SECTION 9. This 2024 Act being necessary for the immediate preservation of the public**
 34 **peace, health and safety, an emergency is declared to exist, and this 2024 Act takes effect**
 35 **on its passage.**

36