

HB 3546 A -A6, -A7 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

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Meeting Dates: 4/30, 5/5, 5/14

WHAT THE MEASURE DOES:

The measure requires the Oregon Public Utility Commission to provide for a classification of service for large energy use facilities.

Detailed summary:

Defines terms, including defining “large energy use facility” as a facility that uses or is able to use 20 megawatts or more and is primarily engaged in providing a service described under code 518210 of the 2022 North American Industry Classification System. Requires the Oregon Public Utility Commission (PUC) to provide for a classification of service for retail electricity consumers that are large energy use facilities, separate and distinct from classifications of service for other commercial or industrial retail electricity consumers. Requires the large energy use facilities classification have their own **tariff schedule**. Establishes tariff schedule requirements as adopted by the PUC. Requires PUC, when deciding whether to approve a proposed tariff schedule, to consider whether the rates:

- result in, or have the potential to result in, increased costs or unwarranted risk to other retail electricity consumers;
- provide for equitable contributions to grid efficiency, reliability and resiliency benefits;
- impede the electric company’s ability to meet certain clean energy targets or reduce the emissions of greenhouse gases;
- allow for procurement of or contracts for generation resources that support the electric company’s ability to meet the clean energy targets or reduce greenhouse gas emissions; and
- meet any other conditions required by the PUC.

Requires PUC to require an electric company that is providing electricity service to a retail electricity consumer that is a large energy use facility to enter into a contract with the retail electricity consumer that covers the provision of the electricity service, including, as applicable, **transmission, distribution, energy, capacity, or ancillary electricity services**. Establishes contract requirements including but not limited to the duration of the contract being for a period of 10 years or longer. Requires the electric company to provide the retail electricity consumer notice of the delay as soon as reasonably practicable if the electric company fails to begin to provide electricity service on or by the date or estimated date specified in a contract due to causes within the electric company’s reasonable control. Establishes criteria for which electric companies must meet contract requirements.

Requires PUC, no later than September 1 of each even-numbered year, to submit to the interim committees of the Legislative Assembly related to energy, a **report reviewing trends in load requirements** and other implications from retail electricity consumers that are large energy use facilities and other retail electricity consumers that use large amounts of electricity. Repeals study and reporting requirements on January 2, 2035.

Stipulates, until January 2, 3028 an electric company and a large energy use facility would not be required to use the classification of service created by Act if the PUC has not approved tariff schedule. Declares an emergency, effective on passage.

- Minimal Fiscal Impact
- No Revenue Impact

This summary has not been adopted or officially endorsed by action of the committee.

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- Ayes, 41; Nays, 16

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A6 Modifies definition of large energy use facility to be a facility with a contracted demand of 20 megawatts or more that is not engaged in certain categories of classification. Modifies requirements for contract for the provision of electricity service for a large energy use facility by:

- obligating the retail electricity consumer to pay minimum percentage of fixed, demand-based charges as determined by Public Utility Commission (PUC);
- prohibiting electric company from unilaterally changing contracted demand, provided retail electricity consumer is current on financial obligations; and
- meeting other conditions as required by the PUC; and include charge for excess demand for services contracted to provide that is in addition to the tariff schedule.

Applies contract provisions (section 5) to consumers that requests and agrees to receive service on or after effective date of Act. Applies provisions of act related to establishing classification of services for large energy use facilities (section 2) to consumers that requests and agrees to receive service on or after effective date of Act, if PUC has approved a tariff schedule.

Requires PUC to submit report, no later than September 1 of each even numbered year to the interim legislative committees related to energy including certain information.

-A7 The amendment modifies the language that requires an electric company to enter into a contract with a large energy use facility by clarifying that minimum amount to be paid be based on the projected usage for the electricity services the electric company is contracted to provide and can include a charge for excess demand for the electricity services that are contracted to be provided. It also clarifies that the Act does not restrict such facilities from using Public Utility Commission approved direct access.

- Minimal Fiscal Impact
- No Revenue Impact

BACKGROUND:

The Oregon Public Utility Commission (PUC) regulates investor-owned utilities and is responsible for ensuring utility customers have access to safe, reliable, and high-quality utility services at just and reasonable rates. The scope and mandate of the PUC is determined by the Legislative Assembly, which requires the PUC to balance the interests of customers and utility companies by ensuring that rates are both fair and provide adequate revenue for utilities to be financially sound (ORS 756.040).

ORS 757.230 gives the PUC control over the classification of service for each public utility, taking into account:

- the quantity of energy used,
- the time when it was used,
- the purpose for which it is used,
- the existence of price competition or a service alternative,
- the services being provided,
- the conditions of service,
- differential energy burdens on low-income customers, and other economic, social equity, or environmental justice factors that affect affordability for certain classes of utility customers, and
- any other reasonable consideration.

Based on those considerations, statute allows the PUC to authorize classifications or schedules of rates applicable to individual customers or groups of customers.

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.” In 2023, data centers’ energy use accounted for approximately 4.4 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.

PRELIMINARY