

A-Engrossed Senate Bill 688

Ordered by the Senate March 27
Including Senate Amendments dated March 27

Sponsored by Senators PHAM K, GOLDEN; Senators MANNING JR, MEEK, SOLLMAN, Representatives GAMBA, SOSA (Pre-session filed.)

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Allows the PUC to make a framework to reward or penalize power companies based on how well they perform. Gives money to the PUC to make the framework. (Flesch Readability Score: 68.7).

[Digest: Tells the PUC to reward or penalize power companies based on how well the companies meet certain metrics. Tells the PUC to report on how well the companies are doing. (Flesch Readability Score: 70.3).]

[Directs] **Allows** the Public Utility Commission to adopt *[not later than January 2, 2027,]* a framework for carrying out performance-based regulation of electric *[utilities. Requires the]* **companies and** use *[of]* incentives and penalties to induce electric *[utilities]* **companies** to bring electric utility operations in line with the public interest and certain objectives. Declares a public interest for purposes of the Act.

[Requires the commission to provide a report on the framework adopted by the commission to the interim committees or committees of the Legislative Assembly related to energy not later than March 15, 2027.]

[Requires the commission to provide a report on the progress and effectiveness of using performance-based regulation to the interim committees or committees of the Legislative Assembly related to energy not later than November 15, 2028.]

Appropriates moneys to the commission for implementing performance-based regulations.

A BILL FOR AN ACT

1
2 Relating to performance-based regulation of electric utilities.

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

4 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of ORS chapter 757.**

5 **SECTION 2. (1) As used in this section:**

6 (a) **“Anthropogenic gases and atmospheric pollutants” includes carbon dioxide, methane,**
7 **nitrogen oxides, sulfur oxides, mercury, hydrofluorocarbons, perfluorocarbons and sulfur**
8 **hexafluoride.**

9 (b) **“Distributed energy resource” means a small-scale energy system or mechanism that**
10 **is located behind-the-meter and that generates or stores energy, works to balance and match**
11 **energy demand with energy supply or manages energy use for a customer.**

12 (c) **“Electric company” has the meaning given that term in ORS 757.600.**

13 (2) **For purposes of this section, the Legislative Assembly declares that the public inter-**
14 **est includes:**

15 (a) **Reducing greenhouse gas emissions;**

16 (b) **Increasing energy efficiency;**

17 (c) **Improving electric utility reliability and resiliency;**

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 (d) Developing distributed energy resources;
- 2 (e) Enhancing services for low-income customers; and
- 3 (f) Improving the efficiency of utility operations to reduce costs to ratepayers.

4 (3) The Public Utility Commission may investigate, develop and adopt a framework for
5 carrying out performance-based regulation of electric companies. The commission may use
6 performance-based regulation to provide incentives and penalties to induce electric compa-
7 nies to bring electric utility operations in line with the public interest as declared under
8 subsection (2) of this section and to:

- 9 (a) Reduce the emissions of anthropogenic gases and atmospheric pollutants;
- 10 (b) Expand the use of distributed energy resources, community solar projects, micro-
11 grids, demand response programs and energy efficiency programs;
- 12 (c) Enhance the quality, reliability and resiliency of electricity service in this state;
- 13 (d) Offer flexible payment plans that reduce disconnections of electricity service for
14 low-income customers and other programs that address the quality and affordability of
15 electricity services for all customers; and
- 16 (e) Improve all aspects of utility operations to reduce costs and pass on savings to
17 ratepayers.

18 (4) A framework that is adopted under this section must:

- 19 (a) Provide for performance standards and a baseline from which performance is meas-
20 ured;
- 21 (b) Provide for performance metrics that are clear, objective, verifiable and achievable
22 for measuring an electric company's performance;
- 23 (c) Describe how the performance standards and metrics are to be carried out;
- 24 (d) Identify actions and mechanisms that an electric company may carry out or imple-
25 ment to meet performance standards; and
- 26 (e) Provide an electric company incentives or penalties based on an electric company's
27 performance.

28 (5) In developing incentives and penalties under this section, the commission shall take
29 into consideration the impacts of those incentives and penalties on rates paid by ratepayers.

30 (6) In addition to providing for performance metrics that are subject to incentives or
31 penalties, the commission may establish performance metrics that are not subject to incen-
32 tives or penalties but are reportable and may require each electric company to file with the
33 commission an annual report on the electric company's performance as measured by those
34 reportable performance metrics.

35 **SECTION 3.** In addition to and not in lieu of any other appropriation, there is appropri-
36 ated to the Public Utility Commission, for the biennium beginning July 1, 2025, out of the
37 General Fund, the amount of \$500,000, which may be expended for investigating, developing,
38 adopting, implementing or reporting on performance-based regulations under section 2 of
39 this 2025 Act.