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October 12, 2021

MEMORANDUM

TO: Council Members

FROM: Leann Bleakney, energy policy analyst, Oregon office

SUBJECT: Oregon Dept. of Energy 2021 legislative review

BACKGROUND:

Presenter: Christy Splitt, Government Relations Coordinator
Adam Schultz, Senior Policy Analyst
Oregon Dept. of Energy

Summary: Staff from the Oregon Dept. of Energy will review for the Council issues that came before the 2021 Oregon Legislative Assembly.

Relevance: Legislation and policies developed by the states interact with the work of the Council.

Background: The 2021 Oregon Legislative Review can be found on the Oregon Dept. of Energy's website: oregon.gov/energy/Data-and-Reports/Documents/2021-Legislative-Session-Report.pdf. The following is taken from this report:

A Brief Overview of Energy Issues in the 2021 Legislative Session

The 2021 session started during some of the hardest moments of the COVID-19 pandemic. After the holidays, there was a spike in COVID cases and the Capitol was closed to the public, as were most public establishments. This meant a unique virtual session, in which floor sessions were held in person but committee meetings took place entirely online. Legislators, advocates, and the public participated in new ways, creating an unusual dynamic for getting bills through the legislative process.

The session also started with new committee members – and new Chairs – for the two energy committees: House Energy and Environment Committee and a newly formed Senate Energy and Environment Committee. Both committees started with their first session meetings with briefings from ODOE on Oregon’s 2020 Biennial Energy Report to help new members learn how to access information needed to consider the many bills that would be assigned to the committees. Finally, the legislative session started with an uncertain budget picture. Forecasts showed state revenues in decline, leading the legislature to make cuts to some agency budgets during 2020 special sessions. But, by early 2021, the post-pandemic economic recovery was underway. And in Washington DC, Congress was working on the American Recovery Plan Act, with investments in states a priority for the newly-elected President Joe Biden. The anticipated state revenue decrease was not realized, and the American Recovery Plan Act sent approximately \$2.6 billion to Oregon’s budget.

Into that setting, many energy bills were brought forward. Some took new approaches to tough problems that the state has grappled with for decades now, like the introduction of two concepts to create a clean electricity standard for Oregon to address climate change. Meanwhile, an amplified focus on racial justice and equity led to environmental justice being centered in many bills. Other issues were considered in a shortened 2020 session and came back, particularly provisions around transportation electrification. And finally, COVID and a catastrophic 2020 wildfire season led to major shifts around emergency response and wildfire response and prevention.

Clean Electricity

After several bills that would have established a carbon cap and price concept did not pass in prior legislative sessions, climate advocates, environmental justice advocates, Oregon’s two largest investor-owned utilities, and other allies brought a new approach in 2021: adding Oregon to a growing list of states with a clean electricity standard. While Oregon has had a renewable portfolio standard encouraging the development of renewable energy since 2007, many states have moved toward clean energy standards that consider emissions more explicitly and allow a wider range of eligible low carbon-emitting resources, including older hydropower facilities or nuclear power. For more information on renewable compared to clean energy standards, please see the 2020 Energy Report’s Energy 101: Clean and Renewable Standards and Policy Brief: Emerging Trends in Renewable and Zero-Emissions Electricity.

There were two main approaches to developing an Oregon clean electricity standard.

HB 3180 would increase the existing RPS with in-state procurement requirements and HB 2021 would create a new emissions-based standard that would work alongside the existing RPS with fewer requirements for energy to be developed in state.

In the end, HB 2021 passed, creating a clean electricity standard of 100 percent zero-emissions electricity by 2040 for Oregon’s two largest utilities: Portland General Electric and Pacific Power. In order to help spur in-state community renewables and address

some concerns raised by proponents of HB 3180, the bill included an increase to 10 percent of the community based renewable energy target in the RPS, a \$50 million Community Resilient Renewables Incentive Fund program, and direction to the Department of Energy to work with energy partners to evaluate how to create more small-scale renewable energy projects in Oregon. You can learn more about HB 2021 on p. 8 of this report and about HB 3180 on p. 31.

HB 2021's Community Resilient Renewables Investment Fund addresses concerns regarding local energy resilience when natural disasters strike Oregon. Applicants must be public bodies, Tribes, or consumer-owned utilities, and projects that improve resilience for communities will be prioritized. The Fund also allows for public bodies, Tribes, or consumer-owned utilities to receive grants for planning for energy resilience and renewable energy projects. The bill defines community energy resilience as: "... the ability of a specific community to maintain the availability of energy needed to support the provision of energy-dependent critical public services to the community following nonroutine disruptions of severe impact or duration to the state's broader energy systems." To learn more about community energy resilience, refer to Chapter 5 of the 2018 Biennial Energy Report.

In addition, HB 3141 modernized the Public Purpose Charge by extending it for 10 years, reducing it from 3 percent to 1.5 percent of revenues, and allowing it to be used for distribution system-connected technologies that support reliability, resilience, and integration of renewable energy (among other things). The PPC has funded both energy efficiency and renewable energy projects since the passage of SB 1149 in 1999. You can learn more about HB 3141 on p. 17.

Environmental Justice

The Community Renewables Investment Fund established in HB 2021, as well as many other provisions of the bill, include several provisions that are designed to benefit environmental justice communities, defined in the bill as: "... communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth and persons with disabilities."

HB 2021 was part of a slate of energy bills supported by a new coalition: the Oregon Clean Energy Opportunity. This coalition also prioritized two other bills: HB 2842, the Healthy Homes Act, which creates a \$10 million grant program toward repair and revitalization – including energy efficiency measures – for homes belonging to low-income Oregonians; and HB 2475, which calls for the Oregon Public Utility Commission to create a new rate class for lower income households. You can read more about HB 2842 on p. 15 and HB 2475 on p. 14.

Governor Kate Brown also championed several provisions around environmental justice, as did legislators. See SB 286 on p. 34, HB 2993 on p. 16, and SCR 17 on p. 23 for three examples that would have affected, or will affect, ODOE's work.

Transportation Electrification

According to the Oregon Global Warming Commission, which is staffed by the Department of Energy, the transportation sector is the greatest source of greenhouse gas emissions in our state. This session, several bills were considered around reducing transportation emissions – many of them were concepts brought back from the shortened 2020 session.

HB 2165, summarized on p. 12, requires PGE and Pacific Power to collect one quarter of a percent of total revenues collected from retail electricity consumers to fund transportation electrification efforts and strengthens the Oregon Clean Vehicle Rebate Program.

HB 2165 and HB 3055 on p. 16, both allow for some utilities regulated by the Public Utility Commission to recover costs of infrastructure measures that promote electric or alternative fuel vehicles from retail consumers.

And HB 2180, on p. 13, requires certain new buildings to include vehicle charging infrastructure.

ODOE has now published the Biennial Zero Emission Vehicle Report, which can be found at <https://www.oregon.gov/energy/energy-oregon/Pages/BIZEV.aspx#:~:text=%E2%80%8B%E2%80%8B%E2%80%8B%E2%80%8B,to%20ZEV%20ado%E2%80%8Bption.>

Responding to Wildfires and Emergency Preparedness

The Oregon Department of Energy has a role to play in preparing Oregon for emergencies. The agency is tasked with developing and implementing Oregon's Fuel Action Plan, which outlines how Oregon would respond in an emergency that affects access to petroleum fuel to ensure acquisition and distribution of fuel for emergency responders and essential service providers. ODOE works closely with Washington state and the federal government to be prepared for possible nuclear emergencies. ODOE staff also analyze energy policies to consider resilience and vulnerabilities to the energy sector, including recent policy briefs on wildfire mitigation and climate vulnerability. Finally, as the staff for the Energy Facility Siting Council, the department considers risks for energy siting.

For those reasons, the agency tracked major legislation around wildfire preparedness, wildfire recovery, and emergency management. You can read more about two bills that passed: SB 762, which lays out provisions and makes investments regarding wildfire prevention, and HB 2927, which makes major changes to Oregon's emergency management structures. While HB 3127, a bill that included nearly \$1 billion in

investments for recovery from the 2020 Labor Day wildfires did not pass, many of its provisions were in HB 5006, the budget reconciliation bill.

What's Next?

In addition to implementing many of the bills mentioned above, several state agencies, including ODOE, continue to build out Governor Kate Brown's Executive Order 20-04, directing state agencies to reduce and regulate greenhouse gas emissions. The Oregon Department of Energy will also release the first Biennial Zero Emission Vehicle Report in September 2021. Many high-profile bills intended to address energy and climate change did not pass and could come back in future legislative sessions. HB 2398 (p. 26) would have allowed localities to adopt more efficient building codes than the statewide standard. A suite of bills described on p. 36 would have considered state policy regarding nuclear power reactors, including advanced reactor technology. HB 2520 (p. 28) and HB 2488 (p. 27) would have required the development of statewide energy planning goals and climate justice goals, respectively. SB 286 (p. 34) was primarily a bill modernizing the state's Environmental Justice Task Force, but also would have added ODOE to the list of state agencies involved in a new Environmental Justice Council. We have included a section on bills that didn't pass starting on p. 26 to provide a sense of what policy issues or concepts may be considered in the future.

Oregon Legislative Session Review

Adam Schultz

Lead, Electricity & Markets
Policy Group

Christy Splitt

Government Relations
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October 12, 2021



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OREGON DEPARTMENT OF ENERGY

Leading Oregon to a safe, equitable, clean, and sustainable energy future.

Our Mission

The Oregon Department of Energy helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

What We Do

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- A Central Repository of Energy Data, Information, and Analysis
- A Venue for Problem-Solving Oregon's Energy Challenges
- Energy Education and Technical Assistance
- Regulation and Oversight
- Energy Programs and Activities



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The Story of Session

Farm east of Arlington, OR



STAY HOME. SAVE LIVES.

BIG PICTURE ISSUES



Clean Electricity

Clean Energy Standard

What [HB 2021](#) does:

- 100% zero-emissions electricity by 2040 for Oregon's two largest utilities
- Increase in small-scale renewables requirement (from 8% to 10%)
- Study, incentive program, green tariff, labor standards, and much more

What [HB 3141](#) does:

- Extends public purpose charge for renewables
- Moves efficiency to rates
- Equity measures
- [More info at Energy Trust](#)

Public Purpose Charge

Environmental Justice

Clean Energy for All

[HB 2021](#)

Equity focus: environmental justice communities, clean energy plans, community benefits and impacts advisory group, labor standards

Healthy Homes

[HB 2842](#)

New \$10 million grant program for repair, revitalization, energy efficiency of housing for low-income Oregonians

Energy Affordability

[HB 2475](#)

Requires new rate class for lower income households and includes intervenor funding for EJ and low-income advocacy groups

Transportation Electrification



What [HB 2165](#) does:

- 1/4 of a percent of rate revenue toward transportation electrification (TE) efforts for PGE and PAC
- IOUs can recover costs of TE infrastructure in rates
- Lifts sunset on EV rebate program, increases

What [HB 3055](#) does:

- Transportation Omnibus
- Allows natural gas utilities to recover costs for investments related to renewable natural gas or hydrogen alternative fuel vehicles

What [HB 2180](#) does:

- Requires building code to include EV charging infrastructure in some new commercial, multifamily dwellings

Wildfires and Emergency Preparedness

[SB 762](#), a complex wildfire response and prevention bill, requires electric utilities to have a wildfire protection plan that:

- identifies high-risk areas
- identifies preventive actions
- identifies community outreach efforts

IOU plans due to OPUC - December 31, 2021

COU plans filed with OPUC - June 30, 2022

PUC rulemaking already underway following EO 20-04



2021 Oregon Department of Energy Bills



- Energy Efficiency Standards [HB 2062](#)
- Radioactive Waste Disposal [SB 246](#)
- Standby Generators [HB 2063](#)
- Energy Facility Siting Council Quorum [HB 2064](#)



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What's Next at the Oregon Department of Energy



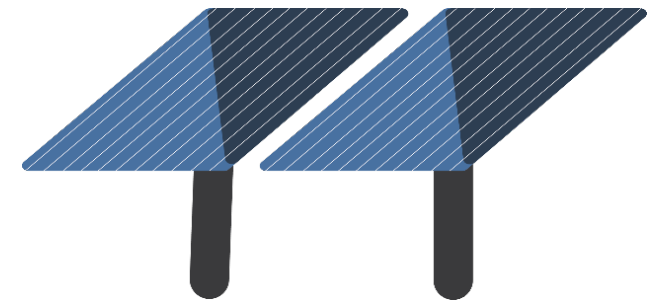
Small-Scale Renewable Energy Study

HB 2021 directs ODOE to staff a workgroup-led study on community renewables

What [HB 2021](#) requires the study to cover:

- Barriers
- Benefits and contributions
- Ownership opportunities
- Potential rate impacts
- Potential legislation to encourage small-scale renewables

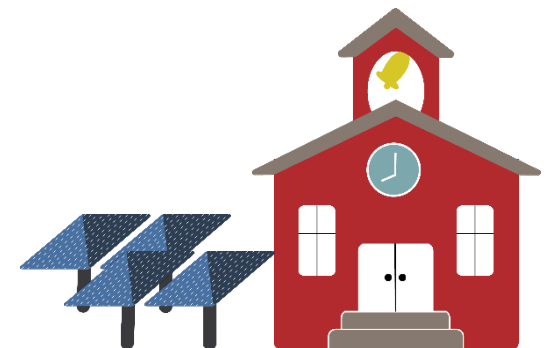
Deadline: September 30, 2022



Community Renewable Energy Grant Program

HB 2021 Establishes the Community Renewable Energy Grant Program

- **Authorized \$50M to fund grants** to public entities, tribal governments, and consumer-owned utilities for renewables, storage, and microgrid technologies
- Prioritizes **community energy resilience projects** and projects in **traditionally underserved communities** with a 50% non-exclusive set-aside of the funds for each type of project
- Funds can be used for either planning or developing community renewable projects



Grant Program: Opportunity Announcements

ODOE rulemaking just getting underway with the first funding opportunity announcements expected by Spring 2022

PROJECT CATEGORY	MAXIMUM GRANT AWARD	MAXIMUM % OF PROJECT COST FUNDED
Planning, Energy Resilience	\$100,000	100%
Planning, Renewable Energy Only	\$100,000	100%
Development, Energy Resilience	\$1,000,000	100%
Development, Renewable Energy Only	\$1,000,000	50%

Grants will be awarded on a competitive basis and will include performance agreements and time limits for completing projects.

Responsible Labor Standards Attestations

HB 2021 Requires Developers to Adhere to New Labor Standards

What [HB 2021](#) requires:

- For energy projects larger than 10 MW, new Responsible Labor Standards must be followed by developers and contractors, including:
 - Wage and benefit standards
 - Apprenticeship program participation
 - Promotion of workplace diversity, equity and
 - Prevention of workplace harassment and discrimination
 - Maintain a license, good standing, history of compliance
- For some standards, an attestation must be filed with the Oregon Department of Energy

Fossil Fuel Power Plants

HB 2021 Prohibits New Fossil Fuel Plants in Oregon

What [HB 2021](#) requires:

- “The Energy Facility Siting Council may not issue a site certificate for a new generating facility that produces electric power from fossil fuels.”
- Existing facilities cannot “significantly increase gross carbon dioxide emissions”



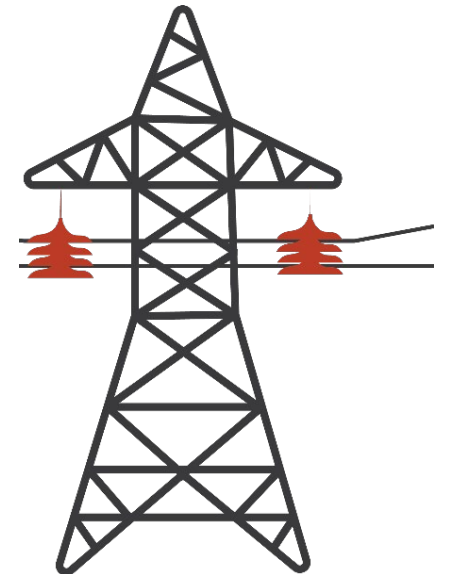
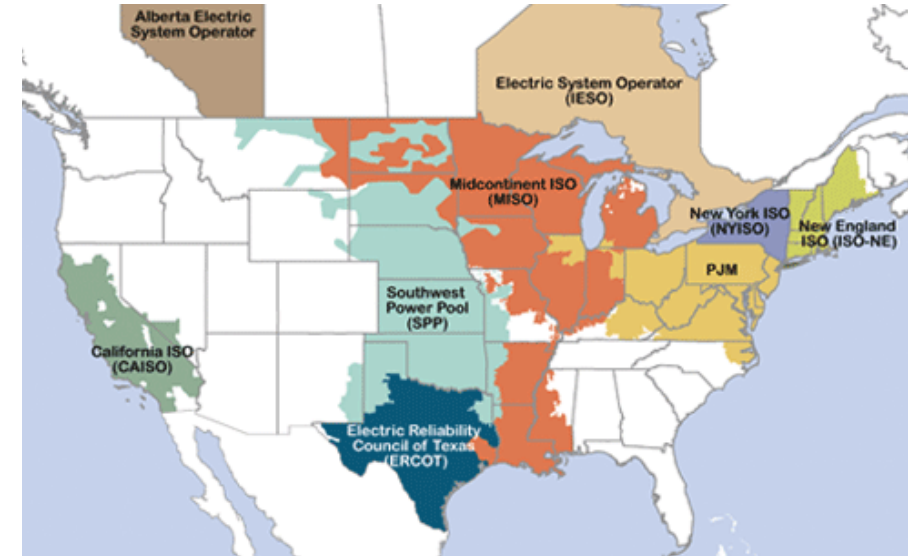
Regional Transmission Organization Study

What is an RTO?

- Unified wholesale energy markets
- Coordination of the transmission grid
- Northwest one of the only regions that lacks an RTO
- Balancing regional governance a primary challenge

What [SB 589](#) requires:

- Identify key findings from recent technical studies
- Convene stakeholder advisory committee to identify perspectives on the benefits, barriers, and challenges of RTO formation
- Submit a summary **report to the Legislature by December 31, 2021**



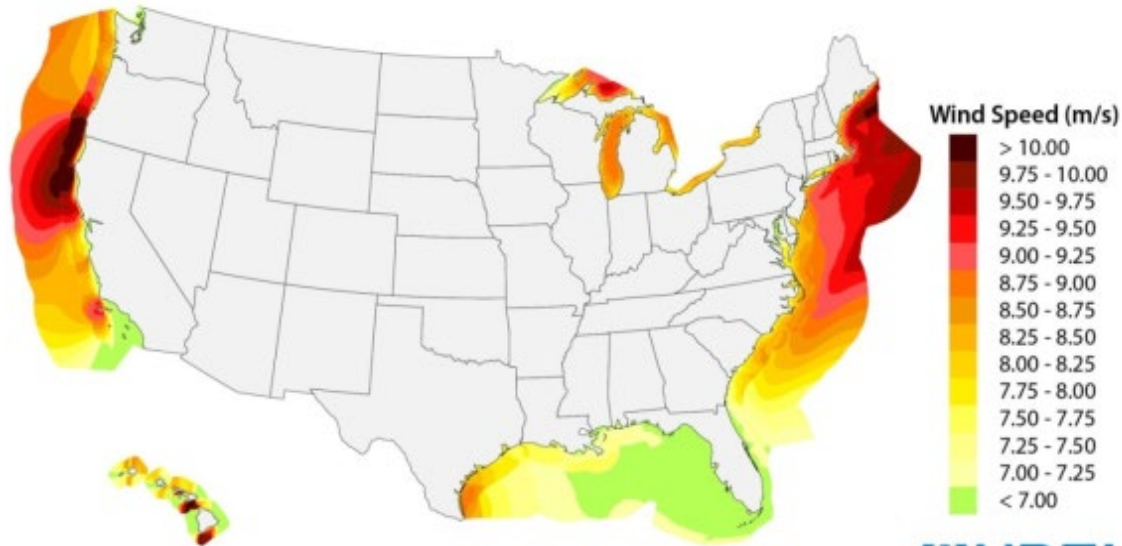
For more information and to track this effort: [click here](#)

Floating Offshore Wind Study

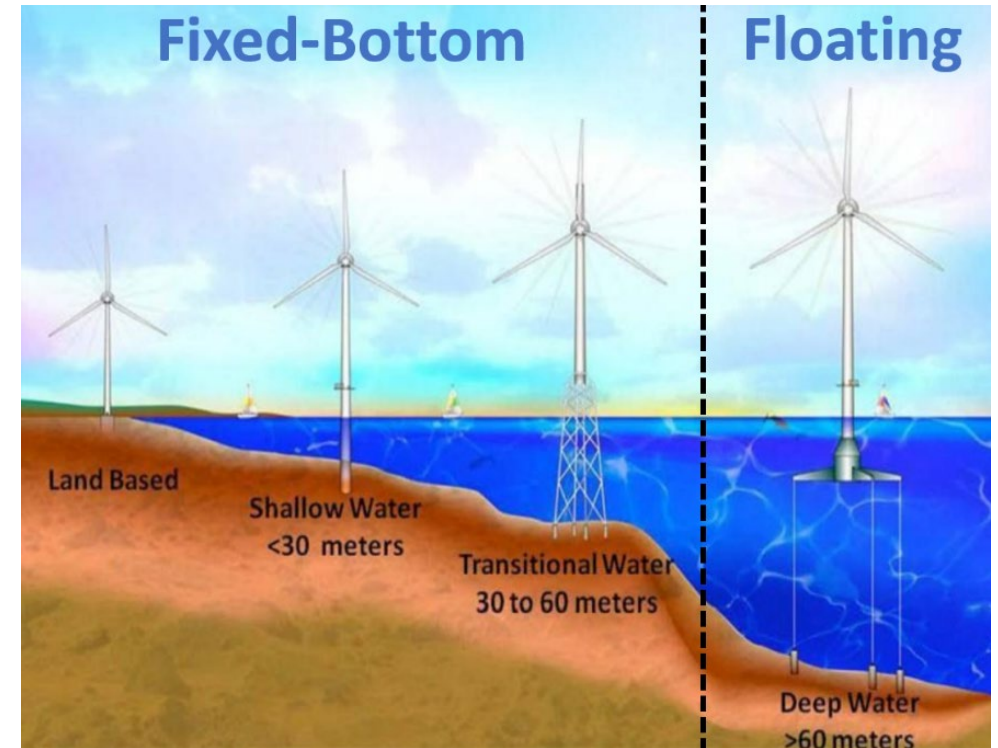
What [HB 3375](#) requires:

- Engage stakeholders to ID benefits and challenges of integrating up to 3,000 MW of Floating Offshore Wind by 2030
- Submit report to Legislature of key findings

Deadline: September 15, 2022



Data Source: AWS Truepower 0-50nm; NREL WIND Toolkit beyond 50nm.



Renewable Hydrogen Study

What [SB 333](#) requires:

- Current use of hydrogen in Oregon
- Potential applications
- Potential for coupling with electricity generation
- Discussion of future costs
- Identification of barriers
- No requirement for advisory committee but we will involve stakeholders

Deadline: Report due September 15, 2022





Solar + Storage Rebate Renewed

2019-2021:

- Established by HB 2618 (2019)
- \$1.5M for rebates
- Residential customers eligible for up to **\$5k for solar + up to \$2.5k for battery storage**
- Program was fully subscribed by the end of 2020

2021 Legislative Session:

- Appropriated an additional \$10M for the program in [HB 5006](#).
- Rebate program will operate essentially the same, but with expanded program eligibility for certain affordable multi-family housing units



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Thank you!

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