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NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 860
PUBLIC UTILITY COMMISSION

FILED

09/07/2021 4:34 PM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: In the Matter of Small-Scale Renewable Energy Projects Rulemaking (AR 622)

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 10/22/2021 3:00 PM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
Diane Davis
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 10/15/2021

TIME: 10:00 AM

OFFICER: Sarah Rowe

ADDRESS: By Zoom

See information in Special Instructions

Salem, OR 97301

SPECIAL INSTRUCTIONS:

Join Zoom Meeting

<https://opuc-state-or-us.zoom.us/j/86832018670?pwd=b0JqdTBheVd6Mk5lN1o5MDRJSiFSQT09>

Meeting ID: 868 3201 8670

Passcode: UPkA2%0cCz

One tap mobile

+19712471195,,86832018670#,,,,*17 24403575# US (Portland)

Dial by your location

+1 971 247 1195 US (Portland)

Meeting ID: 868 3201 8670

Passcode: 1724403575

NEED FOR THE RULE(S):

These rules are needed to implement Section 14 of 2016 Senate Bill 1547 codified at ORS 469A.210, as amended by

Section 37 of 2021 House Bill 2021, establishing a small-scale renewable energy project standard for electric companies that serve more than 25,000 customers in Oregon. A notice was previously published in January 2019, and this notice contains revised rules with changes for the new statutory language in HB 2021.

The Commission encourages participants to file written comments as early as practicable in the proceedings so that other participants have the opportunity to consider and respond to the comments before the deadline. Please reference Docket No. AR 622 on comments and attach them as a Word or PDF document to an e-mail addressed to the Commission's Filing Center at PUC.FilingCenter@puc.oregon.gov.

Interested persons may review all filings online at <https://apps.puc.state.or.us/edockets/docket.asp?DocketID=21555>. For guidelines on filing and participation, please see OAR 860-001-0140 through 860-001-0160 and 860-001-0200 through 860-001-0250 found online at <https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=4027>.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

ORS 469A.200 - 469A.210 available online at https://www.oregonlegislature.gov/bills_laws/ors/ors469a.html

2021 HB 2021 available online at <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2021/C-Engrossed>

Oregon Utility Statistics, 2020 available online at <https://www.oregon.gov/puc/forms/Forms%20and%20Reports/2020-Oregon-Utility-Statistics-Book.pdf>

FISCAL AND ECONOMIC IMPACT:

The rules are proposed to implement the renewable energy project standard outlined in Section 14 of 2016 SB 1547 (now codified in ORS 469A.210) and Section 37 of 2021 HB 2021. Portland General Electric Company (PGE) and PacifiCorp, dba Pacific Power, are the electric companies subject to these rules. The law requires that by the year 2030, PGE and PacifiCorp must have 10 percent of electric capacity come from small-scale renewable energy projects or facilities that generate electricity using biomass that also generate thermal energy for a secondary purpose. Procurement of these resources, if the standard is not already met, would most likely begin after 2025, and accordingly there is not an appreciable fiscal or economic impact anticipated before that time. Utility ratepayers will likely see the impact of any necessary procurements in their rates. However, this impact is the result of the law setting the standard, and not the rules implementing the standard. The potential magnitude of the fiscal impact cannot be estimated at this time because it is not yet known what procurements, if any, will be needed for compliance in 2030.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) Electric companies that serve more than 25,000 customers (PGE and PacifiCorp) are subject to the renewable energy project standard set in ORS 469A.210, as amended by Section 37 of HB 2021. While qualifying projects require

a non-trivial amount of time to identify, design, and build, it is not yet known what procurements, if any, will be needed for compliance in 2030. Accordingly, there should be little economic impact to anyone in the state before any required procurement begins, likely between 2025 and 2029. The costs associated with procuring eligible projects for this mandate will be paid by electric company ratepayers, including any state agency, unit of local government, or member of the public purchasing electricity from either PGE or PacifiCorp. Any increased prices due to this mandate will carry through to other sectors of the economy. As electricity use is very inelastic in the short-term (generally individuals use similar quantities of electricity, regardless of the price), consumption may decrease in other more elastic areas. Individually, this effect will be small, but aggregated across all ratepayers, this could have important effects on the economy as a whole.

(2) (a) According to the Oregon Utility Statistics 2020, available on the PUC's website, PacifiCorp and PGE had 78,757 and 110,921 commercial and industrial customers. As small businesses represent the overwhelming majority of commercial and industrial firms in Oregon (as well as the United States), most of these firms are considered small businesses. Each of them could potentially see small increases in electricity rates.

(2)(b) The potential magnitude of costs for administrative activities or other professional services cannot be quantified at this time. However, these costs will only fall on PacifiCorp and PGE; there are no expected changes to administrative or professional costs to small businesses from these rules.

(2)(c) The potential magnitude of costs for professional services, equipment, supplies, labor and increased administration for compliance cannot be quantified at this time. However, these costs will only fall on PGE and PacifiCorp; there are not expected changes to these costs for compliance to small businesses as a result of these rules.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

PUC Staff invited participation in this rulemaking through a wide distribution list. All who wanted were able to fully participate with equal access to PUC Staff and all other information in the rulemaking docket. PUC Staff worked with the diverse group of participating stakeholders from August 2018 to February 2019 to develop proposed rules to implement section 14 of 2016 Senate Bill 1547. Stakeholders included electric companies, electricity service suppliers, ratepayer groups, and environmental advocates.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

PUC Staff allowed the opportunity for stakeholder participation through multiple rounds of informal written comments. PUC Staff also held an informal workshop where stakeholders shared comments and concerns about the draft proposed rules.

RULES PROPOSED:

860-091-0000, 860-091-0010, 860-091-0020, 860-091-0030, 860-091-0040

ADOPT: 860-091-0000

RULE SUMMARY: This rule clarifies that the rules in this division implement the standard in ORS 469A.210.

CHANGES TO RULE:

860-091-0000

Applicability of Rules

(1) These rules implement the small-scale renewable energy project standard set forth in ORS 469A.210 and apply only to an electric company that makes sales of electricity to 25,000 or more retail electricity customers in this state.

(2) Upon request or its own motion, the Commission may waive any of the division 091 rules for good cause shown. A request for waiver must be made in writing, unless otherwise allowed by the Commission.

Statutory/Other Authority: ORS 756.060, ORS 469A.200, ORS 469A.210

Statutes/Other Implemented: ORS 469A.210

ADOPT: 860-091-0010

RULE SUMMARY: This rule adopts definitions for purposes of implementing the standard in ORS 469A.210.

CHANGES TO RULE:

860-091-0010

Definitions

For purposes of OAR 860-091-0000 through 860-091-0040:

(1) "Electric company" has the meaning in ORS 756.005.

(2) "Nameplate capacity" means the full-load electrical quantities assigned by the designer to a generator and its prime mover or other piece of electrical equipment, such as transformers and circuit breakers, under standardized conditions, expressed in amperes, kilovoltamperes, kilowatts, volts, or other appropriate units. Nameplate capacity is usually indicated on a nameplate attached to the individual machine or device.

Statutory/Other Authority: ORS 756.060, ORS 469A.200, ORS 469A.210

Statutes/Other Implemented: ORS 469A.210

ADOPT: 860-091-0020

RULE SUMMARY: This rule clarifies the meaning of aggregate electrical capacity for purposes of complying with ORS 469A.210.

CHANGES TO RULE:

860-091-0020

Aggregate Electrical Capacity

(1) For purposes of compliance with the standard in ORS 469A.210(2), each electric company's aggregate electrical capacity is the total nameplate capacity of the electric company's generation resources to serve Oregon load. These resources include: ¶

(a) All owned resources; and ¶

(b) The annual average of all resources under a power purchase agreement with a term of at least five years. ¶

(2) For electric companies making retail sales in multiple jurisdictions, the nameplate capacity of generation resources to serve Oregon load is the total nameplate capacity of the electric company's system generation allocated to Oregon retail customers.

Statutory/Other Authority: ORS 756.060, ORS 469A.200, ORS 469A.210

Statutes/Other Implemented: ORS 469A.210

ADOPT: 860-091-0030

RULE SUMMARY: This rule sets the eligibility requirements for projects used to comply with the ORS 469A.210 standard.

CHANGES TO RULE:

860-091-0030

Eligible Renewable Energy Projects

(1) Projects used to comply with the standard in ORS 469A.210(2) must be an Oregon Renewable Portfolio Standard-approved generator; and

(2) The eligible portion of a project's capacity used to comply with the standard in ORS 469A.210(2) is the percentage of annual project costs paid for by Oregon retail customers.

Statutory/Other Authority: ORS 756.060, ORS 469A.200, ORS 469A.210

Statutes/Other Implemented: ORS 469A.210

ADOPT: 860-091-0040

RULE SUMMARY: This rule requires electric companies to file a compliance report starting in 2029 and every year thereafter.

CHANGES TO RULE:

860-091-0040

Compliance Reports

(1) No later than July 1, 2029, and no later than July 1 for each year thereafter, the electric company must file a report with the Commission demonstrating compliance or explaining in detail any failure to comply, with the standard in ORS 469A.210.

(2) The report required in section (1) of this rule must include the following information associated with each owned or contracted qualifying and eligible renewable energy project:

(a) The name of the facility;

(b) The type of renewable resource;

(c) The in-service date of the facility;

(d) The nameplate capacity rating;

(e) For multi-jurisdictional utilities, the percentage of each eligible small-scale facility's costs paid for by the electric company's Oregon retail customers; and

(f) Contracted resources should also include the delivery period and output of contracts.

(3) The report required in section (1) of this rule must include the following information regarding the electric company's aggregate electrical capacity that serves Oregon load during the reporting year:

(a) The names of the facilities;

(b) The nameplate capacity of the electric company's generating resources;

(c) The percentage of electric company generating resources allocated to meet Oregon load;

(d) The average total contracted capacity of all power purchase agreements over five years with delivery during the reporting year.

Statutory/Other Authority: ORS 756.060, ORS 469A.200, ORS 469A.210

Statutes/Other Implemented: ORS 469A.210