



TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Lance Robertson, Public Affairs Manager, and Jason Heuser, Legislative Affairs
Coordinator
DATE: February 20, 2015
SUBJECT: March 2015 Legislative Session Update
OBJECTIVE: Information Only

Issue

The 2015 State Legislative Session convened February 2, 2015. This memo is to apprise the Board of key issues of interest to EWEB, and the current status of these issues in the legislative process. This memo also should help prepare attending commissioners for your visit to the Capitol on Wednesday, March 4, for meetings with key legislators and staff.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The dominant storyline of the legislative session thus far has been the resignation of Governor John Kitzhaber just weeks into a historic fourth term and the subsequent succession of Secretary of State Kate Brown to replace him. It is unclear at this time how this unprecedented change of governor will complicate the execution of the legislative agendas of the Democratic majorities in the House and Senate. At the time of this memo, the Legislature has been in session 13 business days. Many bills have yet to be introduced or to be scheduled.

On March 4, Commissioners Mital, Brown, Simpson and Manning are scheduled to meet with key legislators and staff at the Capitol. Jason Heuser will be available to brief the board at its March 3 meeting, and will accompany commissioners on the trip to Salem the following morning. At the time of this memo, the following bills have been of greatest interest to EWEB's advocacy activities:

HB 2082/HB 2086/HB 2159/HJR 10/SB 21 -- Carbon Tax or Fee/Cap and Trade Bills

Although carbon pricing legislation is not expected to be enacted in the 2015 session, a raft of bills have been introduced and will be the subject of much conversation and public hearings, perhaps with an eye towards the 2017 legislative session.

EWEB's adopted carbon policy position, generally applied to each of these bills, would be the basis for EWEB support in the legislative process, although there may be specific elements EWEB may recommend amending. For example, EWEB could have concerns about elements of carbon pricing legislation that might socialize carbon price impacts, unfairly impacting EWEB ratepayers who have made investments in energy efficiency and renewable clean energy for over three decades.

SB 477/HB 2729 -- Coal to Clean Legislation

These two bills would implement a goal to remove coal-fired power from Oregon's investor-owned electric utilities supply by 2025 and replace that power with resources that are 90% cleaner than the coal-fired power that would be replaced. This target would appear to prohibit natural gas-fired power plants from serving as the associated replacement power.

The bills, as currently written, appear to be a work-in-progress with many details yet to be developed. There appear to be no direct implications for EWEB, nor for the Bonneville Power Administration, as the unspecified market purchases by consumer-owned utilities and BPA appear to be exempt from the requirement. EWEB will be tracking this legislation for impacts to wholesale markets and reliability.

HB 2941 -- Community Solar Gardens

This bill would direct the Oregon Public Utility Commission to establish criteria and requirements on investor-owned utilities to procure electricity generated by community solar gardens and to credit participating customers of the utility (through bill credits) in what is commonly termed "virtual net metering."

A community solar farm or garden is a solar power installation that accepts capital from -- and provides output credit and possibly tax benefits -- to utility customers who either do not have solar access or may lack the financial capability of installing full-sized solar photovoltaic systems on their residences or businesses. In some community solar models, customers purchase individual solar panels, which are installed along with other panels purchased by other customers in a common location (i.e., similar to community gardens, in which residents are assigned specific plots to grow vegetables in a common location). In some other models, a customer buys a specific output from a solar array. The solar garden's power output then is credited to investors in proportion to their investment. The output can be credited on the utility bill or by a separate payment.

Besides addressing lack of solar access to homeowners or aesthetic concerns regarding rooftop solar, other benefits of Community Solar include: 1) solar access to renters; 2) better economy of scale than individual rooftop solar PV installations; and, 3) more practical and efficient maintenance of panels co-located together.

The bill as currently written does not apply to EWEB directly. However, due to EWEB staff's interaction with local parties pursuing a community solar project in Eugene, EWEB staff have been invited to participate in a legislative work group on HB 2941. It is not expected that the bill would be modified to apply to consumer-owned utilities, largely because projects are already materializing in areas served by public power, such as Redmond, Ashland and West Salem.

HB 2599 -- Utility Shutoff Moratorium

This bill would prohibit both investor and consumer-owned utilities from shutting off electric or natural gas service during the "heating season" or when temperatures exceed 100 degrees Fahrenheit if any of the following conditions are met: 1) The customer is a low-income senior citizen; 2) The customer is a full-time active military member; 3) The customer's household includes a disabled or seriously ill member; 4) The customer's household includes a child under the age of 12 months; 5) A member of the customer's household has died within the past six months; or (6) The customer's household has lost 50 percent or more of the household's income because a member of the customer's household lost a job within the past six months.

HB 2599 also significantly expands the requirements for providing customer notice prior to termination of service. The changes proposed in this legislation will likely prove costly and labor intensive to comply with. It may also prove very difficult to show compliance with this legislation due to stipulations in the bill that could be read very subjectively.

EWEB is strongly opposed to HB 2599 due to the high administrative cost and other factors, and is working closely with a large coalition of utilities to halt the progress of this bill. Furthermore, the Oregon Public Utility Commission has raised concerns about this bill and has initiated its own study of shutoff issues.

HB 2632 -- State Incentive for Utility-Scale Solar Installations (2MW - 45MW)

This bill would establish a state Solar Incentivization Fund, with appropriations from the state general fund, to make incentive payment between 1 cent and 3 cents per kilowatt-hour of generation from eligible solar installations between 2 and 45 megawatts. In return for the incentive, the state of Oregon would take possession of the associated renewable energy certificates (RECs). EWEB is monitoring this legislation.

HB 2745 -- Extends Oregon Feed-In Tariff in Investor-Owned Utility Service Territories

In 2009, legislation was passed directing the PUC to establish a feed-in tariff (FIT) for solar-generated electricity that would integrate 17 megawatts in the combined territory of Portland General Electric and PacifiCorp. A solar FIT, requires utilities to purchase solar energy at a pre-established rate or set of rates. The Oregon FIT has rates far higher than the retail rates for PGE and PacifiCorp. This bill would extend the sunset on the solar FIT to 2021. No amendments have been proposed to expand the FIT to consumer-owned utilities. EWEB staff will continue to monitor this bill.

HB 2559/HB 2574 -- Disallows prohibitions against solar panel installation in planned communities

These bills would prohibit the inclusion of any instrument in the conveyance of fee title to real property that would prohibit the installation and use, on residential lots, residential parcels or other lawfully established units of land for residential use, of solar panels for obtaining solar access. EWEB is monitoring this bill.

HB 2460 -- Division of State Lands Fee Bill

This legislation would allow the Department of State Lands to expand the fees collected by the state on public utility easements on state-owned lands. "Lands" includes submerged lands (i.e. beds and banks of streams, rivers, lakes, etc.). EWEB has structures on the beds and banks of water bodies as part of our hydropower facilities and our Hayden Bridge water-treatment plant. Also EWEB has conduits that cross the Willamette. EWEB is opposed to the bill as written and has joined a legislative work group to negotiate a more reasonable proposal.

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested. However, time has been reserved at your March 3 meeting to receive a short briefing from Jason prior to commissioners' visit to the Capitol the following day (March 4). Jason also will accompany commissioners on the trip to Salem and can help prepare commissioners for the meetings scheduled that day.

During your meetings at the Capitol, we recommend that Commissioners remind legislators that consumer-owned utilities have a long, rich and successful history of local regulation by local elected officials who are directly responsible to their customer-owners-voters. As noted above in some of the bill descriptions above, we are concerned about state-level legislation that imposes new and costly requirements on local consumer-owned utilities without state-level funding (i.e. "unfunded mandates"). For example, we generally have supported state-funded energy initiatives, such as tax credits as incentives for solar installations. But EWEB has generally opposed state policies or legislative mandates that place the funding burden on local public

utilities, such as the above-mentioned solar tariffs that do not decrease our carbon footprint (since at least 90 percent of our consumed energy is carbon-free). Such legislation only increases EWEB rates and do not address the global issue of carbon emissions. Unlike investor-owned utilities, EWEB's elected commissioners are directly responsible for making the delicate tradeoffs between various policy objectives, reliability and cost/rates.

If you have questions prior to your March 3 board meeting, please contact Jason via email at jason.heuser@eweb.org.