



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Schlossberg, Brown, Carlson, Barofsky and McRae
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: June 27, 2021
SUBJECT: 2021 State Legislative Session Update
OBJECTIVE: Information Only

Issue

The 2021 State Legislative Session convened on January 21st and adjourned on June 26th. This memo appraises the Board of the outcomes and issues key to EWEB's adopted 2021 legislative agenda and legislative principles. This was a historic session as far as the scope of state spending, heavily augmented by an infusion of federal funding to Oregon through the American Rescue Plan Act (ARPA) approved by Congress and the President earlier this year. Additionally, the legislature approved significant measures intended to mitigate and adapt to global climate change as well as address systemic racism and social justice.

Background

Prior to the start of each legislative session, EWEB 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 decides 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 following is a summary of the final status of key legislation of interest to EWEB:

HB 2021 – 100 Percent Clean Energy Standard – Recommendation: MONITOR -- APPROVED

HB 2021 had been at a standstill until being approved on a 5-2 vote out of the House Revenue Committee on May 20th and after a lull most of June, it was approved out of the Joint Ways and Means Committee on June 23rd and approved on the final day of the legislative session on a 35-20 vote in the House and a 16-12 vote in the Senate.

Although the legislation only applies to investor-owned utilities (IOUs), and many elements of the new standard are defined in the bill, there will be important details of the legislation that will be left to agency rulemaking and EWEB staff will diligently monitor and participate in the rulemaking process for HB 2021.

A Clean Energy Standard has not been EWEB's preferred greenhouse gas emissions reduction policy, although it is the assessment of EWEB staff that the bill approved by the legislature greatly improved from the initial bill as drafted. Key elements are:

- Clean Electricity Targets – requires Oregon's largest investor-owned utilities to reduce greenhouse gas emissions by 100 percent below baseline levels by 2040. Interim goals are 80 percent emissions reduction by 2030 and 90 percent reduction by 2035.
- Consumer Protection and Reliability Offramps – utilities would be allowed temporary exemptions from emission reduction targets if compliance with the policy violates a cost cap or undermines the reliability of the electric grid.
- Local Government Energy Supply – a process would be established for local governments to work with an investor-owned utility to achieve their local climate action plan's electric sector goals.
- New Gas Generation Siting Ban – the Oregon Energy Facilities Siting Council would be prohibited from allowing new or expanded natural gas power plants.
- Establishes a \$50 million state investment fund for renewable energy projects to boost community-owned and developed clean energy and resiliency projects across Oregon.

HB 5006 – Use of American Rescue Act Plan Funds for Fire-Affected Watersheds: SUPPORT -- APPROVED

HB 5006, an omnibus spending bill, was approved on the final day of session on a 55-0 vote in the House and a 24-3 vote in the Senate. With the support of Lane County legislators, HB 5006 includes some key funding measures to assist in post-fire McKenzie Watershed recovery, including the following:

- A \$4 million grant to EWEB for McKenzie River riparian/floodplain acquisition and restoration, administered by the Oregon Watershed Enhancement Board (OWEB) as a pass through to EWEB.
- \$15.5 million for "Lane County – McKenzie River Valley Drinking Water and Wastewater System Replacements". EWEB staff are awaiting clarification from Business Oregon and the Oregon Department of Environmental Quality on how those funds will be disbursed and applied for.
- Each legislator was permitted to authorize in the bill up to 4 projects and up to \$2 million (House) or \$4 million (Senate) of their choosing and consistent with federal ARPA guidance. State Representative Paul Holvey submitted the Finn Rock Reach restoration project on the McKenzie River, a partnership between the McKenzie River Trust, the McKenzie Watershed Council, and the US Forest Service.

The American Rescue Act Plan (ARPA) approved by Congress earlier this year sent significant pandemic and economic recovery funding to the state to allocate to authorized uses, including water and wastewater infrastructure. EWEB worked early in the session with our local state legislative delegation, Lane County, and the House Wildfire Recovery Committee to submit McKenzie River watershed restoration packages for funding consideration from either ARPA, state general funds, or state lottery bonding. HB 3127, an omnibus wildfire recovery package, was amended at the end of

May to include crucial elements such as housing and community redevelopment in fire affected areas, but also funding to support McKenzie River water quality monitoring, septic system repair/replacement, community wastewater infrastructure and riparian/flood plain restoration work. HB 3127 did not advance, but the Joint Ways and Means Committee, specifically the Capital Construction Subcommittee, conjoined elements of watershed recovery in HB 3127 into HB 5006.

HB 3103 – Municipal Access to Federal Stored Water – Recommendation: SUPPORT -- APPROVED

HB 3103 had been paused in the Joint Ways and Means Committee for several weeks until being approved out of committee on June 23rd. The bill was then approved by the legislature on the last weekend of session on a 42-16 vote in the House and a 24-4 vote in the Senate.

Oregon Water Resources Department (OWRD) previously determined they lacked statutory authority to accept and process character (type) of use water right transfer applications after decades of established practice. This issue came about as an unintended consequence of a legislative change in 1995 that changed water “right” to water “use.” This recent determination eliminated a crucial administrative process needed for efficient and cost-effective transfers of water from one use to another and would have left municipal water providers in the Willamette Basin, including EWEB, without a viable path to access federal stored water in the Willamette reservoirs for future needs. HB 3103 clarifies that OWRD can resume accepting and processing applications to change the use of stored water. HB 3103 will allow municipal water providers to access critical stored water to meet future demands without purchasing a new water right.

SB 762 – Omnibus Wildfire Mitigation Policy and Funding Package – SUPPORT – APPROVED

On the final day of the legislative session, SB 762, addressing wildfire risk mitigation and response, was approved on a 22-7 vote in the Senate and on a 49-6 vote in the House. Key elements include:

- The PUC will convene periodic workshops with both IOUs and consumer-owned utilities (COUs) on best industry practices, including mitigation procedures and standards (these workshops are already underway on temporary basis, so SB 762 codifies them permanently).
- IOU Protection plans will be submitted by December 31st, 2021, for approval by the Oregon Public Utilities Commission. COU plans must be completed by June 30th, 2022, and submitted to the PUC (to be compiled only for statewide planning purposes), but COU plans will be approved only by the governing board of each COU.
- IOU plans must outline protocol for Public Safety Power Shutoffs (PSPSs). PSPS protocol is discretionary for COUs.
- The Oregon Department of Forestry (ODF) is required to develop a comprehensive statewide map of wildfire risk by June 30, 2022, including wildland urban interface boundaries. Collaboration with State Fire Marshal and local governments is required to create wildfire risk map.
- Standards to reduce vegetation around buildings in extreme risk zones will be established by the State Fire Marshal. Fire Marshall to select standards from the International Wildland-Urban Interface Code framework. Local governments may adopt more stringent standards.

Enforcement permitted by either Fire Marshall or local government with financial and technical assistance to local governments. A Community Risk Reduction Fund is established.

- By October 1, 2022, the Department of Land Conservation & Development (DLCD) is required, in consultation with local governments, to identify and recommend needed updates to statewide land use planning, local comprehensive plans, and zoning codes to incorporate the wildfire risk map.
- The Building Code Division will undergo rulemaking to implement adoption of R327 wildfire hazard mitigation building code standards for new construction in high wildfire risk areas.
- New oversight of these efforts will be conducted by Wildfire Programs Advisory Council, a Governor-appointed 18-member council including counties, cities, special districts, Fire Chiefs, Fire Districts.

Recommendation/Requested Board Action

The information contained herein is for information only. No action is requested at this time.