



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

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TO: Commissioners Mital, Simpson, Helgeson, Manning and Brown
FROM: Lance Robertson, Public Affairs Manager; Jason Heuser, State and Federal Affairs Coordinator
DATE: May 21, 2015
SUBJECT: Oregon Legislative Session Update
OBJECTIVE: Update the Board on legislative activities and bills of interest to EWEB

Issue

The 2015 Oregon legislative session convened Feb. 3, 2015. This memo is to apprise the Board of key issues of interest to EWEB.

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 following is a summary of current state legislative activity of interest to EWEB:

Climate Change Legislation

A number of bills dealing with carbon taxes, cap and trade programs, and other market-based greenhouse gas reduction approaches have been discussed at the Legislature this session. At the time of this memo, none of these bills has received substantive consideration for advancement, despite strong interest from a block of House Democrats.

HB 3470 has recently been shuffled on and off the legislative schedule for a work session. This bill would enforce a state "carbon cap" and leave details on how Oregon will meet this cap to be determined through rulemaking at the Oregon Department of Environmental Quality (DEQ). This legislation has some overlap with EWEB's adopted carbon policy resolution, but also some contradictions and unknowns. EWEB is maintaining neutrality on this bill until more can be discerned about the substance and intent of this legislation, as well as possible implications for EWEB. EWEB staff will be closely monitoring this legislation and evaluating possible amendments as compared against EWEB's adopted carbon position. If necessary, this matter may be brought to the Board for further guidance.

HB 2941 -- Community Solar

HB 2941 was amended and passed by the House Energy and Environment Committee and was taken up for a public hearing by the Senate Business and Transportation Committee on May 20. The bill as now written would require investor-owned utilities to offer a rate option to residential customers for electricity associated with a off-site solar photovoltaic energy resource (i.e, not specifically on the customer's rooftop or property). Like a utility "greenpower program," residential customers of an IOU would be able to choose to pay a higher rate matched with the above-market costs of a solar photovoltaic energy resource.

Unlike traditional greenpower programs, where the renewable energy credits (RECs) retired on behalf of participating customers are from multiple energy resources, HB 2941 would afford customers an option to have all of the RECs retired on their behalf be from a specific solar resource. Customers who are not homeowners, or homeowners without suitable roofs for solar access, would be afforded an offsite alternative that is nearly equivalent to meeting their energy consumption with a specific solar energy resource.

The affect of the House amendment essentially removed a prescribed approach to community solar that utilities must offer "virtual net metering" to participating customers, which would in fact reduce the bills of participating customers, resulting potentially in increased costs to non-participating customers.

HB 2193 -- Energy Storage

HB 2193 would direct investor-owned utilities, supervised by the Public Utility Commission, to procure one or more qualifying energy storage systems with capacity to store at least five megawatt-hours of electricity and recover the costs in rates if judged to be prudent and cost effective.

HB 2193 does not apply to EWEB or other public/consumer owned utilities. However, staff had concerns with this bill due to the borrowing of language from the Oregon Renewable Portfolio Standard that applied HB 2193 to investor-owned utilities serving more than 3 percent of Oregon's electric load. This replication of the 3 percent threshold for applicability of state mandates could give credence to a notion that EWEB should permanently be included in the same utility classification as Portland General Electric and Pacific Power, and that any mandate suitable for Oregon's two large investor-owned utilities would also be suitable to apply as a mandate to EWEB.

Due to this concern, EWEB staff negotiated an amendment deleting the problematic language, which was adopted into HB 2193 on May 20 in the Senate Business and Labor Committee, where the bill was approved and sent to the House of Representatives for concurrence.

Offshore Wind Procurement Mandate

Seattle-based Principle Power was awarded federal funding in 2014 to develop a 30-megawatt offshore wind pilot project off the coast of Coos Bay. Offshore wind has begun to receive more attention recently. Proponents say better wind speeds are available at sea than on land, creating more electricity than other projects, and that turbines are less noisy and less visible than on land. The technology is far from commercialization, however, and costs are estimated at \$300 per megawatt hour or higher.

A proposal was reportedly floated to mandate that utilities in the large standard of Oregon's Renewable Portfolio Standard, including EWEB, be required to purchase the output of the Coos Bay pilot project. No actual bill was formally introduced. EWEB and other Oregon utilities proactively and aggressively lobbied to halt this proposal before it was even formally offered as an amendment to any legislative vehicle. EWEB's opposition was based on the mandate to purchase wind power at a much higher cost than current wholesale or retail rates, therefore potentially forcing up electric rates for our customers. The proposal appears to have been suspended as a result.

Energy Supplier Assessment (ESA)

New action on the Energy Supplier Assessment paid by EWEB and other electric utilities was not expected to be a topic this session. However, due to concerns that 2013 ESA reforms have not been correctly implemented, a small coalition of utilities, including EWEB, is at this time pursuing a four year moratorium on ESA increases. The ESA has steadily increased each biennium such that EWEB's 2014 ESA invoice was double what it was in 2007. This issue may not be resolved till the closing days of the session in late June.

HB 2599 -- Utility Shutoff Moratorium

HB 2599 has now been amended to only require statewide reporting of utility shutoff policies, impacts and outcomes. Investor-owned utilities will report to the Oregon PUC and consumer-owned utilities will report to their elected governing bodies.

Prior to amendment, the bill likely would have proved costly, labor intensive and difficult to demonstrate full compliance. Utilities would have been prohibited from shutting off electric or natural gas service during the "heating season" or when temperatures exceed 100 degrees Fahrenheit if any of several conditions were met. It also would have significantly expanded shutoff noticing requirements.

The amended bill with only reporting requirements is expected to be passed into law and signed by the governor soon.

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested. If you have questions about the issues identified in this memo – or any other legislative actions of interest – please contact Jason at jason.heuser@eweb.org.