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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.