

How SB 838 Impacts Conservation Funding

The primary intent of SB 838 was to establish a renewable portfolio standard for electric utilities. However, the bill also established additional support for energy conservation by extending the life of the public purpose charge and allowing utilities to request rate recovery for additional cost-effective energy conservation.

The public purpose charge was one of the provisions in SB 1149 that became law in 1999. The law stated that, beginning on the date an electric company offered direct access to its retail consumers (not including residential customers); the company would collect a 3% public purpose charge from all of its retail consumers for a period of 10 years. PGE and PPL offered direct access and therefore began collecting the public purpose charge in mid 2002. With the 10 year provision the public purpose charge would be discontinued in 2012. The Energy Trust of Oregon is the independent third party non-profit founded to administer the majority of those funds for conservation and renewable energy projects. The balance of the public purpose funds are distributed to schools, low income weatherization, low income housing and low income bill payment assistance.

SB 838 changed the wording in the statute from “a period of 10 years” to “until January 1, 2026.” This extension of the public purpose charge allows fund administrators a longer planning horizon so they can achieve the most energy savings possible.

The other key provision for conservation in SB 838 is the ability for utilities to ask the Commission for permission to include in rates the costs of implementing or funding additional cost-effective energy conservation measures. PGE and PPL are required by the Commission to assess the achievable cost effective conservation *potential* in their service territories. If there is a gap between the potential and what can be achieved through the current public purpose funding, the utility can now present that analysis to the Commission and ask for rate recovery of the cost to pursue the additional conservation. While retail electricity consumers whose load is greater than 1 aMW are excluded from these specific rate increases, they are also not allowed to directly benefit from any of these increases.