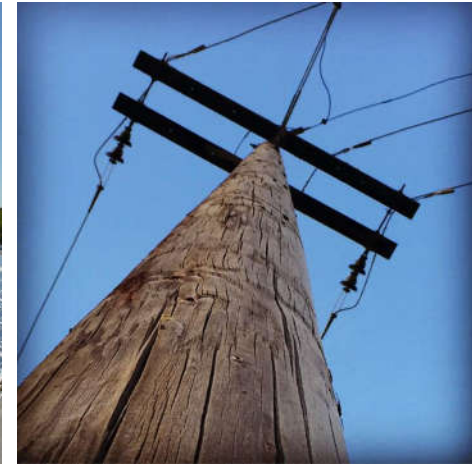


Oregon Department of **ENERGY**

Energy Facility Siting
Council Meeting

Virtual Meeting
Teleconference and
Zoom

May 21-22, 2020



Opening Items:

- Call to Order
- Roll Call
- Announcements

Announcements:

- Reminder that this meeting is being held in it's entirety via teleconference and webinar.
- Reminder to Council and to anyone addressing the Council to please remember to state your full name clearly, and no not use the speakerphone feature, as it will create feedback.
- You may sign up for email notices by clicking the link on the agenda or the Council webpage.
- You are also welcome to access the online mapping tool and any documents by visiting our website.
- Those participating by phone, please mute your phone and if you receive a phone call, please hang up from this call and dial back in after finishing your other call



Announcements continued:

- For those signed onto the webinar, please do not broadcast your webcam
- Please silence your cell phones
- Please use the “Raise Your Hand” feature in Zoom to speak during the public comment period.
- Energy Facility Council meetings shall be conducted in a respectful and courteous manner where everyone is allowed to state their positions at the appropriate times consistent with Council rules and procedures. Willful accusatory, offensive, insulting, threatening, insolent, or slanderous comments which disrupt the Council meeting are not acceptable. Pursuant to Oregon Administrative Rule 345-011-0080, any person who engages in unacceptable conduct which disrupts the meeting may be expelled.



Agenda Item A

- April Meeting Minutes
- Council Secretary Report
 - Staffing Update
 - Project Updates
 - Future Meetings

Agenda Item B (Action Item)

Madras Solar Energy Facility Hearing Officer Appointment

**The Department recommends Council appoint Joe Allen,
Senior Administrative Law Judge as the hearing officer**

May 21, 2020

Chase McVeigh-Walker, Senior Siting Analyst



Agenda Item C (Action Item)

Radioactive Waste Disposal Enforcement Initiation of Rulemaking

May 21, 2020

Christopher Clark, Siting Policy Analyst & Rules Coordinator



Overview

- Need and Authority to Adopt Rules
- Recommended Scope and Objectives for Rulemaking Project
- Recommended Method for Obtaining Public Input
- Projected Timeline
- Request to Initiate Rulemaking

Need and Authority for Rules

- With some exceptions, no “radioactive waste” may be held or stored at any site in Oregon for more than 7 days. ORS 469.300; 469.525; and OAR 345-050.
- In addition, no person may transport radioactive materials which pose a significant hazard to public health and safety without a Oregon Radioactive Materials Transport Permit (ORMTP). ORS 469.605 and OAR 345-060.
- Under ORS 469.992 and OAR 345-029, the Council or the Department may impose civil penalties for violations of ORS chapter 469 and the Council’s rules.

Need and Authority for Rules

- In February 2020, the Department issued a Notice of Violation against the operator of a hazardous waste landfill and required development of a corrective action plan.
- Staff identified several issues related to the Compliance Program rules under OAR 345-029 through the process.
- Staff recommends changes to these rules may be needed to ensure compliance with the rules and orders of the Department or Council, and to protect the health and safety of the public and the environment.

Scope and Objectives

- Staff recommends the Objective of this rulemaking be to ensure that the procedures and sanctions authorized by rule are sufficient to protect public health and safety and the environment.
- Staff recommends that the project scope include any issues related to enforcement of laws and rules governing the transport or disposal of radioactive materials and wastes.
- Scope primarily focuses on changes to OAR 345-029.
- Issues related to OAR 345-050 may be discussed, but no changes to those are anticipated.

Specific Areas of Interest

- Are separate procedures needed for the Department's enforcement of laws and rules related to the transportation or disposal of radioactive materials?
- Should new provisions regarding the classification of violations involving radioactive materials be established?
- Are penalty amounts allowed by rules sufficient to incentivize prevention and mitigation of violations involving radioactive materials?
- Do the current rules allow the Department to set appropriate terms and conditions for the remittal or mitigation of penalties for violations involving radioactive materials?

Potential Impacts to Stakeholders

- This project would focus on enforcement of existing regulations. No direct fiscal or economic impacts expected.
- Some indirect impacts may occur as a result of increased monitoring and mitigation to ensure compliance with rules and laws.

Method for Obtaining Input

- Staff recommends Council authorize a RAC for this project.
 - Issues cover broad and potentially controversial policy areas.
 - Some indirect fiscal or economic impacts may result.
- Interests include regulated entities, public interest groups, state agencies, local governments, tribal governments, and members of the public.
- To provide flexibility and ensure appropriate representation, staff requests that Council delegate management of the advisory committee to the Department's Assistant Director for Nuclear Safety and Energy Emergency Preparedness.

Projected Rulemaking Timeline

Permanent Rulemaking Steps	Completion Date
Council initiates permanent rulemaking process.	May 21, 2020
Staff convenes advisory committee stakeholders*	Jun – Aug, 2020
Council considers Proposed Rules and authorizes Notice of Proposed Rulemaking	Sep 24-25, 2020
Staff issues Notice of Proposed Rulemaking	Oct 2, 2020
Public Comment Period	Oct 2 – Nov. 19, 2020
Rulemaking Hearing *	Nov 19, 2020
Council considers public comments adopts permanent rules	Nov 20, 2020
Staff files permanent rules with Secretary of State	Nov 25, 2020

*All public meetings or hearings will be conducted remotely during the COVID-19 Emergency Period.



Request to Initiate Rulemaking

- Staff requests Council initiate rulemaking to evaluate changes needed to ensure that the Council's rules in OAR 345-029 related to the disposal of radioactive waste materials sufficiently protect the health and safety of the public and the environment.
- Staff recommends Council authorize use of an advisory committee, under the management of the Nuclear Safety program, to assist in the development of proposed rules and associated statements of need and fiscal impact.

Council Decision on Proposed Rules

Option 1

Initiate rulemaking with the recommended scope, and method of obtaining public input.

Option 2

Initiate rulemaking with modifications to the recommended scope, and method of obtaining public input.

Option 3

Deny request to initiate rulemaking and provide additional direction to staff.

Agenda Item D (Obsidian Solar Center Public Hearing - **Cancelled**)

- Upon request of the applicant, the Obsidian Solar Center draft proposed order public hearing is postponed
- Once rescheduled the Oregon Department of Energy will send out an additional public notice
- The public comment period will remain open until the conclusion of the rescheduled public hearing. You may continue to submit written comments to:

Kellen Tardaewether, Senior Siting Analyst
Oregon Department of Energy
550 Capital Street NE
Salem, OR 97301
Email: Kellen.Tardaewether@oregon.gov



ADJOURN

Agenda Item E (Action Item)

Wheatridge Wind Energy Facility, Council Review of Proposed Order on Request for Amendment 5

May 22, 2020

Maxwell Woods, Senior Policy Advisor



Presentation Overview

- Wheatridge Wind Energy Facility: Facility Overview and Site Certificate History
- Request for Amendment 5 (RFA 5) Proposed Changes
- Proposed Order (Action Item)



Wheatridge Wind Energy Facility

Approved Facility

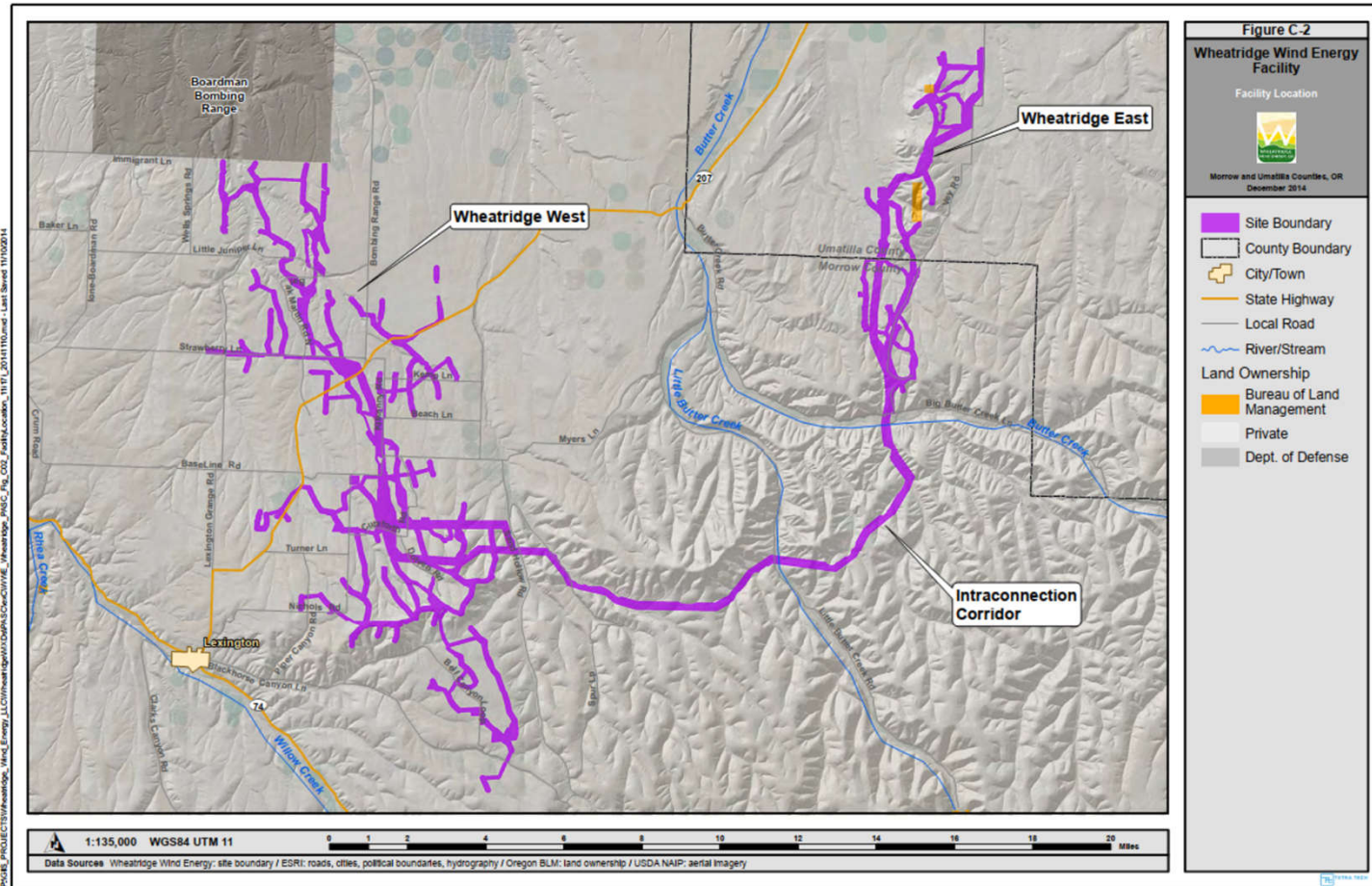
- Certificate holder: Wheatridge Wind Energy ,LLC
- Parent company: NextEra Energy Resources, LLC
- Type of facility: Wind Energy (500 MW) and Solar PV (150 MW)
- Approximately 14,600 acres, private land in Morrow and Umatilla Counties
- 300 MW wind energy currently under construction in Morrow County

Site Certificate History

- Site Certificate approved 2017
- Amended four previous times; 2019 approval added 150 MW solar PV



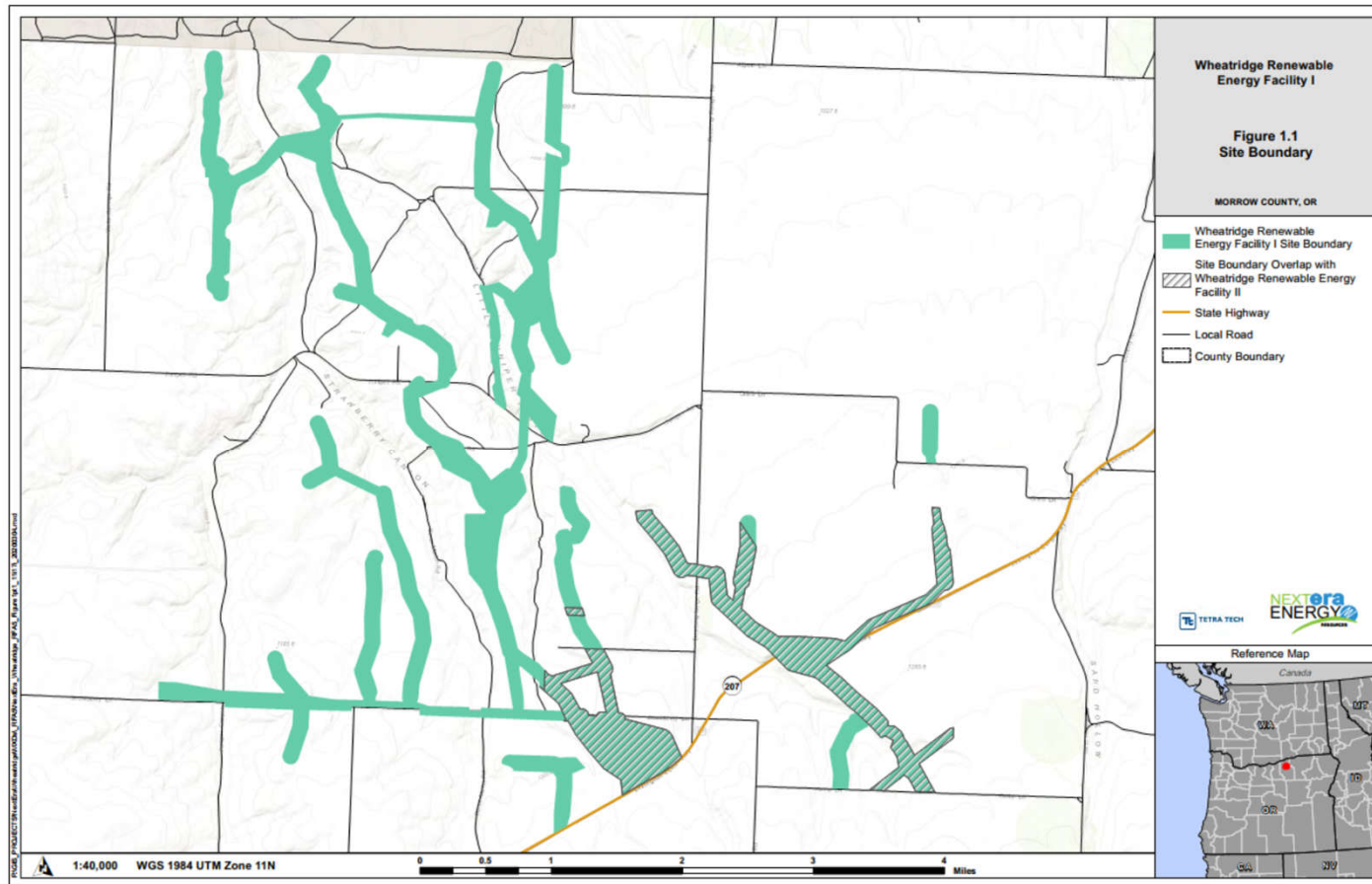
Approved Facility Site Boundary



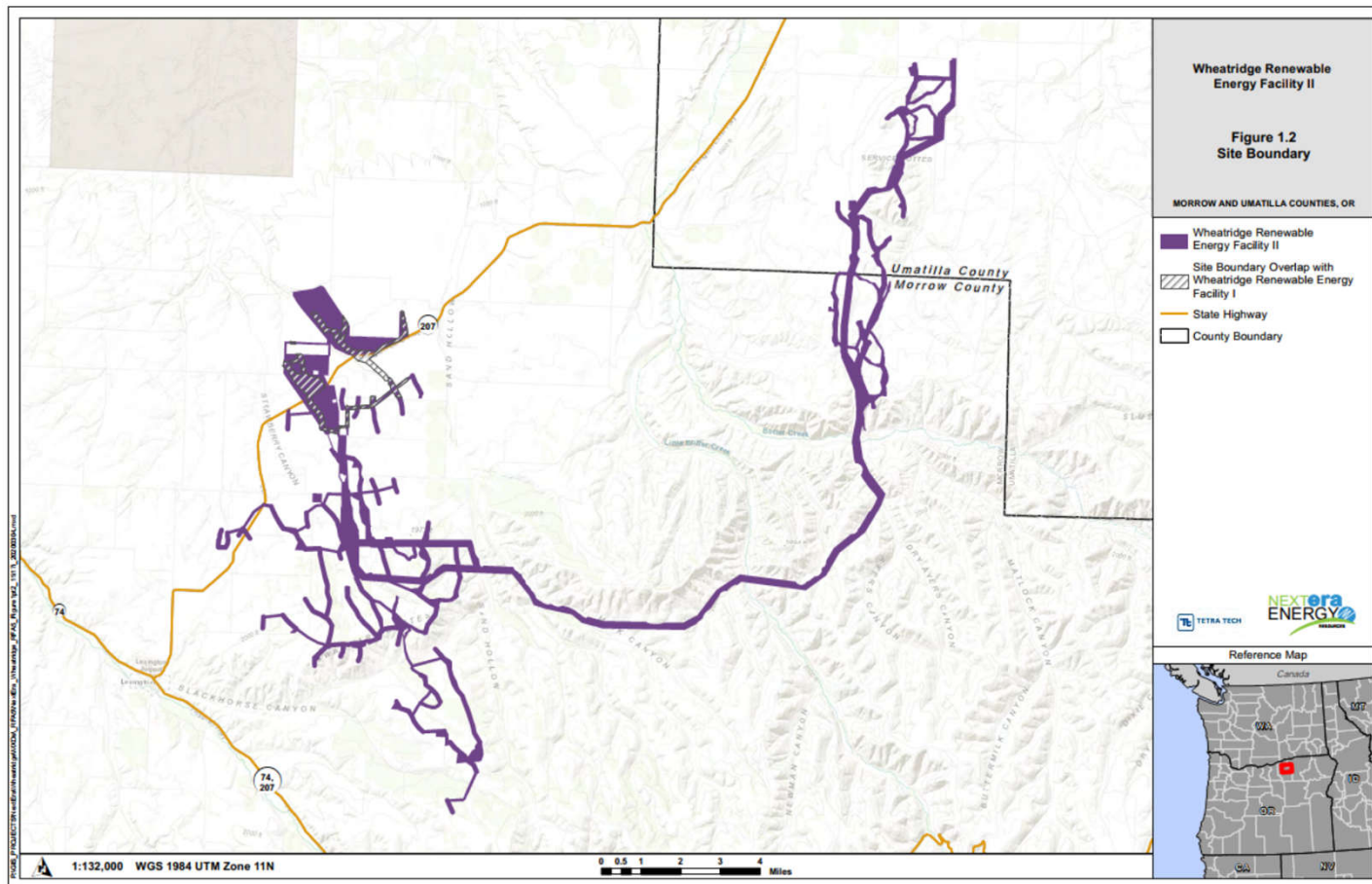
RFA5 – Requested Modifications

- Create two new site certificates based entirely on the existing site certificate
 - **Wheatridge Renewable Energy Facility I (WREF I):** 40 wind turbines, ~100 MW
 - **Wheatridge Renewable Energy Facility II (WREF II):** all remaining facility components, including wind and solar
- Both facilities continue to be owned by NextEra Energy Resources LLC
- Type B Amendment Review

WREF I Site Boundary



WREF II Site Boundary



RFA5 – Procedural History

Requirement	Responsible Party	Date
Preliminary Request for Amendment 5	Certificate Holder	March 6, 2020
Type B Determination	ODOE	March 25, 2020
Complete RFA5 Received	Certificate Holder	April 13, 2020
Draft Proposed Order Issued (Type B)	ODOE	April 17, 2020
Comment Period (22 days)	ODOE	May 8, 2020
Proposed Order	ODOE	May 11, 2020
Council review of Proposed Order	EFSC	Today, May 22, 2020
Final Order/Amended Site Certificates	EFSC	TBD

Overview of Proposed Order

- Orders are almost entirely administrative changes to establish two new site certificates, and appropriately assign/edit conditions to WREF I and WREF II.
- One new condition (Org Exp 11) in both site certs regarding shared facility components.
- Proposed order substantially similar to draft proposed order
- One substantive comment on DPO (NextEra). Three “no comment” comments from agencies. No public comments.

Overview of Proposed Order

- Examples of edits:
 - **Recommended Amended Organizational Expertise Condition 7 (WREFI):**
Prior to construction, the certificate holder must provide the department ~~and Umatilla~~ and Morrow Counties with the name(s) and location(s) of the aggregate source and evidence of the source's county permit(s).
 - **Recommended Deleted Land Use Condition 26 (WREFI):** ~~Within 90 days of the commencement of electrical service from Wheatridge East, the certificate holder shall provide a summary of as-built changes to the department and Umatilla County.~~

Overview of Proposed Order

Recommended Amended Land Use Condition 11 (WREFI): The certificate holder shall design and construct the facility using the minimum land area necessary for safe construction and operation. The certificate holder shall:...

~~b. Site solar array collector lines, if aboveground, within or adjacent to an existing road, railroad or transmission line right of way; parallel to an existing transmission corridor; or co-located with existing transmission line or each other, unless not technically feasible due to lack of availability, geographic constraints, engineering limitations, or other reasons as agreed upon by the Department consistent with this condition.~~

Recommended Deleted Soil Protection Condition 7 (WREFI): ~~Prior to beginning construction of the O&M buildings, the certificate holder shall secure any necessary septic system permits from DEQ. Copies of the necessary permits must be provided to the department prior to beginning construction of the O&M buildings.~~

Overview of Proposed Order

Organizational Expertise [OAR 345-022-0010]

Proposed Order, Section III.A.2. (Starting on page 21)

New Condition Organizational Expertise 11

- Would apply to both WREFI and II site certificates
- Clarifies responsibility for shared facility components
- Requires a shared-facilities agreement

Administrative edits to Organizational Expertise Conditions 7 and 8 (WREF I)

Edits in proposed order from DPO



Overview of Proposed Order

Retirement and Financial Assurance [OAR 345-022-0050]

Proposed Order, Section III.A.5 (Starting on page 33)

Amended Condition R&FA 5 in both WREFI and II site certificates

- Ensures coverage for all facility components
- Assign responsibility for shared facility components

Edits in proposed order from DPO

Overview of Proposed Order

Fish and Wildlife Habitat [OAR 345-022-0060]

Proposed Order, Section III.A.6. (Starting on page 41)

Remove Condition F&W 3 from WREFI; no mapped big game winter range in WREFI site boundary

Administrative edit to F&W Condition 11 (WREF I)

Overview of Proposed Order

Other standards: administrative condition edits only

- General Standard of Review
- Structural Standard
- Soil Protection
- Land Use
- Scenic Resources
- Public Services
- Noise rules
- Siting Standards for Transmission Lines
- Public H&S for Wind Facilities

Overview of Proposed Order

Standards Not Affected by RFA5

Proposed Order, Section III.B. (Starting on page 53)

- Protected Areas [OAR 345-022-0040]
- Threatened and Endangered Species [OAR 345-022-0070]
- Historic, Cultural, and Arch. Resources [OAR 345-022-0090]
- Recreation [OAR 345-022-0100]
- Waste Minimization [OAR 345-022-0120]
- Cumulative Effects Standards for Wind Facilities [OAR 345-024-0015]
- Wetlands and Waters Removal-Fill Laws
- Water Rights Laws

Council Decision on the Proposed Order

Option 1

Approve Proposed Order and Adopt Final Order

Option 2

Approve Proposed Order with Modifications and adopt Final Order

Option 3

Deny Proposed Order, direct staff to make changes and re-issue Proposed Order

Agenda Item F (Information Item)

Oregon Department of Energy Update

May 22, 2020

Janine Benner, Director, Oregon Department of Energy



Oregon Department of **ENERGY**

Director Update

Janine Benner
May 22, 2020



ODOE Updates:

- Strategic Planning
- Executive Order 20-04
- Biennial Energy Report



STRATEGIC PLANNING

Purpose

- Define our organizational values and improve internal operations to shape how we work together and serve our mission
- Clearly prioritize and define ODOE's work, which can also help to build better understanding from — and stronger collaboration with — stakeholders
- Measure progress and strengthen alignment between agency goals, programs, and budget



STRATEGIC PLANNING

Timeline

October 2019 to January 2020 – Phase 1

- **Information Gathering** – survey, focus groups, interviews of staff and external stakeholders
- **Convened a *Cross-Divisional Strategic Planning Committee*** – includes the people from throughout the agency, to work with Coraggio Group (consultant) on strategic plan concepts and interface with staff throughout this process
- **Insights Report** – Coraggio Group shared insights, trends, and themes with ODOE from the information gathering stage
- **Draft Strategic Clarity Elements** – Cross-Divisional Strategic Planning Committee discussed draft plan concepts
- **All-Staff Meeting** – shared plan development progress and gathered input
- **Leadership Team Content Review** – engaged staff, reviewed drafts, and made recommendations to the Director
- **EAWG Review** – Presented draft language to Energy Advisory Work Group in January 2020

Pause for 2020 Legislative Session & Incorporation of Feedback

May 2020 to November 2020 – Phase 2

October 2020 to December 2020 – Final Plan Documentation and Roll Out

STRATEGIC PLANNING

Terminology

Strategic Clarity (Phase 1)

Vision: what is the idea future state we are trying to create?

Mission: what is our purpose? What are we here to make happen?

Position: what unique and sustainable value do we deliver, where do we deliver, and for whom?

Values: what are the fundamental beliefs that shape how we work together and serve our mission?

Strategic Focus (Phase 2)

Strategic Imperatives: what must be accomplished over the planning horizon?

Objectives: how will we measure success?

Initiatives: what collective actions do we need to take that are transformative in nature?

STRATEGIC PLANNING

Clarity Elements

Vision

A safe, equitable, clean, and sustainable future

Mission

ODOE helps Oregonians make informed decisions and maintain a resilient and affordable energy system. We advance solutions to shape an equitable clean energy transition, protect the environment and public health, and responsibly balance energy needs and impacts for current and future generations.

Values

- We listen and aspire to be inclusive and equitable in our work.
- We are ethical and conduct our work with integrity.
- We are accountable and fiscally responsible in our work and the decisions of our agency.
- We are innovative and focus on problem-solving to address the challenges and opportunities in Oregon's energy sector.
- We conduct our agency practices and processes in a transparent and fair way.

STRATEGIC PLANNING

Clarity Elements Cont.

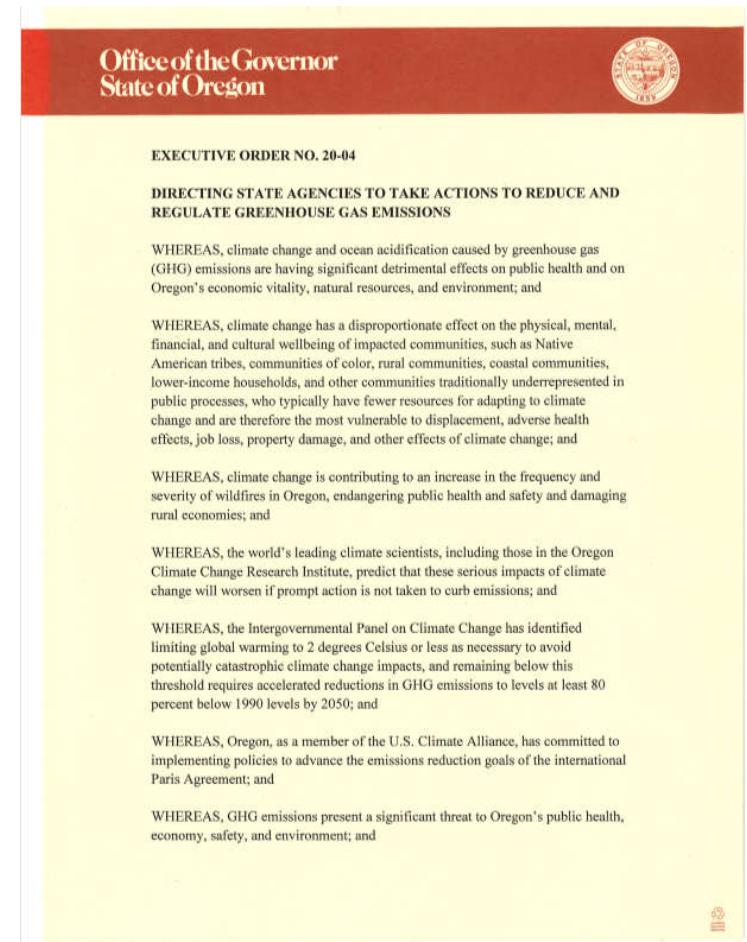
Our Position

On behalf of Oregonians across the state, the Oregon Department of Energy achieves its mission by providing:

- **A Central Repository of Energy Data, Information, and Analysis:** We research, collect, and analyze data and information to inform state energy planning, regulation, program administration, and policy development.
- **A Venue for Problem-Solving Oregon's Energy Challenges:** We convene constructive conversations about Oregon's energy challenges and opportunities that consider a diverse range of perspectives, foster collaboration and innovative solutions, and facilitate the sharing of best practices with consumers and stakeholders.
- **Energy Education and Technical Assistance:** We provide technical assistance, educational resources, and advice to support policy makers, local governments, industry, energy stakeholders, and the general public in solving energy challenges and meeting Oregon's energy, economic, and climate goals.
- **Regulation and Oversight:** We manage the responsible siting of energy facilities in the state, regulate the transport and disposal of radioactive materials, and represent Oregon's interests at the Hanford Nuclear Site.
- **Energy Programs and Activities:** We manage and administer statutorily authorized energy programs to save energy, support the state's decarbonization efforts, make communities more resilient, and position Oregon to lead by example.

EXECUTIVE ORDER 20-04

- Signed by the Governor on March 10, 2020
- Establishes new science-based emissions reduction goals for Oregon
- Directs certain state agencies to take specific actions to reduce emissions and mitigate the impacts of climate change
- Provides overarching direction to state agencies to exercise their statutory authority to help achieve Oregon's climate goals



EXECUTIVE ORDER 20-04

ODOE Directives

Appliance Standards and Building Codes

- Update and establish energy efficiency standards
- Work with Building Codes Division to reduce energy consumption in buildings
- Track code progress

Expediting and Prioritizing Processes

- Energy Efficiency Standards
- EFSC Carbon Standard
- Rule Alignment
- Noise Standard
- EFSC Program Review

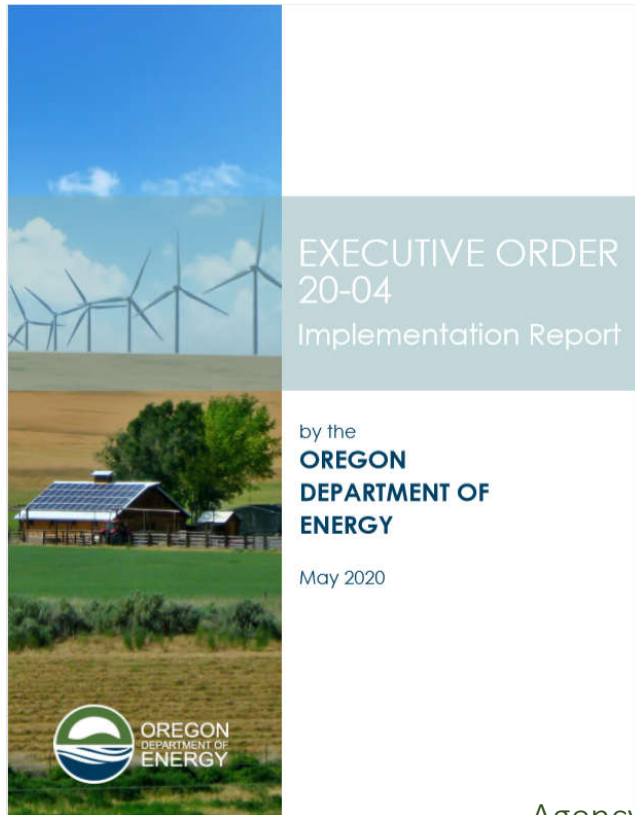
Other GHG Reductions

- Research
- Convening
- Education and Technical Assistance
- Regulation
- Energy Programs

Collaborating with Other Agencies

- Oregon Global Warming Commission
- Statewide Transportation Strategy
- Energy Technical Assistance

EXECUTIVE ORDER 20-04



EO 20-04 IMPLEMENTATION PLAN – 2020

DIRECTIVES TO THE OREGON DEPARTMENT OF ENERGY: APPLIANCE STANDARDS (7A-D)

As stated in the executive order, energy efficiency standards reduce costs for consumers, save energy, and reduce GHG emissions. In the absence of effective federal action on these issues, it is the responsibility of the state to take action to increase the efficiency of appliances sold in Oregon to save consumers money and help the state meet its climate goals.

EO 20-04 directs ODOE to update energy efficiency standards for products at least to levels equivalent to the most stringent standards among West Coast jurisdictions, including grid-connected appliances. ODOE should also periodically evaluate and update those standards, as practicable, to remain at least equivalent. Specific categories of products for which ODOE is to establish or update standards include, but is not limited to:

- | | |
|------------------------------------|-----------------------------------|
| 1) High CRI fluorescent lamps | 6) Commercial dishwashers |
| 2) Computers and computer monitors | 7) Commercial steam cookers |
| 3) Faucets | 8) Residential ventilating fans |
| 4) Shower heads | 9) Electric storage water heaters |
| 5) Commercial fryers | 10) Portable electric spas |

To implement this directive, ODOE will first adopt rules to update and establish new energy efficiency standards per the process outlined in ORS 469.261. This [rulemaking](#) is required to be completed by September 1, 2020. As outlined in statute, the agency rulemaking will be followed by introduction of a bill the next legislative session to conform statute to agency rules.

Background

While some appliance efficiency standards are set at the federal level, there are also products that do not yet have a national standard and for which a new state standard could achieve meaningful energy and water savings and GHG reductions. Oregon has periodically enacted appliance efficiency standards as a method of saving consumers money and saving energy. Appliance efficiency standards provide the potential for significant cost savings and GHG reduction (see below for more information).

In 2005, Oregon established its first appliance [energy efficiency standards](#) for 11 product categories. Often, federal standards are later modeled after standards that were first enacted at the state level. Once adopted at the federal level, federal standards preempt state standards. Thirteen of Oregon's current appliance standards have been preempted by the federal government.

California has been the most active state in developing and adopting efficiency standards for appliance categories that are not federally preempted, followed by Washington's establishment of many new standards in 2019. Oregon's standards for appliances have largely been based on similar standards developed for the large west coast market for appliances, but Oregon has not updated its standards or added new categories in over six years. By updating our standards, Oregon would create a clearer set of uniform standards across the western appliance market,

Agency implementation plans can be found at:

https://www.oregon.gov/gov/Pages/carbonpolicy_climatechange.aspx

BIENNIAL ENERGY REPORT

- **Statutory Reference + Background**

- ORS 469.059 (2017) requires ODOE to develop a BER to inform local, state, regional, and federal energy policy development and energy planning and investments.
- In 2018, the inaugural BER provided foundational energy data, examined the existing policy landscape, and identified options for continued progress toward meeting energy goals.
- BER may include recommendations

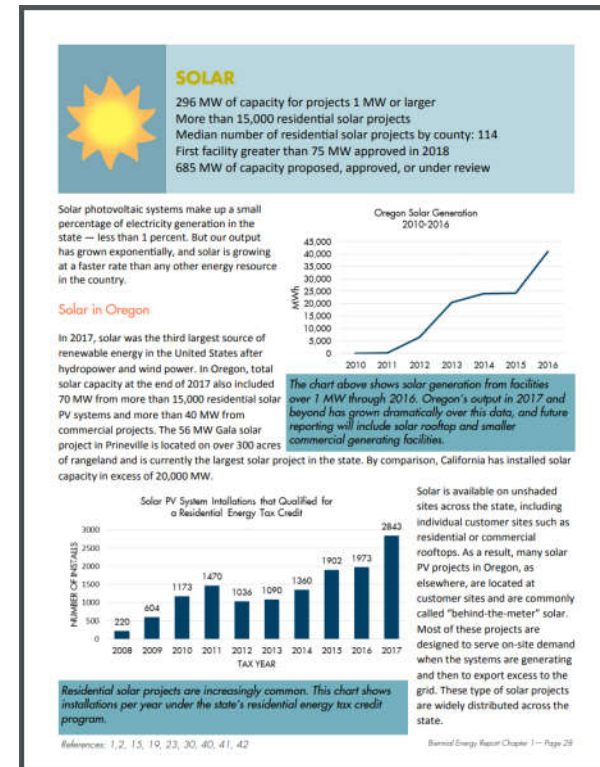
- **Topics Required in ORS 469.059**

- Consumption, generation, transmission and production of energy, including fuel energy,
- Energy costs
- Energy sectors, markets, technologies, resources and facilities
- Energy efficiency and conservation
- The effects of energy use, including effects related to greenhouse gases
- Local, state, regional and federal regulations, policies and planning activities
- Emerging opportunities, challenges, and impacts



BIENNIAL ENERGY REPORT

- **Energy By the Numbers** - A BER section that serves as a quick-reference, primarily made up of energy facts and infographics with concise explanations about energy resources, energy sector profiles, and electricity use, direct fuel use, and transportation fuel use in Oregon.
- **Energy History and Policy Landscape** - A BER section that would provide relevant history about energy in Oregon to help create a foundation for on-going policy discussions and to help educate stakeholders that may be new to energy policy in Oregon.
- **Energy Resources and Technologies** - A BER section that describes Oregon's various energy resources and technologies, including information about facilities, resource potential, capacity, and planned capacity in Oregon.
- **Energy Policy Briefs** - A BER section that would be made up of shorter policy briefs, each providing information and considerations for key energy questions that have been or are likely to be discussed over the next two years in Oregon.



<https://www.oregon.gov/energy/Data-and-Reports/Pages/Biennial-Energy-Report.aspx>

Questions?



Agenda Item G

PUBLIC COMMENT

Agenda Item H (Information Item)

The Climate Trust Annual Update

May 22, 2020

Sheldon Zakreski, Executive Director, The Climate Trust





Annual Report

Sheldon Zakreski
May 22, 2020

Outline

- About The Climate Trust
- About the CO₂ Standard
- Our Performance
- Closing Thoughts



Mission: *The Climate Trust combats climate change by funding and managing projects that reduce GHGs.*

- Non-profit Organization – 1997
- Committed to projects – \$46M
- Climate impact- eliminated annual emissions from almost 1.2M cars
- Over 100 emission reduction projects
- Compliance and voluntary programs
 - NW Natural Smart Energy, Washington CO2 Standard, develop and sell California Compliance and voluntary offsets



What's the Oregon CO₂ Standard?

Site Certificate applicants. Only applies to proposed fossil energy generation facilities seeking a site certificate.

Benchmark. CO₂ emissions 17% below best available control technology for a natural gas plant.

Not an emissions standard. Compliance options are technology-based and price-based.



What options do site certificate applicants have?

Build a Cogeneration Plant. Produce both heat and electricity. Production of heat displaces natural gas for heating use, which reduces CO₂ emissions. Site certificate holder must report activities on an ongoing basis to EFSC.

Direct Offset Project Management. Manage offset portfolio internally or hire third party contractor to manage portfolio. Site certificate holder must report activities on an ongoing basis to EFSC.

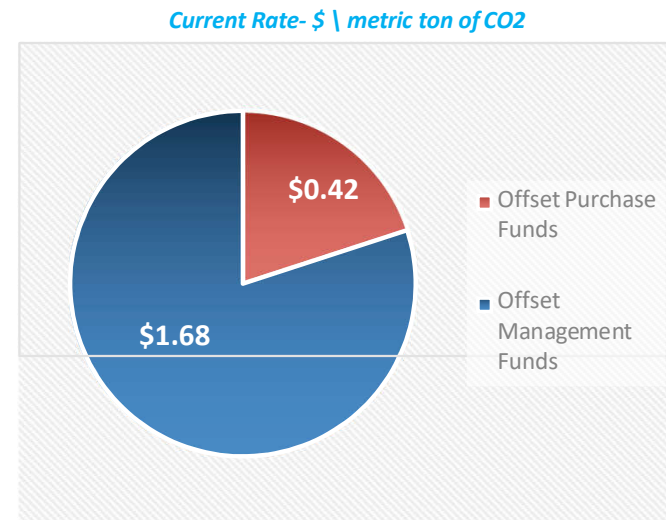
Monetary Pathway. Site certificate holder pays a Qualified Organization and if EFSC approves, the holder has complied with the CO₂ Standard. **TCT is the QO**, which takes on the responsibility of meeting QO obligations to EFSC.

Everyone has selected the Monetary Pathway option to date.



Monetary Pathway

- Management Requirements
 - Commit 60% of offset funds within two years of facility's construction start date
 - Spend no more than 20% on management
 - Retire offsets on behalf of the Oregon Program
- Reporting Requirements
 - 5 Year Report
 - Annual audit submitted and presented to EFSC
 - Staff report provided to Council
 - Met requirement for 2019

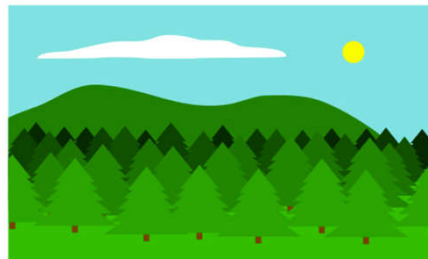


Selection & Contracting- Additional 5% or \$0.105 per metric ton

What's an offset?

Reduction, removal or avoidance of GHG emissions from a voluntary project-based activity used to compensate GHG emissions from another source.

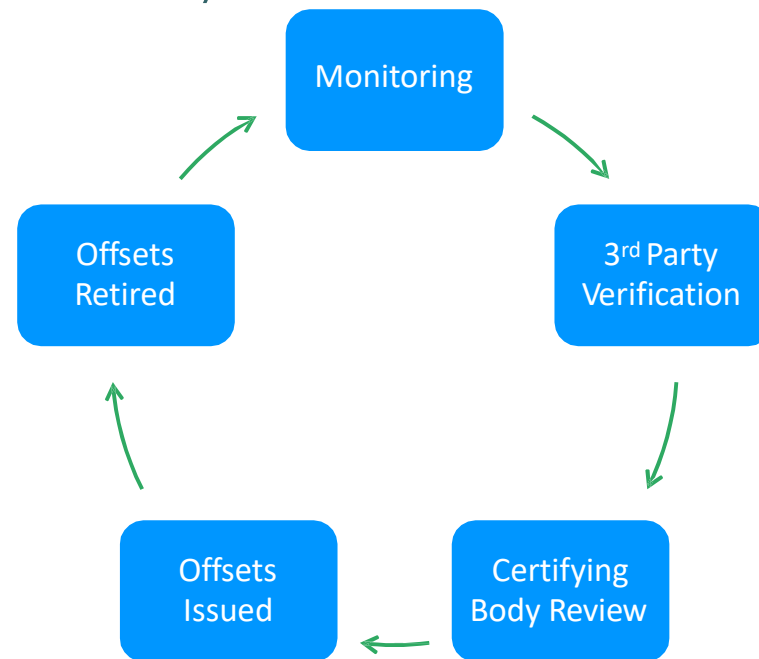
- Additionality
- Co-benefits
- Permanent
- Verified and certified



Selection & Contracting



Offset Project Management Cycle



Performance by Facility

Facility	Offset Purchase Funds	Cash Obligated	Unobligated Cash	Tons Obligated	Retired Tons
Avangrid- Klamath Cogeneration 1	\$1,592,845	\$1,594,910	\$0	289,411	245,617
Avangrid - Klamath Cogeneration Project 2	\$2,649,222	\$873,070	\$1,776,152	175,446	147,446
Avista - Coyote Sprints Unit 2	\$2,114,477	\$2,114,479	\$0	592,632	566,467
Calpine - Hermiston Power Project	\$3,722,321	\$2,822,770	\$899,553	673,983	604,692
Northwest Natural - Mist Facility	\$18,855	\$18,857	\$0	3,462	3,462
Northwest Natural - Molalla	\$26,913	\$26,915	\$0	4,784	4,784
NW Natural- Mist 2017 Facility Expansion	\$42,551	\$42,554	\$0	9,054	9,054
Portland General Electric - Port Westward	\$4,320,452	\$3,487,552	\$832,900	736,370	521,788
Portland General Electric-Port Westward 2	\$3,532,388	\$1,545,742	\$1,986,647	243,052	217,052
Portland General Electric - Carty	\$6,332,879	\$4,951,978	\$1,380,901	602,169	422,435
Totals	\$24,352,904	\$17,478,828	\$6,876,152	3,330,363	2,742,797

Oregon Focus

- Funded 18 projects
 - \$8.8M commitment
- In-state purchases currently 50 cents to the dollar
- Retired 1.04M metric tons
 - Equivalent to annual electricity use from 175,000 homes



Astoria Bear Creek Improved Forest Management Project



Summary

- In 2019
 - \$2.5M in new project obligations
 - Retired over 385,000 Verified Emission Reductions
- Committed over 70% of funds
- Target spending last program dollar in 2025
- Submitting final report in 2026





THANK YOU

Agenda Item I (Action Item)

Carbon Monetary Offset Rate Consideration of Proposed Rules

May 22, 2020

Christopher Clark, Siting Policy Analyst & Rules Coordinator



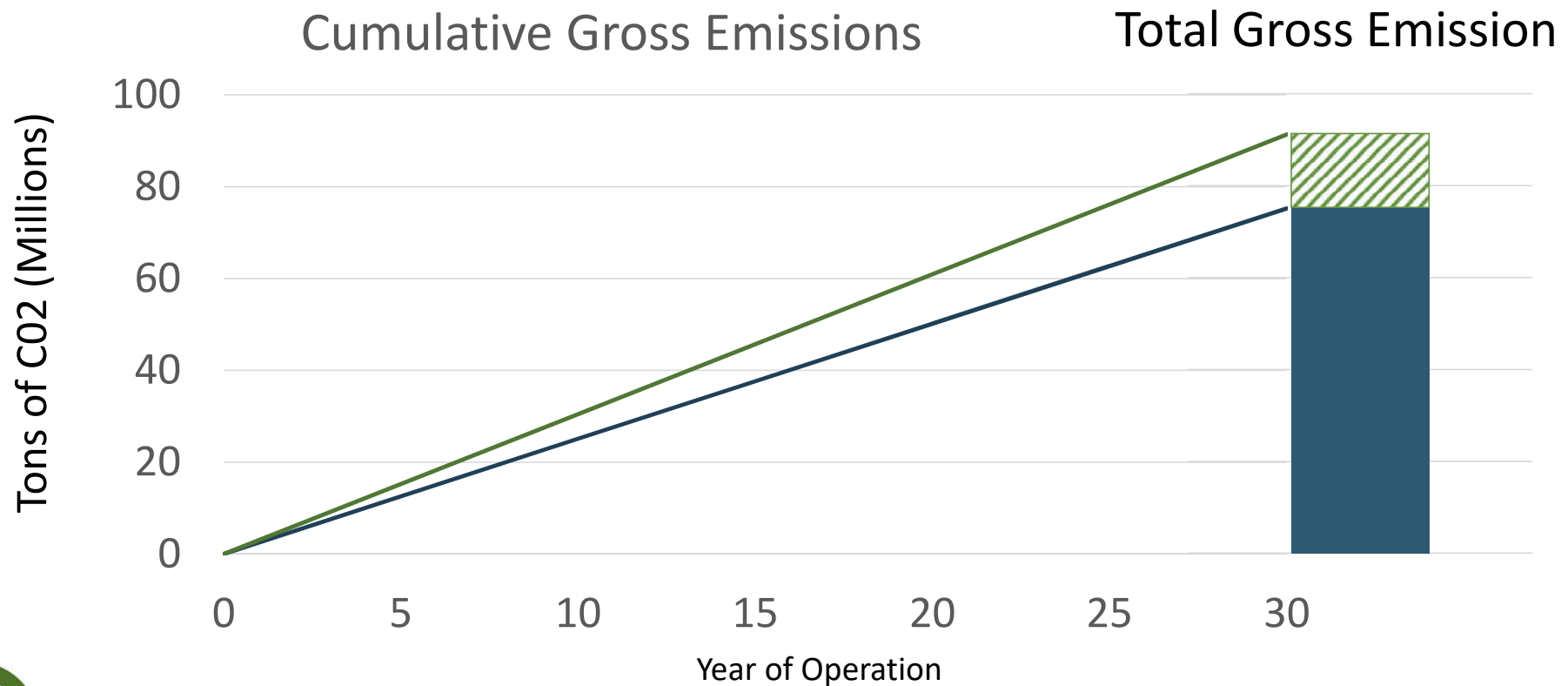
Overview

- Review purpose and scope of the rulemaking project
- Update on May 13, 2020 RAC meeting.
- Review of Draft Proposed Rules and policy recommendations.
- Request to adopt findings of economic achievability, issue Notice of Proposed Rulemaking, and initiate formal rulemaking proceedings.
- Council may approve, modify, or reject staff's recommended rulemaking actions.

EFSC Carbon Standard

- To be issued a site certificate, applicants proposing to develop a carbon dioxide emitting energy facility must compliance with the applicable Carbon Dioxide Emissions Standard. To comply:
 - Net CO₂ emissions from a proposed fossil-fueled power plant may not exceed 0.614 lbs of CO₂/kilowatt hour (kWh) of net electric power output
 - Net CO₂ emissions from a proposed nongenerating energy facility (i.e. compressor station) may not exceed 0.459 lbs of CO₂/horse power hour (hp-h).

EFSC Carbon Standard (Example)



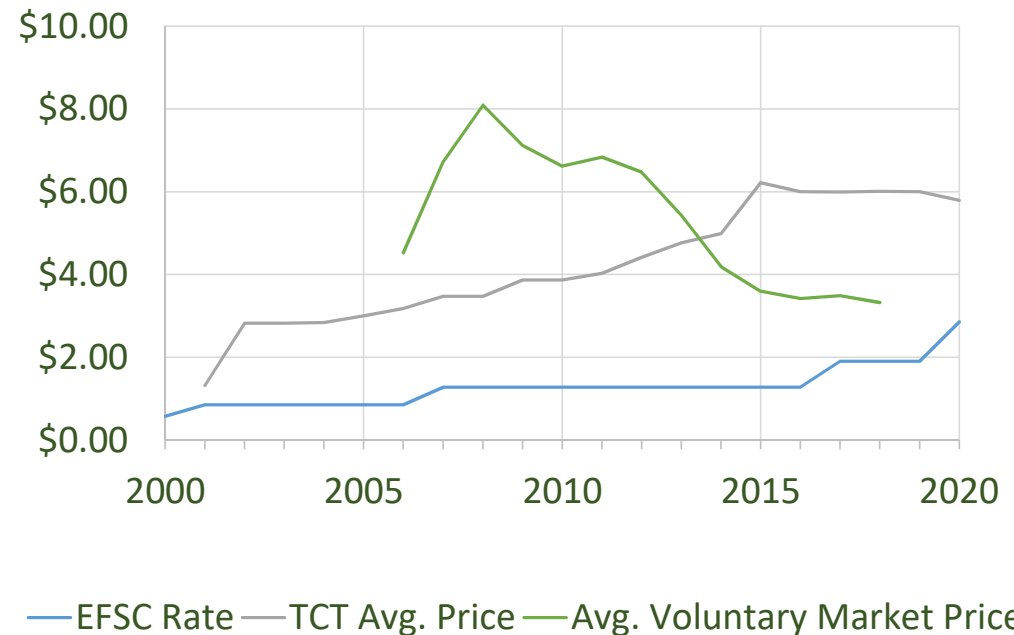
The Monetary Offset Rate

- Most applicants reduce net emissions through the “monetary pathway” by agreeing to provide funds to The Climate Trust (TCT) in “an amount deemed sufficient to produce any necessary reduction in greenhouse gas emissions.”
- The monetary pathway uses an assumed monetary offset rate to determine the amount of funds that is sufficient to produce the equivalent of a one ton reduction in carbon dioxide emissions.
- ORS 469.503(2)(c)(C) authorizes the Council to increase or decrease the monetary offset rate by up to 50 percent in any two year period.
- Any change in the rate must be based on:
 - Empirical evidence of the cost of offsets and
 - The council’s finding that the standard will be economically achievable.

Proposed Rate Increase

- More than two years have passed since the rate was last increased, rate may be changed by up to 50%.
- Empirical evidence shows that the current rate is approximately one-third of the actual cost of offsets negotiated by TCT.
- The Governor has issued Executive Order 20-04 directing state agencies to take actions to reduce and regulate greenhouse gas emissions.

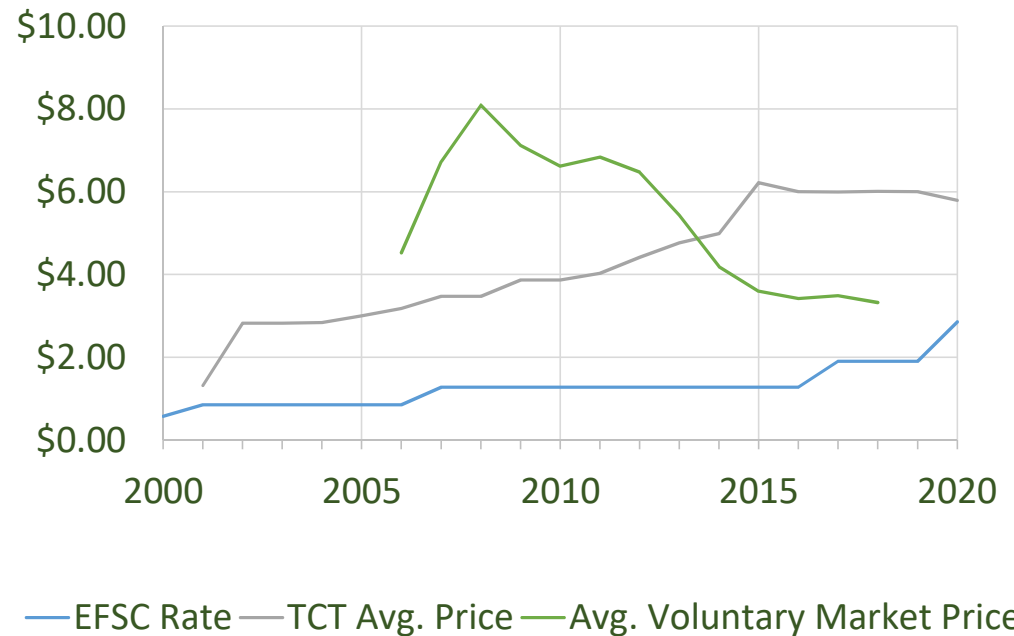
Carbon Offset Rate, Prices & Costs 2000-2020
(\$/US Ton CO₂e)



Proposed Rate Increase

- Based on the empirical evidence of the cost of offsets negotiated by TCT, staff recommends that the maximum 50 percent increase is justified.
- Staff recommends the new rate be set at \$2.85 per ton of CO₂,

Carbon Offset Rate, Prices & Costs 2000-2020
(\$/US Ton CO₂e)



Findings of Economic Achievability

- ORS 469.503(2)(c)(C), “* * * Any change to the monetary offset rate shall be based on *** the council’s finding that the standard will be economically achievable with the modified rate for natural gas-fired power plants. ***”
- “Economically Achievable” is not further defined.

Recommended Indicators

- Staff recommends the following indicators be used to determine economic achievability:
 - *Indicator #1: % Increase in Costs of Developing a New Natural Gas-Fired Power Plant*
 - *Indicator #2: \$ Increase in Cost of Electricity from a New Natural Gas-Fired Power Plant*

Calculation of Indicators*

Indicator #1

$$\frac{\text{Total Excess Emissions} * \$0.95}{\text{Total Construction Costs}} = \% \text{ Increase in Development Costs}$$

Indicator #2

$$\text{Excess Emissions Rate} * \$0.95 = \text{Increase Costs of Producing Electricity}$$



*See Attachment 1 to the Staff report for Complete Methods

Recommended Reference Data

Based on availability and generalizability, staff recommends using reference cases from the 2020 Annual Energy Outlook.

Description	Net Capacity (MW)	Total Capital Costs (2019 \$/kw)	Avg. Full Load Heat Rate (HHV Btu/KWh)
Combined-Cycle Combustion Turbine (1x1x1)	418	\$ 1,135	6431
Combined-Cycle Combustion Turbine (2x2x1)	1083	\$ 985	6370
Reciprocating Internal Combustion Engine (RICE)	21	\$ 1,904	8295
Single-Cycle Combustion Turbine – Aero derivative	105	\$ 1,212	9124
Single-Cycle Combustion Turbine – Industrial Frame	237	\$ 737	9905

Results & Findings*

Indicator #1: Increase in Development Costs

$$\frac{\text{Increased Cost of Compliance}}{\text{Total Construction Costs}} = \frac{\$5.7 \text{ Million}}{\$376.3 \text{ Million}} = 1.5\% \text{ Increase}$$

Indicator #2: Increase in Cost of Producing Electricity

$$\text{Excess Emissions Rate} * \$0.95 = .162 \text{ ton/MWh} * \$0.95 = \$0.15/\text{MWh}$$



*See Attachment 2 to the Staff report for Complete Results

Results & Findings

- Staff estimates that the proposed increase would increase the costs of developing a new natural gas power plant by an average of 1.5%. This would represent an additional \$0.15 per megawatt hour of electricity produced by a new natural gas-fired power plant.
- Staff recommends Council find that these modest increases are not likely to affect the economic achievability of the Council Standard for natural gas-fired power plants.

Estimated Fiscal Impacts

- Staff recommends using the results of the economic achievability analysis to estimate the costs of the proposed increase and the Social Cost of Carbon to estimate the benefits.
- The SCC represents the net present value of the economic damages associated with emitting one ton of carbon dioxide.
- We used an SCC of \$58 based on the last central estimates from the federal Interagency Working Group on the Social Cost of Greenhouse Gases (IWG)

Estimated Fiscal Impacts

Increase in Offset Funds * Cost of Offsets = Average Reduction in Net CO2 Emissions

$$\$0.15/\text{MWh} * \$6.00/\text{tCO}_2\text{e} = .0257 \text{ tCO}_2\text{e}/\text{MWh}$$

Average Reduction in Net CO2 Emissions * SCC = Social Benefit of Rate Increase

$$.0257 \text{ tCO}_2\text{e}/\text{MWh} * \$58/\text{tCO}_2\text{e} = \$1.48/\text{MWh}$$

Social Benefit of Rate Increase – Increase in Cost of Compliance = Net Social Benefit

$$\$1.48 - \$0.015 = \mathbf{\$1.33/\text{MWh Net Social Benefit}}$$

Estimated Fiscal Impacts

- Staff Notes that while an average \$1.33/MWh net benefit is expected, the rate impact will not affect previously approved site certificates.
- Impact for non-generating facilities is not clear, similar magnitude expected.
- The total impact, if any, is unknown. No applications or requests for amendment for carbon dioxide emitting facilities are currently under review.

Projected Rulemaking Timeline

Permanent Rulemaking Steps	Completion Date
Council initiates permanent rulemaking process.	April 24, 2020
Staff drafts notice and sends early notice to legislators	May 5, 2020
Staff convenes advisory committee stakeholders	May 13, 2020
Staff requests Council authorization to file Notice of Proposed Rulemaking	May 22, 2020
Staff issues Public Notice	May 22, 2020
Public Comment Period	May 22 – June 25, 2020
Rulemaking Hearing	June 25, 2020
Staff prepares draft permanent rules for Council	June 25, 2020
Council considers public comments and testimony/considers permanent rules	June 26, 2020
Staff submits permanent rule filing to Secretary of State	June 29, 2020
Permanent rules are effective	July 1, 2020

Staff Recommendation

- Staff recommends Council adopt staff's recommended findings that:
 - Empirical evidence of the costs of offsets suggests that and increase in the monetary offset rate under OAR 345-024-0580 from \$1.90 to \$2.85 is needed; and
 - Such an increase is not likely to affect the economic achievability of the Council's Carbon Standard for Natural Gas-Fired Power Plants, as presented in **Attachment 1**.
- Staff further recommends that Council initiate formal proceedings to adopt the rate increase, and requests authorization to issue the notice of proposed rulemaking as presented in Attachment 2.

Council Decision on Proposed Rules

Option 1

Adopt findings of economic achievability & authorize staff to issue notice as presented.

Option 2

Adopt findings of economic achievability & authorize staff to issue notice, with modifications.

Option 3

Deny authorization and provide additional direction to staff.

Agenda Item J (Information/Action Item)

Construction Disruptions Related to the COVID-19 Pandemic

May 22, 2020

Christopher Clark, Siting Policy Analyst & Rules Coordinator



Overview

- Overview of COVID-19 Construction Disruptions & Potential Impacts to Certificate Holders
- Potential options for relief
- Public Comment
- Council Deliberation

Construction Disruptions due to COVID-19

- The COVID-19 Pandemic has caused widespread economic disruptions.
- Specific impacts to energy facility development include:
 - Inability to field survey or construction crews
 - Supply chain disruptions
 - Disruption of financial markets and capital investments

Solar, wind energy struggle as coronavirus takes toll

By CATHY BUSSEWITZ, JOHN FLESHER and PATRICK WHITTLE May 2, 2020



Potentially Affected Facilities

The following facilities have upcoming construction beginning deadlines that have not yet been met:

- Golden Hills Wind: June 18, 2020
- Summit Ridge Wind: August 19, 2020
- Perennial Wind Chaser: September 23, 2020
- Boardman Solar: February 23, 2021

Construction Deadlines

- The Council is required to specify deadlines for the beginning and completion of construction in the site certificate. ORS 469.370(12) & 469.401(2).
- Under the Council's rules, failure to begin construction by the specified deadline results in automatic expiration and termination of a site certificate. Expiration is stayed upon Department's receipt of a request for amendment.
- Council has not specified consequences for failure to meet construction completion deadline.

Potential Options

1. Directing staff to expedite the process for review of requests for amendment to extend construction deadlines related to the pandemic;
2. Adopting rules to allow Council to stay expiration and termination of site certificate when failure to begin construction by the deadline was due to the COVID-19 pandemic;
3. Adopting rules to allow Council to stay expiration and termination of a site certificate when failure to begin construction by the deadline was with good cause.

1. Expedited Processing of Requests

- Council could reduce some costs and uncertainty by directing staff to expedite review of requests for amendment related to COVID-19.
- Some actions that could expedite the review process include:
 - Directing staff to process any requests to extend construction beginning dates due to the COVID-19 Pandemic under the Type B review process;
 - Limiting the Division 21 information a certificate holder must include in a preliminary request for amendment under OAR 345-027-0360(1)(c) to what is essential to process the request;
 - Directing staff to process requests on the most expedited timeline allowed by rule.

2. Adopt rules to stay termination for reasons related to the pandemic.

- Council could amend rules to allow stay of expiration and termination when a failure to meet construction beginning deadlines is due to the COVID-19 pandemic. Rule could require:
 - Findings that the failure was caused by the COVID-19 pandemic and
 - Establishment of a new deadline that is commensurate with those findings.
- Permanent rulemaking is recommended for this option.
 - Temporary rules only allowed when failure to take immediate action would result in serious prejudice to the interests of the public or the parties concerned.

3. Permanent rules to stay termination of site certificate for good cause.

- Alternatively, Council could amend rules to allow stay of expiration and termination when a failure to meet construction beginning deadlines is due to good cause.
- Permanent rulemaking is likely required for this option.
- Staff recommends consideration in 2022 Amendment Rulemaking.

Public Comment



Council Deliberation



Agenda Item K (Information Item – Cancelled)

Obsidian Solar Center - Council Review of Draft Proposed Order and Public Comments

**This agenda item has been postponed until after the
conclusion of the rescheduled public hearing**

Adjourn

