

PUBLIC PURPOSE CHARGE

Bill Number: HB 3141 – Public Purpose Charge

Chapter: 547, OR Laws 2021

Effective Date: Sept 25, 2021, but with operational dates for most elements by Jan 1, 2022 (noted below)

Adds new provisions and amends 757.054, 757.247, 757.365, 757.612, 757.613 and 757.617 and repeals ORS 757.689 to modify the public purpose charge, create requirements on ETO, establish equity metrics for PPC expenditures, and create new revenue for bill payment and crisis assistance

| <i>Rulemaking Required?</i> | <i>Report Required?</i> | <i>Other</i> |
|---------------------------------|----------------------------------|--|
| Maybe | Yes Updated PPC report | Yes <ol style="list-style-type: none"> 1. ADV Filings: <ol style="list-style-type: none"> a. Updated PPC tariff b. Cancellation of SB 838 tariff c. New Energy Trust tariff d. Updated large-customer tariffs, including site definition revision e. Update low-income bill assistance tariff with limits on maximum monthly payments. 2. Activities: <ol style="list-style-type: none"> a. Equity metric b. Establish “official” joint budget, action plan, and agreement process between Energy Trust and utilities c. Establish definitions (DSCT & LMI) and processes (Tracking & reporting of renewable spending) d. Update Energy Trust grant agreement 3. General collaboration: <ol style="list-style-type: none"> a. Utilities: <ol style="list-style-type: none"> i. Collect from all retail customers ii. Large customer info sharing b. ODOE: <ol style="list-style-type: none"> i. Rule changes to PPC’s self-direct funding program; crediting ii. Updating PPC report |

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| | | <ul style="list-style-type: none"> iii. Updating eligible tech for schools using PPC funds c. OHCS: <ul style="list-style-type: none"> i. Ensuring utility funds only spent in utilities' territory ii. Approach to manufactured housing replacements & bulk fuel replacement iii. Investigate alternative delivery models with utilities iv. Minimum records for CUB and utilities |
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Bill Summary

<https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB3141/B-Engrossed>

HB 3141 makes numerous changes to laws governing the collection and use of the public purpose charge (PPC). Those changes, as relevant to the PUC, are as follows:

1. PPC Fee (Section 1) (Operational 1/1/22)

HB 3141 extends collection of the PPC to 2036 and reduces the amount from 3% to 1.5% by shifting all energy conservation funding for energy efficiency through utility rates. The funding levels for the four remaining PPC components either remain the same or are slightly increased:

- 0.3% for school districts that are located in the service territory of the utility
- 0.51% for above market costs for new renewables of 20MW or less, or customer investments in distribution system-connected technologies that support reliability, resilience and the integration of renewable energy resources with the utility's distribution system (25 percent of these funds must be used for activities, resources and technologies that serve low- and -moderate income customers, including for technologies that do not have above-market costs)
- 0.55% for new low-income weatherization (to be directed to the Housing and Community Services Department and spent within the service territory of the utility)
- 0.14% for deposit in the HCSD for the purpose of providing grants as described in ORS 458.587(2)

The bill designates the PPC as non-by-passable, and increases the maximum amount a retail electric customer that uses more than 1 aMW is credited against PPC fees for renewable energy resources from 19% to 25.5%

2. Energy Efficiency (Sections 2 and 3) (Operational 1/1/22)

Utilities must continue to acquire all cost-effective energy efficiency. HB 3141 establishes payment for all cost-effective energy efficiency through rates, placing SB 1149 (1999) and SB 838 (2007) funding in utility budgets. The bill also clarifies that retail electric consumers served by Energy Service Suppliers must pay the same amounts for energy efficiency, and authorizes the PUC to adopt rules or procedures for the crediting of large self-direct customers.

The bill establishes key limits on payments for energy efficiency by large retail electric customers using over one average megawatt (MWa). Through 2025 the maximum amount any customer using over 1 MWa can be charged is limited to 1.7% for energy efficiency. From 2026 through 2035 the maximum amount a customer using between 1 MWa and 10 MWa is capped at \$250,000. For customers using over 10 MWa, the contribution toward EE is capped at \$4 million annually from 2026 through 2030. From 2031 through 2035, this cap is raised to \$4.5 million annually. The cap is repealed in January of 2036.

3. Nongovernmental Entity Requirements (Section 9) (Operational 9/26/21)

HB 3141 provides a new consolidated section related to the Energy Trust of Oregon (ETO) as the nongovernmental entity. The section extends the PUC's authority to formalize existing practice to direct PPC funds from natural gas customers to the ETO, and retains much of the existing language.

New provisions under subsection 1(e) require the ETO to jointly develop with electric companies, electric company-specific budgets, action plans and agreements that detail ETO's specific planned expenditures for activities, resources and technologies pursuant to (3)(b)(B). These plans should include joint investments and reflect stakeholder feedback through a public process, relevant to the public utility and overseen by the PUC.

4. Environmental Justice (Sections 11 and 12) (Operational 9/26/21)

HB 3141 obligates the PUC to establish equity metrics to assess and create accountability for environmental justice in the expenditure of energy conservation funds. These metrics must reflect feedback through a public process that includes, at a minimum, environmental justice communities. The nongovernmental entity receiving energy conservation funding (ETO) is required to report on progress toward equity metrics. The PUC is required to update these metrics every four years. As used in the section, "Environmental Justice" has been defined to mean the equal treatment, protection from environmental and health hazards, and meaningful involvement of environmental communities in the development, implementation and enforcement of regulations and policies that affect the environment in which people live, work, learn, practice spiritually and play.

The PUC must develop equity metrics by December 31, 2022.

5. Low Income Electric Bill Payment Assistance (Section 15) (Operational 1/1/22)

This section reorganizes but generally does not change existing provisions found in ORS 757.612(7)(f) relating to low income bill payment assistance. Those provisions require utilities to collect at least \$20 million annually for bill payment and crisis assistance, with no customer paying more than \$500/month. All funds collected go to OHCS Low-Income Electric Bill Payment assistance fund (ORS 456.587).

Fiscal Impacts

The PUC reported no fiscal impact for HB 3141. Implementation of this measure requires new work to be done within the scope of existing positions at the PUC.

Implementation Considerations

The PUC may take any action before the operative dates specified that is necessary for the PUC to exercise all of the required duties, functions and powers by sections 1 through 6 and 14 through 15 of HB 3141.

Implementation Plan

HB 3141 creates several work streams for each of the bill's major provisions. The PUC's plan to implement the bill is generally represented on the attached Gantt chart (with the exception of changes required to utility tariff and direct access charges, addressed below). The PUC will revisit the implementation activities and adjust as needed.

The key implementation activities are as follows:

1. Guidance and Definitions:

ETO needs early guidance on new undefined terms in HB 3141 to help inform spending for 2022. These include "distributed system-connected technologies" (ORS 757.612(1)(a)(A)) and "low to moderate customers" ORS 757.612(1)(f).

Action: PUC Staff to lead dialogue with ETO and stakeholders on interim definitions beginning in October 2022. Staff will work with ETO and stakeholders during ETO's budget process in August 2022 to revisit and refine terms as necessary.

2. Large Customers:

Sections 2 and 3 of HB 3141 makes various changes to large customers affecting self-direct, site, priority, and tracking.

Action: PUC Staff to meet with ETO, utilities, stakeholders and the Oregon Department of Energy (ODOE) (that manages self-direct program) to ensure common understanding of changes or any required actions.

3. Utility Specific Budgets:

ETO is required to jointly develop utility specific budgets, action plans and agreements that detail ETO's specific planned expenditures for activities, resources and technologies

Action: PUC Staff the lead a process with ETO, utilities, and stakeholders to develop a framework and process for development of utility-specific budgets. To be done by June 2022 to inform ETO's normal budget cycle.

4. Environmental Justice

By Dec. 31, 2022, the PUC will need to establish equity metrics to assess and create accountability for environmental justice in the expenditure of energy conservation funds. The PUC must use a public process that includes, at minimum, input from environmental justice communities. These metrics must be updated every four years. ETO must report on progress toward equity metrics annual as part of its budget.

Action: PUC Staff (or facilitator) to led workshops to conclude with adoption of Equity Metrics in December 2022.

5. PPC Fee & Energy Efficiency

The PUC needs to adopt new tariffs for each electric utility to reflect the changes in the PPC, as well as changes to make the PPC fee non-by-passable and to incorporate changes relating to maximum credits for 1aMW customers. The PUC also needs to take steps to ensure all cost-effective energy efficiency expenditures are collected through customer rates, and to require electric consumers served by ESSs pay the same amounts.

Action: These and other required tariff changes from the 2021 Legislative Session will be addressed in a separate implementation plan.