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Senate Bill 838 – the Oregon Renewable Energy Act (Renewable Portfolio Standard of 25% by 2025)

Senate Bill 838 establishes a Renewable Portfolio Standard (RPS) for electricity. The bill requires that 25% of Oregon's electric load come from new renewable energy by 2025. This requirement applies to electric utilities and any electricity service suppliers that serve at least three percent of Oregon's electric load. This covers Oregon's two largest investor-owned electric utilities and the largest consumer-owned utility, applying to 75% of Oregon's electricity load. Depending on load growth, this will likely cover most of the new resources needed to meet these utilities' new load. Utilities that contribute less than three percent to the total state load must meet a five percent or 10 percent standard by 2025, depending on their size. They also lose their exemption from the large standard if they make new investments in coal-based generation.

Sets Interim Targets: The standard is phased in starting with:

- 5 percent by 2011
- 15 percent by 2015
- 20 percent by 2020
- 25 percent by 2025

Energy Must Come from a New Renewable Energy Source: To be eligible to count toward the standard, electricity must be from a resource that was operational on or after 1995 and derived from:

- Wind, solar, wave, tidal, geothermal, biomass, new hydro (that is not located inside environmentally protected areas), or efficiency upgrades to existing hydro facilities.

Three Options for Compliance: Utilities have three options for complying with the standard:

- Build and operate a renewable energy facility;
- Enter into a contract to purchase power from a renewable energy facility;
- Purchase renewable energy certificates to meet up to 20% of the RPS requirement (50 percent for consumer-owned utilities through 2020).

Protects Reasonable Rates for Consumers: The standard is not expected to result in significant rate increases, but to provide certainty to rate payers, a 4% cost-cap is provided, which means utilities do not have to comply with the standard if doing so will result in rate increases by more than 4%.

Helps Control Costs by Enabling Utilities to Make 'Alternative Compliance Payment': If in a particular year, none of the options for compliance are cost-effective, utilities have the option to make an *Alternative Compliance Payment* (ACP) to meet their renewable energy requirement under the standard. The ACP will go into an account that can be used at a later date to acquire renewable energy, invest in conservation or, in the case of consumer-owned utilities, research and development.

Recognizes the Unique Interests of Oregon's Consumer-Owned Utilities: Accommodates the unique interests of Consumer Owned Utilities (COU), protecting their competitiveness.

- Exempts 36 of Oregon's 37 COUs from having to meet the 25 percent by 2025 standard;
- Protects low cost, firm power COUs receive from the Bonneville Power Administration;
- Provides greater flexibility for COUs to use renewable energy credits through 2020;
- Continues longstanding tradition of local control for COUs by not establishing any new regulatory relationship or oversight by the state and contains no penalty provisions for non-compliance with the RPS;
- Allows COUs to set own ACP rates and expands eligible uses of ACP funds, including investments in research and development and emerging renewable technologies.

Extends the Public Purpose Charge & Helps Small Projects: The public purpose charge is extended through 2025 and the bill dedicates the renewable energy portion of the revenue to support smaller community scale projects.

Job Impact Study: SB 838 requires the Department of Energy to conduct periodic studies to determine total jobs created, wage rates, and other economic impacts.