

# House Bill 2729

Sponsored by Representative READ, Senator EDWARDS; Representatives BUCKLEY, GALLEGOS, GORSEK, Senators BATES, DEMBROW, MONROE (Pre-session filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires electric companies to reduce allocation of electricity from coal-derived generating resources to zero on or before January 1, 2025, to customers of electric company that are located in this state. Requires electric companies to replace coal-derived generating resources with mix of energy resources that are at least 90 percent cleaner than coal-derived generating resources.

## A BILL FOR AN ACT

Relating to energy; creating new provisions; amending ORS 757.522; and repealing ORS 757.524, 757.526, 757.531 and 757.536.

**Be It Enacted by the People of the State of Oregon:**

## EFFECTIVE JANUARY 1, 2016

**SECTION 1.** Section 2 of this 2015 Act is added to and made a part of ORS chapter 757.

**SECTION 2.** (1) As used in this section:

(a) "Electric company" has the meaning given that term in ORS 757.600.

(b) "Plant" means a facility that uses coal-fired units or that uses units fired in whole or in part by coal-fired feedstock to generate electricity.

(2) Except as provided in subsection (5) of this section, an electric company shall:

(a) Reduce the allocation of electricity from coal-derived generating resources to zero on or before January 1, 2025; and

(b) Replace those coal-derived generating resources with clean energy as specified in subsections (3) and (4) of this section.

(3)(a) Except as provided in subsection (5) of this section, the Public Utility Commission shall require an electric company to develop a least-cost plan to reduce the allocation of electricity from coal-derived generating resources to zero on or before January 1, 2025.

(b) A plan described in paragraph (a) of this subsection must include:

(A) A comprehensive accounting of each of the electric company's coal-fired units or units fired in whole or in part by coal-fired feedstock;

(B) An analysis of expenditures that are necessary for a plant to be operated to the end of the plant's useful life;

(C) An analysis of whether a plant becomes uneconomical before the end of the plant's useful life;

(D) A least-cost, least-risk analysis of the order in which the electric company will reallocate electricity generated by plants so that the electricity will no longer serve the customers of the electric company that are located in this state;

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 (E) A timeline for implementing the plan; and

2 (F) Any other information required by the commission.

3 (c) The commission may require a plan described in this subsection to be submitted to  
 4 the commission as part of any process established by the commission that the commission  
 5 considers an appropriate process for evaluating the plan or by any other process established  
 6 by the commission by rule or order.

7 (4)(a) In addition to the plan described in subsection (3) of this section, an electric com-  
 8 pany also shall identify the quantity and type of supply-side and demand-side resources that  
 9 will replace the coal-derived generating resources that the electric company will no longer  
 10 allocate as specified in subsection (2) of this section. The electric company shall identify the  
 11 least-cost method of achieving a mix of energy resources that is at least 90 percent cleaner  
 12 than the coal-derived generating resources being replaced.

13 (b) In determining the least-cost method described in paragraph (a) of this subsection,  
 14 if there is no difference in terms of price or reliability, an electric company shall give pref-  
 15 erence to resources that allow electricity to be transmitted to this state on a real-time basis  
 16 without shaping, storage or integration services.

17 (c) The commission may require the information described in this subsection to be sub-  
 18 mitted to the commission as part of any process established by the commission that the  
 19 commission considers an appropriate process for evaluating the information or by any other  
 20 process established by the commission by rule or order.

21 (5) This section:

22 (a) Applies only to the allocation of electricity to the customers of an electric company  
 23 that are located in this state; and

24 (b) Does not apply to market purchases of unspecified power.

25  
 26 **CONFORMING AMENDMENTS**  
 27 **OPERATIVE JANUARY 1, 2025**  
 28

29 **SECTION 3.** Section 2 of this 2015 Act is amended to read:

30 **Sec. 2.** (1) As used in this section[:],

31 [(a)] “electric company” has the meaning given that term in ORS 757.600.

32 [(b)] “Plant” means a facility that uses coal-fired units or that uses units fired in whole or in part  
 33 by coal-fired feedstock to generate electricity.]

34 [(2)] Except as provided in subsection (5) of this section, an electric company shall:]

35 [(a)] Reduce the allocation of electricity from coal-derived generating resources to zero on or before  
 36 January 1, 2025; and]

37 [(b)] Replace those coal-derived generating resources with clean energy as specified in subsections  
 38 (3) and (4) of this section.]

39 [(3)(a)] Except as provided in subsection (5) of this section, the Public Utility Commission shall re-  
 40 quire an electric company to develop a least-cost plan to reduce the allocation of electricity from coal-  
 41 derived generating resources to zero on or before January 1, 2025.]

42 [(b)] A plan described in paragraph (a) of this subsection must include:]

43 [(A)] A comprehensive accounting of each of the electric company’s coal-fired units or units fired in  
 44 whole or in part by coal-fired feedstock;]

45 [(B)] An analysis of expenditures that are necessary for a plant to be operated to the end of the

1 *plant's useful life;]*

2 *[(C) An analysis of whether a plant becomes uneconomical before the end of the plant's useful*  
 3 *life;]*

4 *[(D) A least-cost, least-risk analysis of the order in which the electric company will reallocate*  
 5 *electricity generated by plants so that the electricity will no longer serve the customers of the electric*  
 6 *company that are located in this state;]*

7 *[(E) A timeline for implementing the plan; and]*

8 *[(F) Any other information required by the commission.]*

9 *[(c) The commission may require a plan described in this subsection to be submitted to the com-*  
 10 *mission as part of any process established by the commission that the commission considers an appro-*  
 11 *prate process for evaluating the plan or by any other process established by the commission by rule*  
 12 *or order.]*

13 **(2) An electric company may not allocate electricity from coal-derived generating re-**  
 14 **sources to the customers of the electric company that are located in this state.**

15 *[(4)(a)] (3)(a) [In addition to the plan described in subsection (3) of this section,] An electric*  
 16 *company [also] shall **periodically** identify the quantity and type of supply-side and demand-side re-*  
 17 *sources that [will] replace the coal-derived generating resources that the electric company [will] no*  
 18 *longer [allocate] **allocates** as specified in subsection (2) of this section. The electric company shall*  
 19 *identify the least-cost method of achieving a mix of energy resources that is at least 90 percent*  
 20 *cleaner than the coal-derived generating resources being replaced.*

21 (b) In determining the least-cost method described in paragraph (a) of this subsection, if there  
 22 is no difference in terms of price or reliability, an electric company shall give preference to re-  
 23 sources that allow electricity to be transmitted to this state on a real-time basis without shaping,  
 24 storage or integration services.

25 (c) The commission may require the information described in this subsection to be submitted to  
 26 the commission as part of any process established by the commission that the commission considers  
 27 an appropriate process for evaluating the information or by any other process established by the  
 28 commission by rule or order.

29 *[(5)] (4) This section:*

30 (a) Applies only to the allocation of electricity to the customers of an electric company that are  
 31 located in this state; and

32 (b) Does not apply to market purchases of unspecified power.

33 **SECTION 4.** ORS 757.522 is amended to read:

34 757.522. As used in ORS 757.522 to 757.536:

35 (1) "Additional interest" means:

36 (a) The acquisition, by the holder of an interest in a generating facility located in Oregon, of a  
 37 separate interest in that generating facility that is producing energy and is in service for tax pur-  
 38 poses, commercially operable or in rates on July 1, 2010; and

39 (b) The renewal of an existing contract of five or more years that includes the acquisition of  
 40 baseload electricity for an additional term of five or more years where the expected greenhouse gas  
 41 emissions profile of the contract renewal is substantially similar to that of the previous contract.

42 (2) "Annual plant capacity factor" means the ratio of the electricity produced by a generating  
 43 facility during one year, measured in kilowatt-hours, to the electricity the generating facility could  
 44 have produced if it had been operated at its rated capacity throughout the same year, expressed in  
 45 kilowatt-hours.

1 (3)(a) “Baseload electricity” means electricity produced by a generating facility that is designed  
 2 and intended, at the time a site certificate is issued to the owner of the facility or a permit au-  
 3 thORIZING the construction and operation of the facility is issued to the owner of the facility by an-  
 4 other state or country, to provide electricity on a continuous basis at an annual plant capacity  
 5 factor of at least 60 percent.

6 (b) “Baseload electricity” does not include electricity from:

7 (A) A qualifying facility under the federal Public Utility Regulatory Policies Act of 1978, 16  
 8 U.S.C. 2601 to 2645; **or**

9 (B) A generating source that uses natural gas or petroleum distillates as a fuel source and that  
 10 is primarily used to serve either peak demand or to integrate energy from a renewable energy  
 11 source described in ORS 469A.025[; *or*].

12 [(C) *A generating facility that:*]

13 [(i) *Previously used coal as the facility’s primary fuel source;*]

14 [(ii) *Is owned in whole or in part by an electric company; and*]

15 [(iii) *Currently uses natural gas or another resource as the facility’s primary fuel source.*]

16 (4) “Construction” has the meaning given that term in ORS 469.300.

17 (5) “Consumer-owned utility” has the meaning given that term in ORS 757.600.

18 [(6) *“Electric company” has the meaning given that term in ORS 757.600.*]

19 [(7) *“Electricity service supplier” has the meaning given that term in ORS 757.600.*]

20 [(8)] (6) “Generating facility” includes one or more jointly operated electricity generators that  
 21 use the same fuel type, have the same in-service date and operate at the same location as described  
 22 in ORS 469.300.

23 [(9)] (7) “Governing board” means the legislative authority of a consumer-owned utility.

24 [(10)(a)] (8)(a) “Long-term financial commitment” means an investment in or upgrade of a gen-  
 25 erating facility that produces baseload electricity, or a contract with a term of more than five years,  
 26 beginning on the date on which the contract is executed, that includes acquisition of baseload  
 27 electricity.

28 (b) “Long-term financial commitment” does not include:

29 (A) Routine or necessary maintenance;

30 (B) Installation of emission control equipment;

31 (C) Installation, replacement or modification of equipment that improves the heat rate of the  
 32 facility or reduces a generating facility’s pounds of greenhouse gases per megawatt-hour of elec-  
 33 tricity;

34 (D) Installation, replacement or modification of equipment where the primary purpose is to  
 35 maintain reliable generation output capability and not to extend the life of the generating facility,  
 36 and that does not increase the heat input or fuel usage as specified in existing generation air quality  
 37 permits, but that may result in incidental increases in generation capacity;

38 (E) Repairs necessitated by sudden and unexpected equipment failure; or

39 (F) An acquisition of an additional interest.

40 [(11)] (9) “Output-based methodology” means a greenhouse gas emissions standard that is ex-  
 41 pressed in pounds of greenhouse gases emitted per megawatt-hour, factoring in the useful thermal  
 42 energy employed for purposes other than the generation of electricity.

43 [(12)] (10) “Site certificate” has the meaning given that term in ORS 469.300.

44 [(13)] (11) “Upgrade” means any modification made for the primary purpose of increasing the  
 45 electric generation capacity of a baseload facility.

1        **SECTION 5. ORS 757.524, 757.526, 757.531 and 757.536 are repealed.**

2        **SECTION 6. The amendments to section 2 of this 2015 Act and ORS 757.522 by sections**  
3        **3 and 4 of this 2015 Act and the repeal of ORS 757.524, 757.526, 757.531 and 757.536 by section**  
4        **5 of this 2015 Act become operative on January 1, 2025.**

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