

**PROPOSED AMENDMENTS TO
HOUSE BILL 2216**

1 In line 2 of the printed bill, after “electricity” insert “; and declaring an
2 emergency”.

3 Delete lines 4 through 13 and insert:

4 **“SECTION 1. As used in sections 1 to 5 of this 2015 Act:**

5 **“(1) ‘Electric company’ means an electric company, as defined in**
6 **ORS 757.600, that makes sales of electricity to at least 25,000 retail**
7 **electricity consumers.**

8 **“(2) ‘Long-term contract’ means a contract having a term of 20 to**
9 **25 years.**

10 **“(3) ‘Nameplate capacity’ means the maximum rated output of a**
11 **generator or other electric power production equipment under specific**
12 **conditions designated by the manufacturer.**

13 **“(4) ‘Offshore wind facility’ means a facility located in federal wa-**
14 **ters of the outer continental shelf that uses wind energy to generate**
15 **electricity and the associated transmission and interconnection facili-**
16 **ties that directly connect the facility to an electric system within this**
17 **state.**

18 **“(5) ‘Offshore wind pilot project’ means an offshore wind facility**
19 **located at least 15 miles off the coast of this state that has no more**
20 **than five wind turbine generators and for which a request for an Outer**
21 **Continental Shelf Renewable Energy Program lease was submitted**
22 **pursuant to 30 C.F.R. 585.230.**

1 **“(6) ‘Procurement of offshore wind electricity’ means the acquisi-**
2 **tion, by long-term contract, of the electricity, capacity, renewable**
3 **energy certificates and ancillary services, if any, generated by an off-**
4 **shore wind facility.**

5 **“(7) ‘Procure offshore wind electricity’ means to acquire, by long-**
6 **term contract, the electricity, capacity, renewable energy certificates**
7 **and ancillary services, if any, generated by an offshore wind facility.**

8 **“(8) ‘Retail electricity consumer’ means a retail electricity con-**
9 **sumer, as defined in ORS 757.600, that is located in this state.**

10 **“SECTION 2. The Legislative Assembly finds that it is in the in-**
11 **terest of this state:**

12 **“(1) To promote the development of offshore wind facilities in order**
13 **to:**

14 **“(a) Stimulate job creation and economic development, particularly**
15 **in rural coastal communities;**

16 **“(b) Develop a local supply chain to reduce the future cost of off-**
17 **shore wind facilities; and**

18 **“(c) Position the state as a global leader in the emerging floating**
19 **offshore wind industry.**

20 **“(2) To facilitate the construction of an offshore wind pilot project**
21 **in order to:**

22 **“(a) Promote the development of baseload renewable energy**
23 **sources;**

24 **“(b) Prepare for the expected retirement of fossil fuel energy**
25 **sources;**

26 **“(c) Increase the diversity of the state’s energy resources;**

27 **“(d) Reduce the adverse environmental and health impacts of tra-**
28 **ditional fossil fuel energy sources; and**

29 **“(e) Determine whether energy generated by offshore wind facilities**
30 **is a commercially viable source of electricity.**

1 **“SECTION 3. (1) To effectuate the goals of section 2 (2) of this 2015**
2 **Act, on or before January 2, 2020, the total offshore wind nameplate**
3 **capacity of all electric companies must be an amount of megawatts,**
4 **not to exceed 19 megawatts, that the Public Utility Commission de-**
5 **termines meets the projected rate impact described in section 5 (2)(b)**
6 **of this 2015 Act.**

7 **“(2) For the purpose of complying with the offshore wind capacity**
8 **standard established by this section, on or before January 2, 2020, each**
9 **electric company is required to maintain a minimum generating ca-**
10 **capacity from one or more offshore wind turbines that are a part of an**
11 **offshore wind facility. That minimum generating capacity must be an**
12 **amount of megawatts, not to exceed 19 megawatts, multiplied by a**
13 **fraction equal to the electric company’s share of all revenues earned**
14 **in this state by all electric companies during the year 2014 for provid-**
15 **ing electric service to retail electricity consumers.**

16 **“(3) To satisfy the offshore wind capacity standard established by**
17 **this section, each electric company shall select a reasonable method**
18 **of procuring offshore wind electricity.**

19 **“(4) An electric company may satisfy the offshore wind capacity**
20 **standard established by this section by procuring offshore wind elec-**
21 **tricity in accordance with section 4 of this 2015 Act.**

22 **“(5) All costs prudently incurred by an electric company in com-**
23 **plying with the offshore wind capacity standard established by this**
24 **section, including above-market costs, are recoverable in the electric**
25 **company’s rates and are eligible for an automatic adjustment clause**
26 **established by the Public Utility Commission under ORS 469A.120.**

27 **“(6) Costs associated with the procurement of offshore wind elec-**
28 **tricity from an offshore wind pilot project are not above-market costs**
29 **for purposes of ORS 757.600 to 757.689.**

30 **“(7) If an electric company procures offshore wind electricity from**

1 an offshore wind pilot project, for each megawatt-hour of electricity
2 procured, the electric company will be credited with three megawatt-
3 hours of qualifying electricity for purposes of complying with the
4 renewable portfolio standard under ORS 469A.005 to 469A.210, up to a
5 maximum of 20 megawatts of capacity.

6 “(8)(a) Subject to paragraph (b) of this subsection, if an electric
7 company fails to comply with the offshore wind capacity standard es-
8 tablished by this section, the commission may impose a penalty
9 against the electric company in an amount determined by the com-
10 mission.

11 “(b) If an electric company fully complies with section 5 (1) of this
12 2015 Act and demonstrates to the satisfaction of the commission that
13 the electric company cannot comply with the offshore wind capacity
14 standard established by this section, or if the commission rejects the
15 proposal submitted by the electric company pursuant to section 5 (1)
16 of this 2015 Act, the electric company is not obligated to comply with
17 the offshore wind capacity standard established by this section.

18 “SECTION 4. Not later than March 15, 2016, the Public Utility
19 Commission shall adopt by rule or order guidelines for implementing
20 and enforcing the offshore wind capacity standard established under
21 section 3 of this 2015 Act. In adopting the guidelines, the commission
22 shall:

23 “(1) Establish, in consideration of the avoided costs of energy and
24 renewable energy certificates, a methodology for determining the net
25 rate impact for a proposed procurement of offshore wind electricity.

26 “(2) In establishing the methodology under subsection (1) of this
27 section, consider potential costs and benefits of offshore wind facilities
28 and offshore wind pilot projects, including the extent to which offshore
29 wind facilities or offshore wind pilot projects may:

30 “(a) Defer investment in the generation and transmission of elec-

1 **tricity procured from fossil fuel energy sources;**
2 **“(b) Enhance the reliability of retail electricity consumers’ access**
3 **to electricity in this state;**
4 **“(c) Contribute to moderating peak load requirements for electric**
5 **systems;**
6 **“(d) Provide diversification of this state’s energy resources;**
7 **“(e) Stabilize long-term energy prices for retail electricity consum-**
8 **ers;**
9 **“(f) Partially replace fossil fuel energy sources as they are retired;**
10 **“(g) Contribute to research that will benefit energy planning in this**
11 **state; and**
12 **“(h) Provide other benefits to this state, as determined by the**
13 **commission.**
14 **“(3) Consider the availability of state or federal grants, federal**
15 **funding and other noninvestment financial support for offshore wind**
16 **facilities and offshore wind pilot projects and the extent to which the**
17 **availability of noninvestment financial support will mitigate the rate**
18 **impact of procuring offshore wind electricity.**
19 **“(4) Consider any other factor that the commission determines is**
20 **reasonably related to the procurement of offshore wind electricity.**
21 **“SECTION 5. (1)(a) Not later than June 1, 2016, each electric com-**
22 **pany shall submit a proposal to the Public Utility Commission for**
23 **satisfying the electric company’s obligations under section 3 of this**
24 **2015 Act.**
25 **“(b) A proposal submitted under this subsection must include one**
26 **or more fully negotiated long-term contracts through which the elec-**
27 **tric company will procure offshore wind electricity sufficient to meet**
28 **the electric company’s minimum generating capacity as required by**
29 **section 3 (2) of this 2015 Act.**
30 **“(c) A proposal submitted under this subsection must include a de-**

1 **scription of the offshore wind facilities from which the electric com-**
2 **pany proposes to procure offshore wind electricity. The description**
3 **must include:**

4 **“(A) The following specifications for each offshore wind facility:**

5 **“(i) The nameplate capacity of the offshore wind facility;**

6 **“(ii) The location of the offshore wind facility;**

7 **“(iii) The point of interconnection of the offshore wind facility to**
8 **an electric system;**

9 **“(iv) The projected electrical energy production profile of the off-**
10 **shore wind facility;**

11 **“(v) An assessment of how the offshore wind facility may contribute**
12 **to the peak load requirements for the electric system of the electric**
13 **company;**

14 **“(vi) A description of the technology necessary to construct, oper-**
15 **ate and maintain the offshore wind facility;**

16 **“(vii) A timeline for the permitting, licensing and construction of**
17 **the offshore wind facility, including an analysis of the risk that the**
18 **electric company will not be able to satisfy the electric company’s**
19 **obligations under section 3 of this 2015 Act;**

20 **“(viii) Any research goals associated with the offshore wind facility**
21 **and any plan that has been developed for reporting research findings**
22 **associated with the offshore wind facility; and**

23 **“(ix) Any other specifications required by the commission pursuant**
24 **to section 4 of this 2015 Act.**

25 **“(B) The estimated net cost of the proposed procurement of offshore**
26 **wind electricity from the offshore wind facilities, taking into consid-**
27 **eration:**

28 **“(i) The cost of procuring offshore wind electricity;**

29 **“(ii) Avoided energy costs, including avoided fuel price volatility;**

30 **“(iii) Avoided distribution and transmission costs;**

1 “(iv) The value of renewable energy certificates associated with the
2 procurement of offshore wind electricity; and

3 “(v) The value of state or federal grants, federal funding and other
4 noninvestment financial support secured for the construction of the
5 offshore wind facilities.

6 “(C) Potential benefits to the electric company’s retail electricity
7 consumers of procuring offshore wind electricity from the offshore
8 wind facilities, as considered by the commission under section 4 of this
9 2015 Act.

10 “(D) Analysis of the projected rate impact of procuring offshore
11 wind electricity from the offshore wind facilities, using the methodol-
12 ogy established by the commission under section 4 of this 2015 Act.

13 “(2)(a) Subject to paragraph (b) of this subsection, the commission
14 shall consider each proposal submitted to the commission under this
15 section and evaluate each proposal to determine whether the proposal:

16 “(A) Is consistent with the methodology established by the com-
17 mission under section 4 of this 2015 Act;

18 “(B) Reasonably balances the potential risks, rate impacts, costs
19 and benefits to retail electricity consumers of procuring offshore wind
20 electricity; and

21 “(C) Is in the interest of this state, as described in section 2 of this
22 2015 Act.

23 “(b) The commission shall approve a proposal submitted to the
24 commission under this section if the projected rate impact of the
25 proposed procurement of offshore wind electricity less the potential
26 benefits of the proposed procurement of offshore wind electricity, in-
27 cluding any potential benefit described in subsection (1)(c)(B)(ii) to (iv)
28 of this section, does not exceed 35 cents per month per consumer,
29 calculated in 2014 dollars, for each 1,000 kilowatt-hours consumed as
30 averaged for all retail electricity consumers of the electric company,

1 for the duration of the long-term contracts through which the electric
2 company will procure offshore wind electricity sufficient to meet the
3 electric company's minimum generating capacity as required by sec-
4 tion 3 (2) of this 2015 Act.

5 “(c) The commission shall issue a final order on each proposal
6 submitted to the commission under this section within 75 days of re-
7 ceiving the proposal.

8 “(3) Long-term contracts through which an electric company pro-
9 cures offshore wind electricity sufficient to meet the electric
10 company's minimum generating capacity as required by section 3 (2)
11 of this 2015 Act shall be contingent upon approval by the commission
12 of the proposal of the electric company submitted to the commission
13 under this section.

14 “SECTION 6. In the manner required by ORS 192.245, the Public
15 Utility Commission shall report on the implementation of sections 1
16 to 5 of this 2015 Act to the interim committees of the Legislative As-
17 sembly related to energy:

18 “(1) On or before September 15, 2016;

19 “(2) On or before September 15, 2017; and

20 “(3) On or before September 15, 2018.

21 “SECTION 7. This 2015 Act being necessary for the immediate
22 preservation of the public peace, health and safety, an emergency is
23 declared to exist, and this 2015 Act takes effect on its passage.”.

24
