

**Enrolled**  
**Senate Bill 978**

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

CHAPTER .....

AN ACT

Relating to utilities.

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

**SECTION 1. (1) The Public Utility Commission shall establish a public process for the purpose of investigating how developing industry trends, technologies and policy drivers in the electricity sector might impact the existing regulatory system and incentives currently employed by the commission. If warranted, the commission may consider changes to the existing regulatory system and incentives.**

**(2) As part of the public process established under subsection (1) of this section, the commission shall investigate the following:**

**(a) The obligations of and benefits to electric companies under the existing regulatory system;**

**(b) The obligations of and benefits to customers of electric companies under the existing regulatory system, including customers that participate in direct access;**

**(c) The current use of regulatory incentives, including but limited to:**

**(A) Incentives for electric companies to place capital investment in rate base, paying particular attention to the perception of bias in resource selection;**

**(B) Incentives for electric companies to plan for serving all existing and all new electricity loads in electric companies' service territories; and**

**(C) Incentives for electric companies and for customers of electric companies to develop renewable energy resources and purchase renewable energy; and**

**(d) The primary public policy objectives that are promoted by the commission's current statutory authority and by the existing regulatory system and incentives.**

**(3) As part of the public process established under subsection (1) of this section, the commission shall identify industry trends, technologies and policy drivers currently developing in the electricity industry, including but not limited to:**

**(a) Greater penetration by variable energy resources of electric utilities' electrical systems;**

**(b) Increasing presence and cost-effectiveness of distributed energy resources in electric utilities' electrical systems;**

**(c) Greater customer support sophistication and desire for energy service options and energy management tools;**

**(d) Increasing customer desire for energy service needs to be met by a specific generating resource through either nonutility owned resources and delivery options or utility owned resources and delivery options;**

- (e) Greater recognition of the carbon output of electricity generation;
- (f) The electrification of the transportation sector;
- (g) The potential for regional transmission markets;
- (h) Advances in distribution system communication and control technologies;
- (i) The need to replace aging distribution system equipment for grid modernization;
- (j) Use of performance-based incentives used by other states in addressing the industry trends, technologies and policy drivers described in this subsection; and
- (k) Changes in public policy objectives that are developing in relation to the electricity sector or that have directly or indirectly been identified by the Legislative Assembly.

(4) The commission shall explore changes to the existing regulatory system and incentives that could accommodate developing industry trends and support new policy objectives without compromising affordable rates, safety and reliable service. If the commission determines that changes to the existing regulatory system and incentives would be in the interest of customers of electric companies and the public generally, the commission shall develop plans to administratively implement changes to the regulatory system and incentives or shall make recommendations to the Legislative Assembly for the purpose of legislatively implementing changes to the regulatory system and incentives.

(5) As part of the public process established under subsection (1) of this section, the commission shall provide the public with an opportunity to comment.

(6) The commission shall submit a report on the findings of the public process established under subsection (1) of this section and the progress of investigations conducted under subsection (2) of this section in the manner provided by ORS 192.245 to the interim committees of the Legislative Assembly related to energy and business no later than September 15, 2018. The commission may include, as part of the commission's report, recommendations for legislation.

**SECTION 2.** Section 1 of this 2017 Act is repealed on January 2, 2019.

**SECTION 3.** Notwithstanding any other law limiting expenditures, the limit on expenditures established by section 1 (1), chapter 93, Oregon Laws 2017 (Enrolled House Bill 5035), for the biennium beginning July 1, 2017, as the maximum limit for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by the Public Utility Commission, is increased by \$166,400 for the purpose of carrying out the provisions of section 1 of this 2017 Act.

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**Passed by Senate July 3, 2017**

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Lori L. Brocker, Secretary of Senate

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Peter Courtney, President of Senate

**Passed by House July 7, 2017**

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Tina Kotek, Speaker of House

**Received by Governor:**

.....M,....., 2017

**Approved:**

.....M,....., 2017

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Kate Brown, Governor

**Filed in Office of Secretary of State:**

.....M,....., 2017

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Dennis Richardson, Secretary of State