

**A-Engrossed**  
**Senate Bill 978**

Ordered by the Senate April 24  
Including Senate Amendments dated April 24

Sponsored by COMMITTEE ON BUSINESS AND TRANSPORTATION

**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.

*[Prohibits electric company from including in its rates cost of electric generation resource or energy storage resource that is capable of generating electricity or storing electricity for not less than five years and has generating or storage capacity of 50 megawatts or more unless electric company must acquire resource to maintain reliability of electrical company's electrical system.]*

*[Requires electric company to use competitive bidding process when procuring electricity from electric generation resource or energy storage resource that is capable of generating electricity or storing electricity for not less than five years and has generating or storage capacity of 50 megawatts.]*

*[Becomes operative January 1, 2018.]*

**Requires Public Utility Commission to establish public process for purpose of investigating how industry trends, technologies and policy drivers in electricity sector might impact existing regulatory system and incentives currently employed by commission. Requires commission to report findings to interim committees of Legislative Assembly related to energy and business no later than September 15, 2018.**

**Sunset January 2, 2019.**

*[Takes effect on 91st day following adjournment sine die.]*

**A BILL FOR AN ACT**

1  
2 Relating to utilities.

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

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

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

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

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

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

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

18 **(B) Incentives for electric companies to plan for serving all existing and all new elec-**  
19 **tricity loads in electric companies' service territories; and**

20 **(C) Incentives for electric companies and for customers of electric companies to develop**

**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 renewable energy resources and purchase renewable energy; and

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

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

7 (a) Greater penetration by variable energy resources of electric utilities' electrical sys-  
8 tems;

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

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

13 (d) Increasing customer desire for energy service needs to be met by a specific generat-  
14 ing resource through either nonutility owned resources and delivery options or utility owned  
15 resources and delivery options;

16 (e) Greater recognition of the carbon output of electricity generation;

17 (f) The electrification of the transportation sector;

18 (g) The potential for regional transmission markets;

19 (h) Advances in distribution system communication and control technologies;

20 (i) The need to replace aging distribution system equipment for grid modernization;

21 (j) Use of performance-based incentives used by other states in addressing the industry  
22 trends, technologies and policy drivers described in this subsection; and

23 (k) Changes in public policy objectives that are developing in relation to the electricity  
24 sector or that have directly or indirectly been identified by the Legislative Assembly.

25 (4) The commission shall explore changes to the existing regulatory system and incen-  
26 tives that could accommodate developing industry trends and support new policy objectives  
27 without compromising affordable rates, safety and reliable service. If the commission deter-  
28 mines that changes to the existing regulatory system and incentives would be in the interest  
29 of customers of electric companies and the public generally, the commission shall develop  
30 plans to administratively implement changes to the regulatory system and incentives or shall  
31 make recommendations to the Legislative Assembly for the purpose of legislatively imple-  
32 menting changes to the regulatory system and incentives.

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

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

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