

SB 838: POWERING OREGON'S FUTURE

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Summary of Oregon Renewable Energy Act - SB 838

C-Engrossed bill version, as passed by Oregon House of Representatives, May 23rd, 2007

Senate Bill 838, the Oregon Renewable Energy Act, establishes a Renewable Energy Standard (RES) that calls for 25% of Oregon's electricity to come from new renewable resources by 2025. The goal of this legislation is to help Oregonians transition to a safer, more reliable and affordable energy future by relying more on our clean, domestic renewable resources. This will help decrease the State's reliance on imported fossil fuels. Oregon has an abundance of renewable resources that makes this an achievable goal.

The following are some highlights from the Oregon Renewable Energy Act:

- A utility that sells more than 3% of the retail electricity sold in the state must meet the following goals: At least 5% of sales must be from qualifying renewable energy sources starting in 2011; 15% by 2015; 20% by 2020 and 25% by 2025.
- Smaller utilities are subject to much lower standards. Utilities that sell less than 1.5% of retail electricity sold in the state must obtain at least 5% of their sales from renewable energy sources by 2025. Utilities that sell between 1.5% and 3% of the total retail electricity sold in the state must obtain at least 10% of their sales from renewable energy sources by 2025.
- The RES has a cost cap to protect customers from significant rate increases. If the cost of compliance exceeds 4% of a utility's revenue requirement, the standard is suspended for that utility. In 21 other states that have adopted an RES, the policy has not been associated with large rate increases.
- SB 838 also contains an alternative compliance payment (ACP) provision that gives utilities flexibility on how and when to comply with the Renewable Energy Standard. If a utility determines that acquiring a resource is too expensive, the ACP allows the utility to set aside money to acquire resources or invest in conservation when doing so is more cost-effective for customers.
- Eligible renewable resources include wind, biomass, hydro, geothermal, wave energy, solar power and hydrogen derived from these sources.
- Several types of biomass are eligible including: solid organic fuels from wood, forest or field residues, animal waste, landfill gas, and spent pulping liquor.
- Hydro projects are included so long as the project is not on a "wild and scenic" or protected river. Small hydro projects on irrigation pipelines and canals are eligible. Efficiency upgrades at dams existing before 1995 are also eligible as are some hydro projects newly-certified as "low-impact" hydropower facilities.
- The RES specifically states that no utility has to give up access to low-cost hydropower contracts (including power from Bonneville Power Administration) in order to comply with the standard.
- It includes renewable energy projects that date back to 1995 to recognize early adopters.
- Utilities can comply with the RES by building their own project, buying electricity from someone else's project, buying tradable renewable energy certificates ("green tags"), making an alternative compliance payment or a combination of these.
- Utilities are allowed to recover all of their prudent costs associated with complying.
- SB 838 rededicates a portion of the public purpose charge to support the development of small-scale community renewable energy projects that are good for counties and farmers.
- SB 838 allows investor-owned utilities to pursue more cost-effective energy conservation measures.

October 10th, 2007

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