Oregon Public Utility Commission

Request for Public Comment

October 22, 2021

UM 2195 – HB 3141 Implementation, Draft Interim Definitions

Oregon Public Utility Commission Staff invites interested parties to provide feedback on draft interim definitions of new terms introduced in HB 3141 that describe changes to the renewable energy portion of the Public Purpose Charge. The interim definitions of the new terms will provide guidance for timely implementation of the bill beginning January 1, 2022.

Staff expects to revisit the interim definitions later in 2022 to establish more permanent definitions, and will re-engage stakeholders at that time.

Feedback can be provided by completing this online survey and/or by emailing written comments to puc.hearings@puc.oregon.gov by November 10, 2021.

Background

Oregon House Bill 3141 was signed into law on July 27, 2021. HB 3141 makes numerous changes to laws governing the collection and use of the Public Purpose Charge (PPC). The bill extends collection of the PPC through 2035 and reduces the PPC amount collected from 3 percent to 1.5 percent of utility revenues. This reduction is achieved by shifting all energy conservation funding for energy efficiency out of the PPC and into utility rates.

The new allocation of PPC funding established by HB 3141 to each program supported by PPC funds is shown below (based on percent of utility revenues, totaling 1.5 percent):

1. 0.51 percent for above market costs of new renewables of 20 MW or less, or eligible "distribution system-connected technologies" (administered by Energy Trust of Oregon)
2. 0.3 percent for new energy-related investments in schools
3. 0.55 percent for new low-income weatherization (administered by Oregon Housing and Community Services)
4. 0.14 percent for new low-income housing (administered by Oregon Housing and Community Services)

HB 3141 does not change the amount of funds allocated to the renewables portion of the PPC (#1 listed above), but it does significantly change the use of those funds. It adds a new requirement that at least 25 percent of the renewables portion of the PPC be used for "activities, resources and technologies that serve low and moderate income customers, including for technologies that do not have above-market costs" (LMI). It also expands permissible use of the renewables portion of the PPC beyond the above-market costs of renewables to include “customer investments distribution system-connected technologies that support reliability, resilience and the integration of renewable resources” (DSCT).

The LMI and DSCT terms are not clearly defined within the bill. Therefore, in the UM 2195 docket, Staff seeks to provide guidance on definitions for these terms. The LMI and DSCT definitions will be used by Energy Trust in its administration of the renewables portion of the PPC. The DSCT definition may also be referenced by ODOE in its oversight of large electricity consumers that apply to self-direct the renewable portion of their public purpose charge.

Staff intends to first establish interim definitions to provide guidance to begin implementation of HB 3141 effective Jan 1, 2021. This notice seeks feedback on the interim definitions. Staff expects to engage stakeholders again in 2022 to revisit and codify these definitions.

Draft Interim Definitions

Staff requests comments on the following draft interim definitions for LMI and DSCT.

Low and Moderate Income Customers (LMI)

HB 3141, Section 1, establishes a new requirement for using funding to serve low and moderate income customers:

> ORS 757.612 (3)(f) is amended to read: “**Of the funds allocated under subsection (3)(b)(B) of this section, 25 percent must be used for activities, resources and technologies that serve *low and moderate income customers*, including for technologies that do not have above-market costs.**”

The new language in bold applies only to the portion of the PPC that is administered by Energy Trust. The bill language requires a definition of income levels for “low and moderate customers”. Staff proposes an interim definition to provide Energy Trust with guidance on how to comply with this new statutory requirement, effective January 1, 2021. The definition will be formalized in 2022.

Draft interim definition:

> “Low and moderate income customers” are residential customers of PGE or Pacific Power whose household income is less than or equal to 120 percent of state median income adjusted for household size.

Energy Trust currently operates its Solar Within Reach and Savings Within Reach programs using this definition. Those programs provide higher incentives for customers with incomes that meet this definition.

For context, the following definitions are used by other income-qualified programs:

- DEQ clean fuels program: 120 percent median income of nearest metropolitan area
- ODOE Solar and Storage program: 100 percent state median income
- OHCS moderate income household definition: income 81-120 percent of the area median income

- OHCS Low Income Home Energy Assistance: 60 percent of state median income
- OHCS Oregon Energy Assistance Program: 60 percent of state median income
- Federal Low Income Weatherization Assistance Program: 200 percent of federal poverty level (~80 percent state median income)

Distribution System-Connected Technologies (DSCT)

HB 3141, Section 1, expands the renewables portion of the PPC as follows:

> ORS 757.612(1)(a) is amended to read: "There is established an annual public purpose expenditure standard for electric companies and Oregon Community Power to fund (A) The above-market costs of new renewable energy resources and **customer investments in *distribution system-connected technologies* that support reliability, resilience and the integration of renewable energy resources with the distribution systems of electric companies and Oregon Community Power.**"

The new language in bold is subject to interpretation and deserves a robust discussion with stakeholders prior to establishing clear DSCT eligibility criteria. OPUC will facilitate such a robust discussion in 2022 prior to adopting permanent definitions. In the interim, Staff proposes to define DSCT narrowly – limiting eligibility to two specific technologies.

Draft interim definition:

> A qualified DSCT is one of the following two technologies, connected to the distribution grid at the customer's site, and installed for use by the customer.
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> 1. A "smart inverter" that is part of a solar generation system and is capable of providing grid support;[1] or
> 2. Battery energy storage system with a smart inverter and/or integrated controls capable of providing grid support, installed as either stand-alone storage or storage paired with a renewable energy system, and charged by either on-site renewable energy or the electric grid.

Staff proposes that the following technologies do not qualify as DSCT in this interim definition:

- Renewable energy generation
- Generators, regardless of fuel;
- Smart thermostats, smart water heaters, or other off-the-shelf retail smart devices or appliances;
- Electric vehicle charging equipment; and
- Electric vehicles.

[1] California Energy Commission maintains a list of inverters that provide grid support at https://www.energy.ca.gov/programs-and-topics/programs/solar-equipment-lists.

Next Steps for Stakeholder Feedback

Date	Activity
Oct. 27	Stakeholder workshop to discuss draft interim definitions
Nov. 10	Stakeholder written comments and/or survey responses due
Dec. 2	Staff presentation of interim definitions to Commission at Special Public Meeting

Staff Contacts

If you have questions or comments please contact OPUC Staff:

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