Oregon Clean Electricity & Coal Transition Plan

Supporters of this proposal include: Citizens' Utility Board of Oregon, Climate Solutions, NW Energy Coalition, Oregon Environmental Council, Oregon League of Conservation Voters, Natural Resources Defense Council, Pacific Power, Portland General Electric, Renewable Northwest and Sierra Club.

In recent weeks, a diverse group of utility, energy industry, advocacy organizations and community groups worked together to develop the next generation of energy policy for Oregon, transitioning Oregon away from coal towards more clean, renewable energy.

The result is a 2016 legislative proposal that would move Oregon off coal-fired generation and for PGE and Pacific Power, double Oregon's renewable energy generation under the Renewable Portfolio Standard to 50%. It would also put Oregon's electricity sector on the path to meeting the state's greenhouse gas reduction goals, which call for reducing carbon emissions 75% below 1990 levels by 2050.

The proposal also reaffirms the state's commitment to energy efficiency programs, encourages transportation electrification, increases access to solar resources for more Oregon electricity customers, with a special designation to low-income communities, and gives utilities flexibility to achieve these goals while protecting the reliability and affordability of electricity for their customers.

The proposal applies only to Pacific Power and Portland General Electric, who together serve about 70% of Oregon's electricity needs. It does not change existing requirements on consumer-owned utilities.

The Citizens' Utility Board of Oregon, Climate Solutions, NW Energy Coalition, Oregon Environmental Council, Oregon League of Conservation Voters, Natural Resources Defense Council, Pacific Power, Portland General Electric, Renewable Northwest and Sierra Club found common ground on this proposal. If the proposal becomes law, clean energy advocates have agreed to withdraw a proposed ballot measure that would include many of the same provisions.

The legislative proposal includes the following components:

- Electricity provided to customers of Pacific Power and Portland General Electric would be coal-free by 2030, with the exception of a small amount from PGE's ownership of Colstrip, which would be out of the Oregon mix no later than 2035.
- Increases the Renewable Portfolio Standard (RPS) to 50% in 2040. This increase is staged at 27% at 2025, 35% at 2030, 45% at 2035 and 50% at 2040. Consumer protections in the existing RPS law are maintained. There is also a safety valve that allows the Oregon Public Utility Commission (PUC) to temporarily suspend the requirement for a utility if meeting the RPS would conflict with grid reliability.
- Recognizes Oregon's leadership in cost-effective energy efficiency and demand response programs that reduce overall energy usage, and supports Pacific Power and PGE plans to take advantage of all cost-effective energy efficiency and cost-effective demand-response resources authorized by the PUC prior to developing new generating resources.
- Customers of PGE and Pacific Power will continue to be protected by the state's 4% incremental cost cap, which means that utilities are not required to add renewables to their portfolio if the incremental cost is more than 4 percent higher than the cost of developing non-renewable resources.
- Changes Renewable Energy Certificate (REC) life to five years. From bill passage until the end of 2022, RECs generated from new, long-term renewable projects in those first five years would have unlimited life, creating an incentive for the two electric companies to take early action on meeting the RPS. Utilities' existing REC banks would maintain their unlimited REC life.
- Creates a community solar program for Oregon, allowing residential and small commercial customers of Pacific Power and PGE to participate in the ownership of off-site solar projects which would be credited against their electricity bill. It also directs the PUC to ensure that at least 15% of the overall community solar program capacity be provided to low-income customers.

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- Encourages moving to greater reliance on electricity in all modes of transportation to reduce carbon emissions. Pacific Power and PGE could submit plans to the PUC that include deployment of charging stations and related electric vehicle infrastructure. The PUC would determine if the investments were prudent.
- Equalizes RPS compliance between the two electric companies and any entities that acquire service territory or customers from those companies without their consent.
- Eliminates the small remaining amount of the Solar Capacity Standard, acknowledging that the standard has worked to encourage solar development and allowing the utilities to focus on new RPS requirements.

Ratemaking/implementation items:

- Directs the PUC to establish accounting for production tax credits to ensure there is an effective annual balance between the credits actually generated and customer prices.
- Directs the PUC to investigate accounting for variable costs in rates and to consider changes to its current policy on balancing variable costs of new, renewable resources and customer prices.
- Allows energy storage projects to be included under the Renewable Adjustment Clause mechanism established by the PUC.
- Gives utilities flexibility in seeking recovery of new investments to better manage impacts on prices.
- Directs the PUC to establish procedures to consider the long-term customer value of access to and use of the facility, site or resource when procuring renewable resources.

Contacts:

CUB: Pamela White, 503-481-4498, pamela@oregoncub.org

Climate Solutions: Mara Gross, 503-548-2538, mara@climatesolutions.org

NW Energy Coalition: Wendy Gerlitz, 503-449-0009 wendy@nwenergy.org

OEC/Renew Oregon/OLCV: Brad Reed, 971-217-6813, brad@reneworegon.org

NRDC: Angus Duncan, 503-248-1905, aduncan@b-e-f.org

Pacific Power: Ry Schwark, 800-570-5838, ry.schwark@pacificorp.com

PGE: Steve Corson, 503-464-8444, steven.corson@pgn.com

Renewable NW: Cliff Gilmore, 360-335-5246, cliff@renewablenw.org

Sierra Club: Shane Levy, 415-977-5724, shane.levy@sierraclub.org