

House Bill 2995

Sponsored by Representatives POWER, MARSH

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 **as introduced**.

Requires 100 percent of electricity sold in 2035 and each subsequent calendar year to retail electricity consumers to be clean electricity.

Accelerates deadline, to 2025, for electric companies to eliminate coal from electricity supply.

Extends, to 2035, ad valorem property tax exemption for alternative energy systems. Requires systems constructed on or after January 1, 2022, to be constructed pursuant to project labor agreement to qualify for exemption.

Removes electricity generated from direct combustion of municipal solid waste from qualifying electricity for purposes of renewable portfolio standards.

Modifies requirements for community-based renewable energy projects.

A BILL FOR AN ACT

Relating to clean energy; creating new provisions; and amending ORS 307.175, 469A.020, 469A.025, 469A.027, 469A.029, 469A.210 and 757.518 and section 4, chapter 656, Oregon Laws 2011.

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

100 PERCENT CLEAN ELECTRICITY

SECTION 1. As used in sections 1 to 9 of this 2021 Act:

(1) "Clean electricity" means electricity that is generated utilizing a qualifying nonemitting source.

(2) "Community-based renewable energy project" has the meaning given that term in ORS 469A.210.

(3) "Consumer-owned utility" has the meaning given that term in ORS 757.600.

(4) "Electric company" has the meaning given that term in ORS 757.600.

(5) "Electricity service supplier" has the meaning given that term in ORS 757.600.

(6) "Electric utility" has the meaning given that term in ORS 757.600.

(7) "Qualifying nonemitting source" means a source of energy that meets one or more standards adopted by rule by the Public Utility Commission under section 3 (2) of this 2021 Act.

(8) "Retail electricity consumer" means a retail electricity consumer, as defined in ORS 757.600, that is located in Oregon.

SECTION 2. It is the policy of the State of Oregon:

(1) That retail electricity consumers be supplied only with clean electricity;

(2) That to the maximum extent practicable, clean electricity be generated in a manner that provides additional direct benefits to communities in this state in the forms of creating and sustaining meaningful living wage jobs, promoting workforce equity and increasing energy security and resiliency; and

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 **(3) That implementation of sections 1 to 9 of this 2021 Act be done in a manner that**
2 **minimizes burdens for environmental justice communities.**

3 **SECTION 3. (1) In furtherance of the policy set forth in section 2 of this 2021 Act, 100**
4 **percent of the electricity sold by an electric utility or an electricity service supplier to retail**
5 **electricity consumers in the calendar year 2035 and in each subsequent calendar year must**
6 **be clean electricity.**

7 **(2)(a) The Public Utility Commission, in coordination with the State Department of En-**
8 **ergy, shall adopt by rule standards for sources of electricity to be considered qualifying**
9 **nonemitting sources.**

10 **(b) Standards adopted pursuant to this subsection may not allow for petroleum, natural**
11 **gas or coal to be used as a source to comply with this section.**

12 **(c)(A) Standards adopted pursuant to this subsection shall support achieving compliance**
13 **with subsection (1) of this section at the lowest reasonable cost and in a manner consistent**
14 **with the policy set forth in section 2 of this 2021 Act.**

15 **(B) To the maximum extent authorized by law and consistent with subparagraph (A) of**
16 **this paragraph, the standards shall:**

17 **(i) Prioritize the development of facilities that provide additional direct benefits to com-**
18 **munities in the form of increased energy security and resiliency, including but not limited**
19 **to energy storage facilities, paired energy systems and storage, microgrids, irrigation mod-**
20 **ernization projects, microhydropower systems and community-based renewable energy**
21 **projects; and**

22 **(ii) Maximize the creation of family wage jobs in the acquisition of new facilities con-**
23 **structed after the effective date of this 2021 Act.**

24 **(3)(a) An electric utility or electricity service supplier is not required to comply with**
25 **subsection (1) of this section during a compliance year to the extent that the incremental**
26 **cost of compliance with subsection (1) of this section exceeds three percent of the three-year**
27 **rolling average of the electric utility's annual revenue requirement.**

28 **(b) The Public Utility Commission shall establish by rule requirements and procedures**
29 **for conducting the calculations necessary to determine compliance by an electric company**
30 **with subsection (1) of this section, pursuant to paragraph (a) of this subsection. The gov-**
31 **erning body of a consumer-owned utility shall establish requirements and procedures for**
32 **conducting the calculations necessary to determine compliance by a consumer-owned utility**
33 **with subsection (1) of this section, pursuant to paragraph (a) of this subsection. The re-**
34 **quirements and procedures established under this paragraph must be equivalent to the re-**
35 **quirements and procedures set forth in ORS 469A.100 (2) to (5) for calculating the annual**
36 **revenue requirement and the incremental cost of compliance for each public utility.**

37 **(c) The commission shall establish limits on the incremental cost of compliance with**
38 **subsection (1) of this section for electricity service suppliers, equivalent to the limits estab-**
39 **lished under ORS 469A.100 (6) on the incremental cost of compliance with the renewable**
40 **portfolio standard for electricity service suppliers.**

41 **SECTION 4. (1) Unless otherwise prohibited by law, if a construction project valued at**
42 **\$50,000 or more is relied upon by an electric utility or an electricity service supplier to es-**
43 **tablish compliance with sections 1 to 9 of this 2021 Act, the primary contractor and the**
44 **subcontractors in all tiers participating in the project shall:**

45 **(a) Pay the prevailing rate of wage for an hour's work in the same trade or occupation**

1 in the locality where the labor is performed;

2 (b) Offer health care and retirement benefits to the employees performing the labor on
3 the project;

4 (c) Participate in an apprenticeship program registered with the State Apprenticeship
5 and Training Council;

6 (d) Demonstrate a history of compliance with federal and state laws, including but not
7 limited to wage and hour laws;

8 (e) Employ apprentices to perform 15 percent of the work hours that workers in
9 apprenticeship occupations perform under the contract, in a manner consistent with the
10 apprentices' respective apprenticeship training programs; and

11 (f) Ensure that all workers performing work in an apprenticeship occupation are either
12 journeyworkers or apprentices in an apprenticeship program approved by the Labor Com-
13 missioner.

14 (2) An electric utility or electricity service supplier subject to this section shall require
15 the primary contractor for a project described in subsection (1) of this section to provide
16 monthly reporting to the electric utility or electricity service supplier that demonstrates
17 compliance with subsection (1) of this section by the primary contractor and subcontractors
18 in all tiers participating in the project. An electric company or electricity service supplier
19 shall make available to the Public Utility Commission, upon request, any reporting received
20 pursuant to this subsection. A consumer-owned utility shall make reporting received pursu-
21 ant to this subsection available to the governing body of the consumer-owned utility.

22 (3) The Public Utility Commission, in coordination with the Bureau of Labor and Indus-
23 tries, shall:

24 (a) Adopt rules to administer and enforce the provisions of this section applicable to
25 electric companies and electricity service suppliers; and

26 (b) In consultation with labor unions and their representatives, workforce diversity ad-
27 vocates and other interested parties, develop guidance for the use of project labor agree-
28 ments by the primary contractor for projects valued at \$200,000 or more that are relied upon
29 by an electric utility or electricity service supplier to establish compliance with sections 1
30 to 9 of this 2021 Act.

31 **SECTION 5.** (1) An electric company that is subject to sections 1 to 9 of this 2021 Act
32 shall develop an implementation plan for meeting the requirements of sections 1 to 9 of this
33 2021 Act and file the implementation plan with the Public Utility Commission. Implementa-
34 tion plans must be revised and updated at least once every two years.

35 (2) At a minimum, an implementation plan must contain:

36 (a) Annual targets for meeting the requirement set forth in section 3 (1) of this 2021 Act,
37 including but not limited to targets for greenhouse gas reductions, energy efficiency meas-
38 ures, acquisition and use of demand response resources, short and long term energy storage
39 and renewable energy resources, labor standards and integration of community-based
40 renewable energy projects;

41 (b) The estimated cost of meeting the annual targets described pursuant to paragraph (a)
42 of this subsection;

43 (c) Specific actions proposed to be taken by the electric company over the next five years
44 to demonstrate progress toward meeting the requirement set forth in section 3 (1) of this
45 2021 Act; and

1 (d) A description of how the electric company will ensure that all customers, including
 2 low income rate payers, are benefitting from the electric company's compliance with sections
 3 1 to 9 of this 2021 Act through:

4 (A) The equitable distribution of energy and nonenergy benefits and the reduction of
 5 burdens to environmental justice communities;

6 (B) Long and short term public health and environmental benefits and reduction of costs
 7 and risks;

8 (C) Increased energy security and resiliency; and

9 (D) Ensuring that no customer or class of customer is unreasonably harmed by any re-
 10 sulting energy burden increase as may be necessary to comply with sections 1 to 9 of this
 11 2021 Act.

12 (3) The commission shall acknowledge an implementation plan no later than six months
 13 after the implementation plan is filed with the commission. The commission may acknowl-
 14 edge the implementation plan subject to conditions specified by the commission. The com-
 15 mission may require an electric company to adjust or expedite the targets proposed by the
 16 electric company under subsection (2) of this section if achieving the adjusted or expedited
 17 targets may be accomplished in a manner consistent with maintaining and protecting the
 18 safety, reliable operation and balancing of the electric system.

19 (4) The commission shall adopt rules:

20 (a) Establishing requirements for the content of implementation plans;

21 (b) Establishing the procedure for acknowledgment of implementation plans under this
 22 section, including provisions for public comment;

23 (c) Providing for the integration of an implementation plan with the integrated resource
 24 planning guidelines established by the commission for the purpose of planning for the least-
 25 cost, least-risk acquisition of resources; and

26 (d) Providing for the evaluation of competitive bidding processes that allow for diverse
 27 ownership of eligible nonemitting sources that generate clean electricity.

28 **SECTION 6.** (1) Each electric utility and electricity service supplier that is subject to
 29 sections 1 to 9 of this 2021 Act shall make an annual compliance report for the purpose of
 30 detailing compliance, or failure to comply, with sections 1 to 9 of this 2021 Act. An electric
 31 company or electricity service supplier shall make the report to the Public Utility Commis-
 32 sion. A consumer-owned utility shall make the report to the members or customers of the
 33 utility.

34 (2) The commission shall review each compliance report filed under this section by an
 35 electric company or electricity service supplier for the purposes of determining whether the
 36 company or supplier has complied with sections 1 to 9 of this 2021 Act and the manner in
 37 which the company or supplier has complied. In reviewing the reports, the commission shall
 38 consider any factors deemed reasonable by the commission.

39 (3) The commission by rule may establish requirements for compliance reports submitted
 40 by an electric company or electricity service supplier.

41 **SECTION 7.** If an electric company or electricity service supplier that is subject to
 42 sections 1 to 9 of this 2021 Act fails to comply with sections 1 to 9 of this 2021 Act, the Public
 43 Utility Commission may impose a penalty against the company or supplier in an amount de-
 44 termined by the commission. Moneys paid for penalties under this section shall be trans-
 45 mitted by the commission to the nongovernmental entity receiving moneys under ORS

1 757.612 (3)(d) and may be used only for the purposes specified in ORS 757.612 (1).

2 **SECTION 8.** The requirements of sections 1 to 9 of this 2021 Act do not replace or modify
3 the requirements of ORS 469A.005 to 469A.210.

4 **SECTION 9.** The Public Utility Commission shall adopt rules as necessary to implement
5 sections 1 to 9 of this 2021 Act.

6 **SECTION 10.** (1) The Public Utility Commission, in coordination with the Bureau of Labor
7 and Industries, shall conduct a study on workforce equity in the energy sector in Oregon,
8 with a particular emphasis on workforce equity in the labor market in this state for con-
9 struction projects that may be relied upon by an electric utility or electricity service supplier
10 to meet the requirements of sections 1 to 9 of this 2021 Act.

11 (2) The study shall include:

12 (a) An examination of participation rates in the workforce described in subsection (1) of
13 this section by:

14 (A) Local residents where the work is being performed;

15 (B) Women and nonbinary people; and

16 (C) Black, Indigenous and other people of color;

17 (b) An examination of any present effects of past discrimination within the workforce
18 described in subsection (1) of this section;

19 (c) Potential remedies, including race-neutral remedies, for any present effects of past
20 discrimination identified under paragraph (b) of this subsection; and

21 (d) Recommendations, including recommendations for legislation or rulemaking, for pro-
22 grams, policies or other actions that may be taken to address, as necessary and as author-
23 ized by law, any inequities identified by the study relevant to the workforce described in
24 subsection (1) of this section.

25 (3) In carrying out the provisions of this section, the commission and the bureau shall:

26 (a) Consult with:

27 (A) Labor unions and their representatives;

28 (B) Workforce advocates for women, nonbinary people and Black, Indigenous and other
29 people of color; and

30 (C) Any other relevant parties, including other relevant state agencies; and

31 (b) Consider and incorporate, to the extent feasible, all available relevant existing re-
32 search, statistics, data and information.

33 (4) The commission shall provide the results of the study in a report, in the manner
34 provided under ORS 192.245, to the relevant interim committees of the Legislative Assembly
35 no later than September 15, 2022.

36 **SECTION 11.** Section 10 of this 2021 Act is repealed on January 2, 2023.

37
38 **COAL-FIRED RESOURCES; DEPRECIATION**

39
40 **SECTION 12.** ORS 757.518 is amended to read:

41 757.518. (1) As used in this section:

42 (a) "Allocation of electricity" means, for the purpose of setting electricity rates, the costs and
43 benefits associated with the resources used to provide electricity to an electric company's retail
44 electricity consumers that are located in this state.

45 (b)(A) "Coal-fired resource" means a facility that uses coal-fired generating units, or that uses

1 units fired in whole or in part by coal as feedstock, to generate electricity.

2 (B) “Coal-fired resource” does not include a facility generating electricity that is included as
 3 part of a limited duration wholesale power purchase made by an electric company for immediate
 4 delivery to retail electricity consumers that are located in this state for which the source of the
 5 power is not known.

6 (c) “Electric company” has the meaning given that term in ORS 757.600.

7 (d) “Retail electricity consumer” has the meaning given that term in ORS 757.600.

8 (2) On or before January 1, [2030] **2025**, an electric company shall eliminate coal-fired resources
 9 from its allocation of electricity.

10 (3)(a) The Public Utility Commission shall adjust any schedule of depreciation approved by the
 11 commission for an electric company’s coal-fired resource if:

12 (A) The electric company holds a minority ownership share in only one coal-fired resource, with
 13 no more than four generating units; and

14 (B) The electric company serves at least 800,000 retail electricity consumers and only retail
 15 electricity consumers that are located in this state.

16 (b) The adjusted depreciation schedule described in paragraph (a) of this subsection must require
 17 the coal-fired resource described in paragraph (a)(A) of this subsection to be fully depreciated on
 18 or before December 31, [2030] **2025**.

19 (4) Notwithstanding subsections (2) and (3) of this section, for the number of years requested by
 20 the electric company, not to exceed five years after the coal-fired resource is fully depreciated, the
 21 commission shall authorize an electric company described in subsection (3) of this section to include
 22 in the company’s allocation of electricity the costs and benefits associated with the coal-fired re-
 23 source described in subsection (3)(a)(A) of this section if:

24 (a) The electric company requests the commission to authorize the allocation of electricity; or

25 (b) The owners of the coal-fired resource agree to close the coal-fired resource on or before the
 26 date that is five years after the date the coal-fired resource is fully depreciated.

27 (5) For purposes of evaluating the prudence of an investment decision regarding a coal-fired
 28 resource made after March 8, 2016, or an investment related to the continued operation of a coal-
 29 fired resource made after March 8, 2016, the useful life of the coal-fired resource may not be con-
 30 sidered to be any later than January 1, [2030] **2025**, unless the commission determines otherwise.

31 (6) Notwithstanding ORS 757.355, this section does not prevent the full recovery of prudently
 32 incurred costs related to the decommissioning or remediation of a coal-fired resource or the closure
 33 of a coal-fired resource, at the time those costs are incurred.

34
 35 **PROPERTY TAX EXEMPTION FOR ALTERNATIVE ENERGY SYSTEMS**

36
 37 **SECTION 13.** ORS 307.175 is amended to read:

38 307.175. (1) As used in this section, “alternative energy system” means property consisting of
 39 solar, geothermal, wind, water, fuel cell or methane gas energy systems for the purpose of heating,
 40 cooling or generating electricity.

41 (2)(a) **Except as provided in paragraph (b) of this subsection**, an alternative energy system
 42 is exempt from ad valorem property taxation if the system is:

43 [(a)] (A) A net metering facility, as defined in ORS 757.300; or

44 [(b)] (B) Primarily designed to offset onsite electricity use.

45 **(b)(A) An alternative energy system is not exempt from ad valorem property taxation**

1 **under this section if the alternative energy system is constructed on or after January 1, 2022,**
 2 **unless the labor supplied for construction of the alternative energy system is supplied pur-**
 3 **suant to a project labor agreement.**

4 **(B) As used in this paragraph, “project labor agreement” means a collective bargaining**
 5 **agreement into which a contractor enters with workers the contractor employs for a specific**
 6 **project or projects, which establishes terms and conditions of employment for the con-**
 7 **struction project or projects before the contractor hires the workers.**

8 (3) Notwithstanding ORS 307.110 and 308.505 to 308.674, any portion of the real property to
 9 which an alternative energy system is affixed is exempt under this section if:

10 (a) The real property is otherwise exempt from ad valorem property taxation; and

11 (b) The alternative energy system is exempt under this section.

12 (4) Property equipped with an alternative energy system is exempt from ad valorem property
 13 taxation in an amount that equals any positive amount obtained by subtracting the real market
 14 value of the property as if it were not equipped with an alternative energy system from the real
 15 market value of the property as equipped with the alternative energy system.

16 **SECTION 14.** Section 4, chapter 656, Oregon Laws 2011, as amended by section 28, chapter 193,
 17 Oregon Laws 2013, and section 1, chapter 542, Oregon Laws 2017, is amended to read:

18 **Sec. 4.** (1) The amendments to ORS 307.175 by section 3, chapter 656, Oregon Laws 2011, apply
 19 to tax years beginning on or after July 1, 2011.

20 **(2) The amendments to ORS 307.175 by section 13 of this 2021 Act apply to tax years be-**
 21 **ginning on or after July 1, 2022.**

22 [(2)] (3) An exemption under ORS 307.175 may not be allowed for tax years beginning after July
 23 1, [2023] 2035.

24
 25 **QUALIFYING ELECTRICITY FOR RENEWABLE PORTFOLIO STANDARDS**

26
 27 **SECTION 15.** ORS 469A.020 is amended to read:

28 469A.020. (1) Except as provided in this section, electricity may be used to comply with a
 29 renewable portfolio standard only if the electricity is generated by a facility that becomes opera-
 30 tional on or after January 1, 1995.

31 (2) Electricity from a generating facility, other than a hydroelectric facility, that became oper-
 32 ational before January 1, 1995, may be used to comply with a renewable portfolio standard if the
 33 electricity is attributable to capacity or efficiency upgrades made on or after January 1, 1995.

34 (3) Electricity from a hydroelectric facility that became operational before January 1, 1995, may
 35 be used to comply with a renewable portfolio standard if the electricity is attributable to efficiency
 36 upgrades made on or after January 1, 1995. If an efficiency upgrade is made to a Bonneville Power
 37 Administration facility, only that portion of the electricity generation attributable to Oregon’s share
 38 of the electricity may be used to comply with a renewable portfolio standard.

39 (4) Subject to the limit imposed by ORS 469A.025 (5), electricity from a hydroelectric facility
 40 that became operational before January 1, 1995, may be used to comply with a renewable portfolio
 41 standard if the facility is certified as a low-impact hydroelectric facility on or after January 1, 1995,
 42 by a national certification organization recognized by the State Department of Energy by rule, and
 43 if the facility is either:

44 (a) Owned by an electric utility; or

45 (b) Not owned by an electric utility and located in Oregon and licensed by the Federal Energy

1 Regulatory Commission under the Federal Power Act, 16 U.S.C. 791a et seq., or exempt from such
2 license.

3 (5) Electricity from a generating facility located in this state that uses biomass and that became
4 operational before January 1, 1995, may be used to comply with a renewable portfolio standard if
5 the facility meets the requirements of the federal Public Utility Regulatory Policies Act of 1978 (P.L.
6 95-617) on March 4, 2010.

7 *[(6) A facility located in this state that generates electricity from direct combustion of municipal*
8 *solid waste and that became operational before January 1, 1995, may be used to comply with a*
9 *renewable portfolio standard for up to 11 average megawatts of electricity generated per calendar*
10 *year.]*

11 **SECTION 16.** ORS 469A.025 is amended to read:

12 469A.025. (1) Electricity generated utilizing the following types of energy may be used to comply
13 with a renewable portfolio standard:

- 14 (a) Wind energy.
- 15 (b) Solar photovoltaic and solar thermal energy.
- 16 (c) Wave, tidal and ocean thermal energy.
- 17 (d) Geothermal energy.

18 (2) Except as provided in subsection (3) of this section, electricity generated from biomass and
19 biomass by-products may be used to comply with a renewable portfolio standard, including but not
20 limited to electricity generated from:

- 21 (a) Organic human or animal waste;
- 22 (b) Spent pulping liquor;
- 23 (c) Forest or rangeland woody debris from harvesting or thinning conducted to improve forest
24 or rangeland ecological health and to reduce uncharacteristic stand replacing wildfire risk;
- 25 (d) Wood material from hardwood timber grown on land described in ORS 321.267 (3);
- 26 (e) Agricultural residues;
- 27 (f) Dedicated energy crops; and
- 28 (g) Landfill gas or biogas produced from organic matter, wastewater, anaerobic digesters or
29 municipal solid waste.

30 (3) Electricity generated from the direct combustion of biomass may not be used to comply with
31 a renewable portfolio standard if any of the biomass combusted to generate the electricity includes
32 wood that has been treated with chemical preservatives such as creosote, pentachlorophenol or
33 chromated copper arsenate.

34 (4) Electricity generated by a hydroelectric facility may be used to comply with a renewable
35 portfolio standard only if:

36 (a) The facility is located outside any protected area designated by the Pacific Northwest Elec-
37 tric Power and Conservation Planning Council as of July 23, 1999, or any area protected under the
38 federal Wild and Scenic Rivers Act, P.L. 90-542, or the Oregon Scenic Waterways Act, ORS 390.805
39 to 390.925; or

40 (b) The electricity is attributable to efficiency upgrades made to the facility on or after January
41 1, 1995.

42 (5)(a) Up to 50 average megawatts of electricity per year generated by an electric utility from
43 certified low-impact hydroelectric facilities described in ORS 469A.020 (4)(a) may be used to comply
44 with a renewable portfolio standard, without regard to the number of certified facilities operated
45 by the electric utility or the generating capacity of those facilities. A hydroelectric facility described

1 in this paragraph is not subject to the requirements of subsection (4) of this section.

2 (b) Up to 40 average megawatts of electricity per year generated by certified low-impact hy-
 3 droelectric facilities described in ORS 469A.020 (4)(b) may be used to comply with a renewable
 4 portfolio standard, without regard to the number of certified facilities or the generating capacity
 5 of those facilities. A hydroelectric facility described in this paragraph is not subject to the require-
 6 ments of subsection (4) of this section.

7 [(6)(a) *Direct combustion of municipal solid waste in a generating facility located in this state may*
 8 *be used to comply with a renewable portfolio standard. The qualification of a municipal solid waste*
 9 *facility for use in compliance with a renewable portfolio standard has no effect on the qualification of*
 10 *the facility for a tax credit under ORS 469B.130 to 469B.169.*]

11 [(b) *The total amount of electricity generated in this state by direct combustion of municipal solid*
 12 *waste by generating facilities that became operational in this state on or after January 1, 1995, may*
 13 *not exceed nine average megawatts per year for the purpose of complying with a renewable portfolio*
 14 *standard.*]

15 [(7)] (6) Electricity generated from hydrogen gas, including electricity generated by hydrogen
 16 power stations using anhydrous ammonia as a fuel source, may be used to comply with a renewable
 17 portfolio standard if:

18 (a) The electricity is derived from:

19 (A) Any source of energy described in subsection (1) or (2) of this section; or

20 (B) A hydroelectric facility that complies with subsection (4) of this section and that is certified
 21 as a low-impact hydroelectric facility as described in ORS 469A.020 (4); and

22 (b) The output of the original source of energy is not also used to comply with a renewable
 23 portfolio standard.

24 [(8)] (7) If electricity generation employs multiple energy sources, that portion of the electricity
 25 generated that is attributable to energy sources described in this section may be used to comply
 26 with a renewable portfolio standard.

27 [(9)] (8) The State Department of Energy by rule may approve energy sources other than those
 28 described in this section that may be used to comply with a renewable portfolio standard. The de-
 29 partment may not approve petroleum, natural gas, coal or nuclear fission as an energy source that
 30 may be used to comply with a renewable portfolio standard.

31 **SECTION 17.** ORS 469A.027 is amended to read:

32 469A.027. The State Department of Energy may certify as eligible for renewable energy certif-
 33 icates a facility that qualifies under ORS 469A.020 (5) [and (6)] and 469A.025 (6) [and (7)] only for
 34 electricity generated on or after January 1, 2011.

35 **SECTION 18.** ORS 469A.029 is amended to read:

36 469A.029. To be eligible for renewable energy certificates, the owner or operator of a generating
 37 facility that qualifies under ORS 469A.020 (5) [and (6)] and 469A.025 (6) [and (7)] must register the
 38 generating facility with the Western Renewable Energy Generation Information System or other
 39 regional system or trading program designated by the State Department of Energy before January
 40 1, 2011.

41
 42 **COMMUNITY-BASED RENEWABLE ENERGY PROJECTS**

43
 44 **SECTION 19.** ORS 469A.210 is amended to read:

45 469A.210. (1) **As used in this section, “community-based renewable energy project” means**

1 **one or more energy systems, storage systems or microgrids, or any combination thereof,**
 2 **that provides a direct benefit to a particular community through contributing to local jobs,**
 3 **providing for local project ownership or resulting in direct energy cost savings to local**
 4 **households or small businesses.**

5 (2) The Legislative Assembly finds **and declares:**

6 (a) That community-based renewable energy projects, including but not limited to marine
 7 renewable energy resources that are either developed in accordance with the Territorial Sea Plan
 8 adopted pursuant to ORS 196.471 or located on structures adjacent to the coastal shorelands, are
 9 an essential element of this state’s energy future; **and**

10 (b) **That it is the goal of this state to facilitate the development of community-based**
 11 **renewable energy projects that particularly provide direct benefits to rural communities,**
 12 **coastal communities, communities with above-average concentrations of historically disad-**
 13 **vantaged households or low-income households, communities with limited infrastructure and**
 14 **federally recognized Indian tribes.**

15 [(2)] (3) [For purposes related to the findings] **In furtherance of and consistent with the**
 16 **findings and goal set forth** in subsection [(1)] (2) of this section, by the year
 17 [2025] _____, at least [eight] _____ percent of the aggregate electrical [capacity]
 18 **generation** of all electric companies that make sales of electricity to 25,000 or more retail elec-
 19 tricity consumers in this state must be composed of electricity generated by one or both of the fol-
 20 lowing sources:

21 (a) [Small-scale renewable energy projects] **Community-based renewable energy projects** with
 22 a generating capacity of 20 megawatts or less that generate electricity utilizing a type of energy
 23 described in ORS 469A.025; or

24 (b) Facilities that generate electricity using biomass that:

25 (A) Also generate thermal energy for a secondary purpose;

26 (B) **Utilize as a feedstock refuse from timber or agriculture; and**

27 (C) **Provide direct benefits to small businesses or federally recognized Indian tribes.**

28 [(3)] (4) Regardless of the facility’s nameplate capacity, any single facility described in sub-
 29 section [(2)(b)] (3)(b) of this section may be used to comply with the requirement specified in sub-
 30 section [(2)] (3) of this section for up to 20 megawatts of [capacity] **generation.**