

HOUSE COMMITTEE ON POWER DEREGULATION

May 8, 1997 Hearing Room E

1:00 P.M. Tapes 149 - 150

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

Rep. Cynthia Wooten, Vice-Chair

Rep. Randall Edwards

Rep. Jim Hill

Rep. Lonnie Roberts

Rep. Ken Strobeck

MEMBER EXCUSED:

Rep. Patti Milne

STAFF PRESENT:

John Larson, Administrator

Julie Neburka, Asst. Administrator

Lynda Sloan, Administrative Support

MEASURE/ISSUES HEARD:

HB 2821 PUBLIC HEARING AND WORK SESSION

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

Tape/#	Speaker	Comments
Tape 149, A		
001	Chair Welsh	Opens meeting at 1:18 p.m. in subcommittee. Opens public hearing on HB 2821, Section 19.
<u>HB 2821</u> <u>PUBLIC</u> <u>HEARING</u>		
	Gary	Oregon Energy Coalition. Offers amendments to HB 2821, Section 19

020	Conkling	(EXHIBIT A).
028	Brad VanCleve	<p>Oregon Energy Coalition. Discusses three proposed changes to Section 19.</p> <ul style="list-style-type: none"> * changes date from July 1, 1997, to January 1, 2000, for beginning of funding for public purposes * gives large customers credits for investments in conservation and renewable resources * authorizes legislature to establish task force to assess market transformation activities
055	VanCleve	<p>Continues testimony on HB 2821 proposed amendments.</p> <ul style="list-style-type: none"> * defines large customer as having one or more average megawatts of load at one site * caps public purpose funding obligation at three percent of total electric costs * Office of Energy verifies public purposes funds expenditures
075	Rep. Roberts	Asks if credit is related to three percent public purposes allocation.
080	VanCleve	Explains how credit is applied. Resumes discussion of amendments.
100	Phil Welker	<p>City of Portland Energy Office. Submits and discusses testimony on HB 2821 (EXHIBIT B).</p> <ul style="list-style-type: none"> * in favor of three percent charge for energy efficiency and public purposes; should benefit communities that pay the fees * not in favor of funds being given to distribution utilities for disbursement * in favor of Oregon Office of Energy or other independent organization for disbursement for public purposes * in favor of consumer education regarding choices, funding from public benefits charge
156	Fred Gordon	Northwest Energy Efficiency Council. Submits amendments to HB 2821 Section 19 (EXHIBIT C).
163	Fred Heutte	<p>Northwest Energy Efficiency Council. Discusses amendments.</p> <ul style="list-style-type: none"> * allocation of public purposes funding * large customer conservation investments

		<ul style="list-style-type: none"> * fair competition for energy services * pooling of conservation and renewable resource funding
168	Gordon	<p>Comments on amendments.</p> <ul style="list-style-type: none"> * in favor of three percent minimum for utility funding with no cap * in favor of early implementation date * prefer funding pool be done at state level * large customers to be defined at five megawatts and larger
215	Gordon	Continues discussion.
245	Heutte	Suggests committee decide where section on fair competition fits (EXHIBIT C, p. 4) .
248	Gordon	Comments PUC can work out details of administration.
251	Heutte	<p>Discusses conservation pooling (EXHIBIT C, p. 5).</p> <ul style="list-style-type: none"> * funding from Investor Owned Utilities (IOUs) put in state fund and dispersed by five member Electric Efficiency Board via Office of Energy * funding to help develop and expand new self-sustaining markets for energy conservation services * addition of language concerning renewable resource funding
274	Gordon	Notes that IOU funds for conservation are mandatory; optional for public utilities.
278	Heutte	Notes beginning date.
294	Dan Meek	<p>Residential Energy Service Companies United Effort. Submits questions regarding public purposes and proposed amendments to HB 2821, Section 19 (EXHIBIT D). Discusses questions and amendments.</p> <ul style="list-style-type: none"> * alternative choices for conservation oversight
346	Meek	<p>Continues discussion.</p> <ul style="list-style-type: none"> * California example of problem with utilities doing own conservation * switch to public administration of public purposes as soon as possible * in favor of mandatory three percent for public purposes
415	Meek	<p>Continues discussion.</p> <ul style="list-style-type: none"> * industrial customers surcharge * in favor of consumer education from separate fund, not as part of

		public purposes
Tape 150, A		
001	Meek	Continues testimony on amendment * agrees with Gordon and Heutte's recommendations
017	Rep. Hill	Asks if Section 19 is revenue portion of bill.
022	Committee	Discusses Rep. Hill's question.
039	Ron Eachus	Public Utility Commission (PUC). Discusses Rep. Hill's question. * PUC explored with Attorney General's (AG) office * spending requirement on utilities different from tax fee * AG to provide written opinion regarding need for three-fifths majority approval
067	Rep. Hill	Expresses concerns about three percent standard. * needs clarification whether tax paid by customer or requirement on energy provider to make public purposes expenditures
102	Chair Welsh	Agrees it is an issue that needs to be dealt with.
107	Rep. Hill	Asks if chair's intent to include in bill or assign to task force.
110	Chair Welsh	Responds to Rep. Hill's question. * intent is to answer public policy questions on public purpose funding * assure proper language in bill regarding public purpose funding * determine collection method for three percent * deal with public perception of public purpose funds as a tax
135	Meek	Comments on Rep. Hill's questions. * California required utilities to collect funds and distribute in manner prescribed by PUC.
140	Rep. Hill	Notes important issue to resolve.
151	Chair Welsh	Says work group established that three percent important and will be maintained in bill. Moves to other testimony.
158	Rep. Edwards	Asks if power marketers will be assessed the three percent.
164	Chair Welsh	Yes, if providing power within state.
168	Meek	Notes collecting funds easily accomplished through distribution systems.

185	Fred VanNatta	Representing Vulcan Power and Geothermal Northwest. Offers testimony on HB 2821 (EXHIBIT E).
216	Steve Munson	Vulcan Power. Offers testimony on HB 2821 (EXHIBIT E, p 15).
258	Chair Welsh	Asks Munson to focus on proposed amendment.
282	Munson	Refers to charts in testimony (EXHIBIT E, pp. 2-6) * issue whether or not additional renewables funding will be included * doesn't support proposed bill in current form because it doesn't provide sufficient support for renewables * discusses eight issues for consideration of inclusion in bill (EXHIBIT 3, pp. 9-12)
367	Rep. Roberts	Asks if anywhere in world with success in geothermal power.
368	Munson	Describes geothermal projects currently in operation.
378	Rep. Roberts	Asks costs to end user.
379	Munson	Gives estimate. Resumes discussion of issues.
432	Rep. Roberts	Asks amount five percent assessment would produce.
Tape 149, B		
001	Munson	Responds to Rep. Roberts. Continues discussion of proposed amendment. If proposals not supported, asks referral to task force.
019	Rep. Edwards	Asks if raising the amount for public purposes is intended to force market to allow Vulcan to compete.
029	Munson	Yes.
030	Rep. Edwards	Asks how to force open market to include certain percentage of alternative power.
034	Munson	Discusses methods for doing so. * mandatory systems charge funds * penalties if purchases not made
039	Rep. Edwards	Asks who will ultimately pay for it.
042	Munson	Says mandatory systems charge pays or utility shareholders, if utility fails to meet standard.
048	Rep. Roberts	Asks about increase of public purposes.
		Says proposal includes two suggestions

051	Munson	<ul style="list-style-type: none"> * split three percent, with 1.3 percent to renewables, or * increase public purposes by two-thirds
056	Rep. Roberts	Comments on proposal.
064	Munson	Discusses view of public purposes as insurance policy rather than as tax.
074	Tom Gallagher	US Generating. Offers amendments to HB 2821 (EXHIBIT F). Discusses amendments.
118	Paul Murphy	<p>PG & E Energy Service et al. Discusses amendments to HB 2821, Section 19 (EXHIBIT F).</p> <ul style="list-style-type: none"> * public purposes funding mechanism implemented concurrent with open access * allows large industrials to operate conservation with state agency oversight * credit for conservation efforts * cash payments for low income energy services, research and development on renewables * flow through of public benefits spending done by energy suppliers * clarifying language to correct difficulties
187	Gallagher	Comments on public perception of public purposes funds.
217	Chair Welsh	Comments on collection of public purposes funds; possibility of Office of Energy being collecting/disbursing agency.
233	Gallagher	Objects to Office of Energy collecting public service funds from Direct Service Industries (DSIs) and requiring them to petition for its redistribution for application.
263	Libby Henry	<p>Eugene Water and Electric Board (EWEB). Submits and discusses amendments to HB 2821 (EXHIBIT G).</p> <ul style="list-style-type: none"> * board passed resolution that distribution of energy efficiency funds confined to rate classes from which collected * credits applied for implemented programs * example of energy efficiency savings from local program
313	Henry	<p>Continues comments.</p> <ul style="list-style-type: none"> * objection to three percent cap on public purposes * recommendation of earlier implementation date of public purposes

363	Henry	Continues comments. * problem with credits as currently written
395	Henry	Explains amendments.
424	Rep. Hill	Asks percent of gross revenue that is conservation today.
425	Matt Northway	EWEB. Responds four percent.
Tape 150, B		
001	Chair Welsh	Moves to next testimony.
007	Tom O'Connor	Oregon Municipal Electric Utilities. Submits and discusses amendments to Section 19 HB 2821 (EXHIBIT H). * supports commitment to public purposes funding of conservation, renewables, and low income energy assistance with flexibility in administration of funds in community * supports keeping funds in local community except for market transformation portion * not in favor of capping at three percent * credit for money spent through Bonneville Power Administration
055	O'Connor	Continues discussion.
075	Diane Cowan	Oregon People's Utility District Association. Accompanied by Sarah Baker-Sifford of Oregon Rural Electric Association. Notes amendments O'Connor presented were on their behalf also. Offers additional amendments to HB 2821 (EXHIBIT I). Notes error to be corrected in bill.
097	John Savage	Administrator, Office of Energy. Submits amendments to HB 2821 (EXHIBIT J). Explains amendments. * supports pooling of public purposes funds * amendments temporary refinements * move start date to January 1, 1998
139	Rep. Roberts	Asks about itemizing.
143	Savage	Explains collection method will be PUC or governing board responsibility.
153	Rep. Hill	Asks about fiscal costs and fees.
155	Savage	No estimate as yet.
157	Rep. Hill	Asks how implementation will be paid for.

164	Savage	Discusses reimbursement. Resumes highlighting amendments. * some costs absorbed with existing staff * three percent divided among several projects
220	Chair Welsh	Announces next meeting. Adjourns meeting at 3:00 p.m.

Submitted By, Reviewed By,

Lynda Sloan, John Larson,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2821, proposed amendments, Gary Conkling, 3 pp.

B - HB 2821, written testimony, Phil Welker, 2 pp.

C - HB 2821, proposed amendments, Fred Heutte and Fred Gordon, 11 pp.

D - HB 2821, written materials and proposed amendments, Dan Meek, 8 pp.

E - HB 2821, written materials and testimony, Fred VanNatta and Steve Munson, 22 pp.

F - HB 2821, proposed amendments, Tom Gallagher, 14 pp.

G - HB 2821, proposed amendments, Libby Henry, 1 p.

H - HB 2821, proposed amendments, Tom O'Connor, 2 pp.

I - HB 2821, proposed amendments, Diane Cowan

J - HB 2821, proposed amendments, John Savage