

HOUSE COMMITTEE ON POWER DEREGULATION WORKGROUP

March 31, 1997 Hearing Room 137

1:00 P.M. Tape 79 - 82

MEMBERS PRESENT:

Rep. Jim Welsh, Chair

Rep. Cynthia Wooten, Vice-Chair

STAFF PRESENT:

John Larson, Administrator

Mieko Aoki, Committee Clerk

MEMBERS OF PUBLIC PRESENT:

Jim Anderson, PacifiCorp

Sarah Baker-Sifford, Oregon Rural Electric Cooperative Association

Gary Conkling, Oregon Energy Coalition

Diane Cowan, Oregon People's Utility District Association

James Deason, Eugene Water and Electric Board

Ron Eachus, Oregon Public Utility Commission

Jason Eisdorfer, Fair and Clean Energy Coalition

Fred Heutte, Northwest Energy Efficiency Council

Denise McPhail, Portland General Electric

Daniel Meek, Energy Electrons Environment

Jock Mills, Bonneville Power Administration

Steve Munson, Vulcan Power Company

Paul Murphy, PG & E Energy Services, Northwest Aluminum, Reynolds Metals

Tom O'Conner, Oregon Municipal Electric Utilities

John Savage, Office of Energy

Rachel Shimshak, Renewable Northwest Project

James Tarpey, Enron

Brad VanCleve, Oregon Energy Coalition

Steve Weiss, Fair and Clean Energy Coalition

Paul Wielgus, Enron

MEASURE/ISSUES HEARD:

DEVELOPMENT OF CONSENSUS ON BILL

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 79, A		
003	Rep. Wooten	Calls meeting to order at 1:25 p.m. Gives overview of agenda. Announces allocating ten minutes for Jason Eisdorfer's presentation and discussion.
019	Jason Eisdorfer	Presents proposal relating to open access and public benefit charges.
060	Rep. Wooten	Summarizes Eisdorfer's proposal.
080	Denise McPhail	Suggests starting to collect money on July 1, 1997.
088	Workgroup	Discusses * structure of section 24 * date of open access
138	Workgroup	Continues discussion.
141	Rep. Wooten	Asks the possibility of starting public purpose program in July 1, 1997, and opening direct access January 1, 2000.
154	Workgroup	Discusses date for open access.
185	Rep. Wooten	Summarizes discussion on date.
201	Eisdorfer	Suggests revisiting the issue.
208	Workgroup	Discusses * problems of starting to collect three percent of systems benefit charge prior to open direct access

		* determining actual percentage of charge
251	Rachel Shimshak	Summarizes past discussion on date at workgroup meeting.
276	Workgroup	Discusses language which Shimshak proposes.
321	Rep. Wooten	Asks workgroup how to proceed on the issue.
329	Jim Anderson	Suggests revisiting the issue.
332	Eisdorfer	Says he reverses his vote.
355	Workgroup	Discusses systems benefit charges * classification of customers * mechanisms * definition
390	Daniel Meek	Presents an example of California. Suggests learning mechanism from California.
419	Rep. Wooten	Asks definition of electricity sales.
424	Eachus	Responds it includes distribution, transmission and generation costs.
TAPE 80, A		
009	Workgroup	Discusses * imposing retail revenue * how to decide charging rate
023	Rep. Wooten	Moves on to next issue.
025	Workgroup	Discusses * contents of three percent charge * whether three percent is a floor or a cap
075	Workgroup	Continues discussion.
100	Rep. Wooten	Announces three percent would be a floor of non-bypassable charges according to administrator's record. Moves on to next issue.
110	Conkling	Opposes rate would be higher than three percent.
126	Workgroup	Discusses * exceeding public purpose charges

015	Eachus	Describes the concept that three percent is the amount that any utility would spend and collect from all customers through nonbypassable systems benefit charge.
041	McPhail	Mentions unfairness of charging customers who have their own conservation or renewable systems.
050	John Savage	Comments the language did not preclude utilities from investing over three percent.
053	Workgroup	Discusses * problems of collecting charges * nonbypassable systems benefit charge has to be competitively neutral
119	Rep. Wooten	Reads rephrased statement. Asks how to increase rate of the charge.
144	Larson	Reads statement: "Three percent of electricity sales revenues is a floor on the amount of money that the distribution company or its customers would spend for public purposes and a cap on what the distribution company would collect from all customers through a nonbypassable systems benefit charge, regardless of electricity service supplier."
150	Rep. Wooten Vote	Calls for vote. VOTE SPLIT on the statement.
165	Workgroup	Discusses three percent of systems benefit charge.
215	Workgroup	Continues discussion.
256	Rep. Wooten	Proposes vote.
258	Savage	Suggests collecting money through distribution systems to avoid confusion.
273	Diane Cowan	Asks if there is other money collecting method.
281	Workgroup	Discusses additional method of collecting money.
329	Rep. Wooten	Asks how to proceed on the issue.
352	Eisdorfer	Clarifies their position.
373	Conkling	Supports creating competitive market.
TAPE 80, B		
008	Workgroup	Discusses * three percent of nonbypassable systems benefit charge * utilities have ability to exceed three percent or not
058	Workgroup	Continues discussion.

071	Rep. Wooten	Summarizes discussion and proposes vote.
115	Conkling	Supports three percent nonbybassable systems benefit charge.
133	Eachus	Restates the statement: "Three percent is a floor and spending it is a cap on collection through systems benefit charge."
138	Rep. Wooten Vote	Calls for vote. NO on the revised statement.

149	Eachus	Describes voting system at workgroup meeting and suggests revisiting the issue.
158	Rep. Wooten	Proposes rephrased statement.
165	Rep. Wooten Vote	Calls for vote. NO on the statement that Rep. Wooten proposed.
175	Rep. Wooten	Announces issues need to be revisiting. Suggests
189	Murphy	* deciding mechanism which allows all customers to get direct credits for any expenditures that they make towards these public purpose programs * simplifying mechanism for all customers to create public purpose expenditure by themselves Discusses
235	Workgroup	* purposes of purchasing renewable resources directly * how public purpose programs affect customers Comments
274	Meek	* investment for conservation * purpose of conservation * public purpose program and three percent is additional to market Comments
300	Savage	* disagrees with any credit against low-income weatherization, renewables and conservation * necessity of clarifying verification method * supports self-directed investment

324 Eisdorfer Addresses his concern about verification issue of low-income weatherization, conservation and renewable resources.

344 Munson Addresses concern of competition between existing out of state suppliers and new in state renewable program.

360 Murphy Comments on conservation and renewables.

412 Baker-Sifford Supports nonbypassable systems benefit charge.

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011 Meek Supports the proposal which credits large industrial customers for individual conservation efforts.
Discusses
* verification issue

025 Workgroup * calculation of three percent
* obligation of utilities

050 Rep. Wooten Suggests Murphy and Meek create standards and benchmarks for the issue.

078 Workgroup Discusses flexibility of rigid numbers for investing renewable resource.

133 Rep. Wooten Announces revisiting three percent issue.

151 Chair Welsh Moves on to next issue.

169 Munson Presents testimony on new non-hydro green power project.

219 Munson Continues presentation.

226 Chair Welsh Suggests taking his proposal to committee meeting.

234 Munson Mentions efficiency of the project.

284 Munson Continues presentation.

311 Weiss Supports providing green marketing in advance of open access by retail distribution utilities.
States their position

335 Conkling * agrees with changing monopoly situation to competitive situation
* supports allowing market to create competitive situation

384 O'Connor Comments small utilities will not have options after expiration of Bonneville Power Administration (BPA) contract.

402 Chair Welsh Asks how the BPA contract works.

406 O'Connor Describes classification of customer who is able to purchase BPA power directly.

**TAPE
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- 006 Munson Comments on importance of developing green base renewable project.
- 035 Jock Mills States he will provide information that will help clearing confusion.
Comments
- 042 Weiss * agrees with utilities investing money which is credited by purchasing BPA power to public purpose project
* how to itemize usage of three percent
* budget should not be granted existing project
- 074 Workgroup Discusses inclusion of alternative mechanism in the bill.
- 106 Meek Mentions mechanism of California's systems benefit charge.
Suggests postponing vote and ask workgroup to consider following issues that he opposes
- 144 Munson * increasing mandatory systems charge
* deciding mandatory minimum percentage of total load
- 170 Chair Welsh Summarizes discussion.
Chair Welsh Calls for vote.
- 183 **Vote** **NO** to include other mechanisms in public purpose programs.
- 193 Chair Welsh Moves on to next issue.
- 210 Weiss Presents their proposal of conservation program.
- 257 Workgroup Discusses projects approving mechanism administrated by Office of Energy.
- 307 Workgroup Continues discussion on including administration cost in the three percent charge
- 343 Fred Heutte Presents their perspective regarding delivering conservation programs.
- 392 Meek Comments on difference between investor owned utilities (IOU) and COU.
States California's approach as an example.
- 442 Meek Continues presentation.

**TAPE
81, B**

- 030 Meek Continues presentation. Describes California's structure of public benefits program. Suggests Office of Energy be the administrative agency.
Discusses
- 078 Workgroup * vulcanization problems
* conflict of interest relating to sellers of both conservation and energy

* administrating public fund for conservation
States two objectives that workgroup should discuss

- 100 Eachus * energy efficiency
* creating competitive market
- 150 Eachus Continues presentation on structure of administration
- 200 Eachus Continues presentation on how to avoid conflict of interest.
- 225 James Tarpey Comments the most efficient entity should operate the program.
- 256 Chair Welsh Summarizes discussion.
- 269 Workgroup Discusses public purpose programs.
- 310 Chair Welsh Suggests discussing structure of administration.
- 314 Workgroup Discusses administration structure of collected fund.
Presents their proposal
- 336 O'Connor * supports mandatory three percent charge in statute as a requirement
* collects same rate of money from all customer classes
* program should be locally administrated
- 386 O'Connor Continues presentation that program should be competitively neutral and simple.
- 415 Workgroup Discusses whether state agency should administer conservation program or not.
- TAPE
82, B**
- Suggests
- 012 Eachus * determining goals to accomplish
* creating energy efficient competitive market
- 054 Chair Welsh Comments on importance and difficulties of managing conservation program.
Asks how to deal with low-income weatherization program.
Discusses
- 068 Workgroup * Oregon has well established institutional low-income weatherization program
* how to split the three percent of charge
Summarizes discussion and proposes several policy questions
- 106 Chair Welsh * Who will administer the program?
* How to split the fund for conservation?

120 Savage Supports pooling the fund and spreading efficiently.

131 Meek Opposes individual utilities administering pooled fund.

146 Workgroup Discusses how to administer pooled fund.

183 Chair Welsh Explains a question which workgroup will vote on.

204 Workgroup Discusses meaning of the question.

254 Workgroup Continues discussion.

258 Chair Welsh Clarifies the question.
Discusses meaning of the question

284 Workgroup * Who will deliver and govern energy efficiency?
* mechanism of pooling fund

334 Workgroup Continues discussion.
Clarifies the question
* local governing bodies and IOU subject to PUC oversight

347 Larson * pooling mechanism which applies to all
* pooling mechanism which applies to IOU and local option for consumer-owned utilities

358 Workgroup Discusses distinguishing conservation from renewables.

370 Larson Reads option one.

385 Eachus Suggests asking caucuses' preferences of options and discuss details later.

400 Larson Rephrases and reads options through one to three.

423 Chair Welsh Asks each caucus which option is its preference.

425 Conkling States Oregon Energy Coalition (OEC) prefers to abstain.

439 Eisdorfer States Fair & Clean Energy Coalition prefers option three.

441 Eachus States PUC prefers option two. Adds option three is acceptable.

452 Baker-Sifford States COU prefers option one and three.

458 McPhail States IOU prefers option one and two.

467 Eachus Summarizes pooling mechanism is the most preferable among caucuses.

490 Chair Welsh Announces workgroup revisiting the issue.

498 Chair Welsh Adjourns meeting at 5: 20 p.m.

Submitted By, Reviewed By,

Mieko Aoki, John Larson,

Committee Clerk Administrator