

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

HOUSE COMMITTEE ON ENVIRONMENT AND ENERGY

March 04,1991Hearing Room E 1:00 p.m. Tapes 63 - 64

MEMBERS PRESENT:Rep. Parkinson, Chair Rep. Whitty, Vice-Chair Rep. Burton Rep. Courtney Rep. Naito Rep. Norris Rep. Repine Rep. Van Leeuwen Rep. Watt

STAFF PRESENT: Kathryn VanNatta, Committee Administrator Andy Sloop, Committee Assistant

MEASURES CONSIDERED:HB 2130 (WRK) HB 2602 (PUB) SB 231 (PUB)

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 63, SIDE A

004 CHAIR PARKINSON: Calls the meeting to order at 1:21 p.m. and opens work session on HB 213 0.

(Tape 63, Side A) HB 2130 - WORK SESSION Witnesses:Mike Grainey, Oregon Department of Energy Bill Nespith, Oregon Department of Energy Roger Martin, Oregon Transit Association Kris Nelson, Independent Energy Advocate Jim Anderson, Portland General Electric Sarah Baker-Sifford, Oregon Rural Electric Cooperative

010 MIKE GRAINEY, OREGON DEPARTMENT OF ENERGY: Reviews hand-engrossed version of the measure (EXHIBIT B) incorporating the Department's HB 2130-4 amendments (EXHIBIT D). Notes memorandum (EXHIBIT E) to the Committee Administrator regarding tax credits for alternative fuel vehicles. This memo also includes projections of costs and energy savings for the three provisions in the HB 2130-4 amendments (commercial-industrial pass-through, alternative-fuel vehicles and utility properties), and the impact on car pools, van pools and bus passes, which are not in the HB 2130-4 amendments. The HB 2130-4 amendments:

>Clarify that eligibility for alternative-fuel tax credit applies to the marginal cost both for converting used cars and for buying new cars.

>Provide that the up-front utility pass-through payment applies both for energy-conservation measures and for alternative fuels.

>Clarify that properties owned by utilities and utility subsidiaries are eligible for energy- conservation tax credit.

>Declares January 1, 1992 effective date, which would initiate the program at the beginning of a new tax year and would give the Department time to make necessary rule changes for implementation.

54CHAIR PARKINSON: Is this program fully subscribed each biennium?

58GRAINEY: Yes. \$40 million worth of programs annually. We have reached this cap each of the last three years.

92REP. WATT: How high could the cap go to satisfy demand?

98BILL NESPITH, DEPARTMENT OF ENERGY: \$60 to \$80 million annually.

102 GRAINEY: Prior to Measure 5, we had a provision in this bill to raise the cap to \$60 million.

123 REP. COURTNEY: What does the row for cars, van pools and bus passes (EXHIBIT E, PAGE 2) indicate?

126 GRAINEY: That would involve substantial energy savings.

136 ROGER MARTIN, OREGON TRANSIT ASSOCIATION: Describes OTA make up; gives overview of Oregon transit systems; and testifies in support of HB 2130-6 amendments. (EXHIBIT F)

>OTA is made up of public transportation and private bus companies in Oregon.

>There are three transit districts in the state.

>Transit districts generally are funded by payroll tax up to 1/2 of 1 percent. Salem transit, however, is funded by property tax.

>Two transportation districts in the state (Rogue Valley and Basin), both of which have limited property-tax funding. There are six other bus systems that are funded to some degree by property taxes.

>Property tax-funded systems are threatened by cuts in wake of Measure 5.

>Transit is a practical method for relieving transportation pressures.

>People should be encouraged to use mass transit. The HB 2130-6 amendments would provide incentives for employers to offer employees transit passes and car pool vehicles.

>Van pools and car pools also facilitate lateral movement around the periphery of Portland.

>Incentives outlined in the HB 2130-6 amendments would cost about \$720,000.

(Rep. Repine arrives)

248 MARTIN: Asks committee to explore raising the \$40-million cap at least \$1 million to accommodate transit incentives under the HB 2130-6 amendments.

266 CHAIR PARKINSON: "I think [the Revenue Committee] would look with a jaundiced eye at expanding [this program]."

270 REP. BURTON: Is a transportation facility a pass or a vehicle?

281 MARTIN: I didn't draft these and don't know the logic for this definition.

294 GRAINEY: This is language that the Attorney General and Legislative Counsel came up with for defining what we're trying to promote. It's limited to the purposes of this statute.

303 REP. BURTON: Clearly, then, it was not intended to mean a parking lot or a park and ride.

306 GRAINEY: We discussed those possibilities but the priority is vehicles.

312 CHAIR PARKINSON: Is it reasonable to assume car pools and bus passes would be mostly in urban areas?

319 GRAINEY: Passes would be urban but van pools could be statewide.

324 CHAIR PARKINSON: Calls Chris Nelson.

334 KRIS NELSON, INDEPENDENT ENERGY ADVOCATE: Testifies in support of the measure. (EXHIBIT G)

TAPE 64, SIDE A

00JIM ANDERSON, PORTLAND GENERAL ELECTRIC: Testifies in support of the measure but in opposition to the HB 2130-6 amendments.

>Expanding eligibility for this credit without raising the funding cap would water down the program.

>Advocates raising the funding cap.

42SARAH BAKER-SIFFORD, OREGON RURAL ELECTRIC COOPERATIVE ASSOCIATION: Requests to be included in Revenue Committee deliberations about raising the funding cap if the HB 2130-6 amendments are approved.

>Rural electric cooperatives are not eligible for the energy conservation tax credit, but if these program funds are depleted by urban interests, there won't be anything left for small rural businesses served by cooperative utilities.

80MOTION:REP. WHITTY moves to adopt the dash 4 LC amendments dated 2/27/91 to HB 213 0 (EXHIBIT D).

85VOTE:Hearing no objection, CHAIR PARKINSON so moves.

87MOTION:REP. WHITTY moves HB 2130 as amended to the Revenue and School Finance Committee with a "do pass" recommendation.

96REP. COURTNEY: Savings from transit are substantial. "Since it seems

this \$40-million cap is what's keeping the people in the audience from being able to embrace this, I would hope that we find a way that the committee could send it to Revenue with the fact that they blow the cap for purposes of accommodating mass transit, and if that can't be done that we leave as has just been amended."

114 REP. WHITTY: What can we do with this bill, other than hook the dash 6 amendments on to it?

124 REP. COURTNEY: I realize the dash 6 don't address the cap issue, so they're imperfect. We should support dash 6 with direction to Revenue that we, as a committee, only support them if the cap is blown.

134 CHAIR PARKINSON: The majority of the committee appears to be concerned about diluting the present program. "I cannot conceive of the Revenue Committee, with Measure 5 and the shortage of general fund revenue, entertaining the notion of expanding the program. . . From my position, I'd have to be sold on it from there because it's one more place, I think, where the other Oregon is subsidizing the metropolitan area."

146 REP. COURTNEY: Last Friday we discussed meaningful ways to address rural transit concerns. If the committee is just per se against this going into cars, busses and van pools, then this discussion is over. But if other issues are the problem, then we should talk. "The energy savings here is so substantial, it's just overwhelming."

173 CHAIR PARKINSON: "I don't think this is the vehicle." If the committee feels strongly about the transit aspects of this measure, we probably could get the Speaker to allow introduction of a committee bill that would address those needs.

187 REP. COURTNEY: The real issue holding us up is the cap, so we should add language to address that.

196 REP. WATT: The estimated annual energy savings for car pools, van pools and buses is substantially higher than that of alternative-fuel vehicles. Could you explain that?

202 GRAINEY: The primary benefit of alternative-fuel vehicles is not energy savings so much as it is cleaner emissions and alternatives to petroleum.

224 REP. VAN LEEUWEN: Would compressed natural gas be considered a hazardous material if used as an alternative-vehicle fuel?

232 GRAINEY: I don't know but CNG tanks for cars are stronger than regular automobile gas tanks.

250 CHAIR PARKINSON: Calls for vote on the motion.

255 VOTE: In a roll call vote, the motion carries with all members voting AYE.

258 CHAIR PARKINSON: Closes work session on HB 2130 and opens public hearing on HB 2602.

(Tape 64, Side A) PUBLIC HEARING - HB 2602. Witnesses: Rep. Norris.

275 REP. NORRIS: Presents bill. (EXHIBIT H)

320 CHAIR PARKINSON: Why is this bill so narrowly defined? This looks like a legitimate idea, so why not define it more broadly?

330 REP. NORRIS: We're trying to address this specific situation, but if this committee would like to expand the scope of this bill, I would not have any objection.

342 CHAIR PARKINSON: It seems we should involve somebody from the planning area, perhaps from the Oregon Planners Association. The committee administrator will make those contacts.

374 REP. REPINE: There is a comprehensive study of historic graveyard sites, I believe from the Oregon Funeral Director's Association.

389 REP. NORRIS: HB 2796 also allows cemeteries and churches to be allowed in exclusive farm use zones. Perhaps we could incorporate this into that.

400 CHAIR PARKINSON: I'm not sure these bills are consistent, but we could explore that. This bill probably would move better without excess baggage.

410 CHAIR PARKINSON: Calls for break.

TAPE 63, SIDE B

020 CHAIR PARKINSON: Closes public hearing on HB 2602 and opens public hearing on SB 231.

(Tape 63, Side B) 021 SB 231 - PUBLIC HEARING Witnesses: Lee Sparling, Public Utility Commission Fred Huit, Solar Energy Association of Oregon

022 LEE SPARLING, PUBLIC UTILITY COMMISSION: Testifies in favor of the measure. (EXHIBIT N)

106 REP. BURTON: Basically this would let major power suppliers approach THE PUC with plans for residential conservation. If approved, suppliers could extend conversion programs to homeowners without bank backing. Is that correct?

117 SPARLING: Not exactly. This allows utilities to offer alternatives to traditional weatherization. Currently, residential weatherization programs typically offer homeowners rebates or low-interest loans. But utilities can't offer relatively cheap incentives to encourage homeowners to convert to efficient lighting and appliances. This measure would allow utilities to offer alternatives to traditional weatherization programs to encourage energy conservation.

229 REP. BURTON: The effect of this bill essentially is to allow the PUC to determine what constitutes energy conservation. In other words, we are statutorily surrendering those responsibilities to the PUC. Is that correct?

240 SPARLING: Yes.

288 REP. VAN LEEUWEN: Why can't private utilities offer these programs now?

296 SPARLING: The PUC approves conservation programs because utilities

use ratepayer dollars to promote conservation programs.

322 CHAIR PARKINSON: Why do existing statutes allow investor-owned utilities to furnish energy- conservation incentives but don't allow public utilities and co-ops to offer them?

330 GRAINEY: There's a basic statutory requirement that applies to all utilities that is specific about what conservation programs must be offered. Public utilities also must "meet or exceed" other requirements. This bill recognizes that utilities should have flexibility to offer other conservation programs after minimum requirements are met.

361 REP. VAN LEEUWEN: And they can't do that without this bill?

363 GRAINEY: Apparently not.

371 FRED HUIT, SOLAR ENERGY ASSOCIATION OF OREGON: Testifies in support of the measure.

>Existing statute only provides for loans or rebates.

>There are new concepts for financing conservation that may be more appropriate than traditional concepts.

>SB 231 allows flexibility to encourage conservation.

TAPE 64, SIDE B

016 HUIT: Loans and rebates are good baseline programs, but should be accomplishing more than they are. This would allow better ideas to be developed and pursued.

27REP. BURTON: Did you say you thought the PUC already has authority to allow new conservation programs?

30HUIT: The issue of clarifying the PUC's authority in this area is worth addressing.

93CHAIR PARKINSON: Closes public hearing and adjourns at 3:04 p.m.

Submitted by: Reviewed by:

Andy Sloop Kathryn VanNatta Committee Assistant Committee
Administrator

EXHIBIT LOG:

A - Staff Measure Summary for HB 2130 - Committee Staff - 1 page
B - HB 2130-4 Hand-Engrossed - Committee Staff - 5 pages
C -Notice of Possible Revenue Impact for HB 2130 - Legislative
Revenue Office - 1 page D -HB 2130-4 amendments proposed by the
Department of Energy - Michael Graine, Department of Energy - 2 pages E
-February 25, 1991 Memorandum from Mike Graine, Department of Energy,
to Kathryn VanNatta Regarding Tax Credits for Alternative Fuel Vehicles
- Mike Graine - 2 pages F -HB 2130-6 amendments proposed by the
Department of Energy - Mike Graine - 1 page G -Testimony on HB 2130 -

Kris Nelson, Citizen Energy Advocate - 3 pages H -HB 2602 Preliminary Staff Measure Summary - Committee Staff - 1 page I -Notice of Possible Revenue Impact for HB 2602 - Legislative Revenue Staff - 1 page J -ORS 308.370 and 308.399 - Committee Staff - 6 pages K -SB 231 Staff Measure Summary - Committee Staff - 1 page L -Notices of No Revenue or Fiscal Impacts of SB 231 - Legislative Revenue and Fiscal Offices - 1 page M -Statutory Residential Energy Conservation Act - Committee Staff - 9 pages N -Testimony on SB 231 - Lee Sparling, Public Utility Commission - 3 pages