



# Oregon Water Resources Congress

## HB 3221: Oregon's Renewable Options Program

*Clean, affordable, and resilient energy for communities across Oregon*

Oregon's Renewable Options (ORO) Program (HB 3221) would create a new, voluntary way for local and tribal governments, and local service districts to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities. Oregon's communities are diverse; if enacted, this flexible program would enable communities to achieve clean energy goals while keeping electricity rates affordable, creating and sustaining energy-related jobs, investing in equitable economic development, promoting community resilience, and supporting a healthy environment.

This flexible voluntary program would:

- Prioritize Oregon's communities' needs, such as increasing demand for clean, affordable, and resilient energy;
- Enable participants to remain partners with their existing electric utility;
- Provide affordable, transparent electricity rates;
- Increase renewable electricity, such as solar, wind, hydropower, biomass, and geothermal power;
- Support regional job creation, equitable economic development, community resilience, and a clean environment;
- Encourage the development of small, distributed renewable energy projects that are best able to provide local resilience (e.g., clean energy microgrids powered by in-conduit and small-scale hydropower projects, and community solar projects) that
  - Generate less than 20 megawatts (MW) of power; and
  - Provide a unique variety of local economic, environmental, and resiliency benefits.

### **Community Benefits**

- Gives participants a voice in choosing and catalyzing the development of the renewable energy projects that power their communities;
- Prioritizes community-driven equitable economic development and community goals related to electricity pricing, community energy resilience, job creation, and environmental benefits;
- Establishes a transparent process to explicitly solicit input from and address the needs of participating customers -- especially those that are disadvantaged, climate-vulnerable, and energy-burdened -- via public stakeholder meetings and incorporation of stakeholder feedback; and
- Provides technical assistance for community energy resilience planning.

### **Resilience Benefits**

- Encourages small (< 20 MW), distributed renewable energy facilities that can form the backbone of microgrids to provide community energy resilience;
- Increases resilience to extreme events, such as wildfire and earthquakes, by enabling backup power for critical emergency operations centers, hospitals, police/fire stations, emergency shelters, and other buildings necessary to provide basic

services to communities as they restore functions and return to normal life, (i.e., schools, housing, certain retail stores, and banks, etc.); and

- Helps prevent power disruptions due to Public Safety Power Shutoff (PSPS) from hazardous wildfire conditions.

### **Economic Benefits**

- Provides low-cost energy that can include up to 100% renewable electricity from both small and large projects;
- Enables municipalities, residents, and businesses to reinvest in their communities;
- Facilitates rural community hydropower production as part of statewide irrigation modernization efforts;
- Creates new clean energy-related jobs;
- Provides a transparent, voluntary program for clean, reliable, and affordable electricity via continued partnerships with existing electric utilities and oversight by the Oregon Public Utility Commission; and
- Enables residential and business customers to opt out of the program.

### **Environmental Benefits**

- Reduces pollution;
- Conserves water; and
- Invests in clean water and clean air.

## **What Are the Steps Involved in the ORO Program?**

### *Step 1: Creation of the ORO Program*

- The Oregon Public Utility Commission (OPUC) manages a rulemaking process and launches the ORO Program.

### *Step 2: Interested Community Creates an ORO Program Application*

- An interested community (led by a local or tribal government or local service district) conducts an engagement process to explicitly solicit input from and address the needs of community members, especially those that are disadvantaged, climate-vulnerable, and energy-burdened;
  - The community may consult the Public Purpose Fund Administrator for technical expertise, if desired;
- The community determines the factors of importance for use in the prioritization of scoping and sourcing renewable energy projects as part of the ORO Program Application, including, but not limited to: amount of renewable electricity desired from small and large projects by specific dates; electricity pricing; community energy resilience principles; job creation; and environmental benefits; and
- The community creates the final ORO Program Application and submits it to the OPUC.

### *Step 3: Review of the Community ORO Program Application*

- Three entities review the ORO Program Application:
  - The Public Purpose Fund Administrator;
  - The investor-owned utility (IOU) currently providing electricity service to the community; and
  - The OPUC.

### *Step 4: The IOU and Public Purpose Fund Administrator Create an ORO Program Proposal to Submit Back to the Community*

- The Public Purpose Fund Administrator and IOU provide information on how the ORO Program Application would affect the factors of importance identified by the community, e.g., impacts on electricity rates for participating customers;
- The Public Purpose Fund Administrator and IOU solicit projects that could meet the needs outlined in the ORO Program Application; and
- Based on these factors, the IOU creates an ORO Program Proposal to submit back to the community for consideration.

### *Step 5: Review of the ORO Program Proposal*

- Four types of entities review the ORO Program Proposal:
  - The interested community;
  - The OPUC;
  - An independent evaluator hired by the OPUC; and
  - Other interested intervenors.

### *Step 6: The IOU and Public Purpose Fund Administrator Make Revisions to the ORO Program Proposal*

- The interested community may propose revisions to the ORO Program Proposal based on the information provided by the review conducted in step 5 and communicates these desired revisions to the OPUC;
- The OPUC identifies revisions and directs the IOU to make revisions to the ORO Program Proposal; and
- The IOU makes revisions to ORO Program Proposal and submits the Final Proposal back to the OPUC.

### *Step 7: Approval and Implementation of Final ORO Program Proposal*

- The OPUC approves the final ORO Program Proposal; and
- ORO Program implementation begins for the community.

For more information or to provide feedback or suggestions, please contact either of the individuals listed below:

April Snell  
Oregon Water Resources Congress  
[aprils@owrc.org](mailto:aprils@owrc.org)  
(503) 363-0121

Jed Jorgensen  
Farmers Conservation Alliance  
[jed.jorgensen@fcasolutions.org](mailto:jed.jorgensen@fcasolutions.org)  
(541) 256-4450

# Oregon's Renewable Options Program

## Frequently Asked Questions

### **Who can participate?**

Oregon's Renewable Options (ORO) Program would create a new, voluntary way for local and tribal governments, and local service districts to make decisions regarding the energy sources that power and provide resilience for the residents and businesses in their communities.

### **What if I do not want to participate?**

The ORO Program would be entirely voluntary. If a government or local service district elects to join the ORO Program, residential and business customers would have the opportunity to opt out.

### **What if too many customers decide to opt-out?**

The ORO Program requires that local and tribal governments and local service districts conduct an engagement process to explicitly solicit input from and address the needs of community members, especially those that are disadvantaged, climate-vulnerable, and energy-burdened, before submitting an ORO Program Application. Information about the level of enthusiasm for the ORO Program from residential and business customers will be assessed in advance of submitting an Application, and if there is not sufficient interest, participants may decide not to submit an Application.

### **How would different jurisdictions work together on the ORO Program?**

The ORO Program is voluntary and provides for flexibility for jurisdictions who wish to work together on creating Applications. For example, under the ORO Program, jurisdictions that overlap (e.g., a city government within the jurisdiction of a county government) or jurisdictions that do not overlap (e.g., two city governments) may work together on an application. If desired, the Public Purpose Fund Administrator Energy Trust could help the communities involved to figure out the best path forward for joint Application submissions.

### **Which electric utilities does the ORO Program apply to?**

The ORO Program applies only to investor-owned utilities (IOUs), including Pacific Power, Portland General Electric, and Idaho Power, which are regulated by the Oregon Public Utility Commission (OPUC). It is our understanding that there is nothing prohibiting municipal or cooperative electric utilities from creating similar types of programs.

### **How does the ORO Program differ from Community Choice Aggregation (CCA)?**

When a community adopts a CCA approach, it severs its energy supply relationship with its investor-owned utility. Under this policy model, the CCA offers different power generation sources to the consumers and the incumbent utility is responsible for the transmission and distribution of that electricity.

The ORO Program differs from CCA in that it would enable participants to remain partners with their existing electric utility. It would simply enable Oregon's state, local, and tribal governments, and local service districts to have greater options regarding the energy sources that power their residences and businesses while increasing the resilience of their communities.

### **How does the ORO Program differ from existing voluntary programs provided by Pacific Power (PAC) and Portland General Electric (PGE)?**

PAC's Blue Sky Program and PGE's Green Future Program provide opportunities for individual customers to choose to buy clean power, to invest in habitat restoration, and in the case of the Green Future Program make choices about getting power from wind or solar. However, PAC and PGE's choice programs do not enable communities to choose the energy from specific projects based on community resilience goals, or to elect or

decline specific sources of renewable energy. In addition, the OPUC does not believe that PAC's Blue Sky Select Program is appropriate for use on a community-wide basis.<sup>1</sup>

In contrast, the ORO Program would enable a community to choose specific renewable projects in support of community-defined goals around regional job creation, equitable economic development, community resilience, and a clean environment. The ORO Program would also provide transparency into how new rates are determined through oversight by the OPUC and review by an independent evaluator.

For example, under the ORO Program:

- A rural community could choose energy from a local, small-scale hydropower project that is developed as a result of irrigation modernization to support their community resilience and economic development goals.
- An urban community could choose a solar project coupled with battery storage to create a microgrid at a community center in support of local energy resilience and environmental justice goals.

### **Why do we need the ORO Program?**

Oregon's communities are diverse, and there is no "one-size-fits-all" strategy to meet community energy needs and goals. The current PAC and PGE voluntary programs are rigid and some lack transparency and oversight from the OPUC. Oregon's communities need the flexibility to determine the locally-appropriate, low-cost types of renewable electricity projects that can meet their requirements.

The ORO Program would be a flexible voluntary program that:

- Prioritizes a communities' needs, such as increasing demand for clean, affordable, and resilient energy;
- Enables participants to remain partners with their existing electric utility;
- Provides affordable, transparent electricity rates;
- Increases renewable electricity, such as solar, wind, hydropower, biomass, and geothermal power;
- Supports regional job creation, equitable economic development, community resilience, and a clean environment; and
- Encourages the development of small, distributed renewable energy projects that are best able to provide local resilience (e.g., clean energy microgrids powered by in-conduit and small-scale hydropower projects, and community solar projects) that
  - Generate less than 20 megawatts (MW) of power; and
  - Provide a unique variety of local economic, environmental, and resiliency benefits.

### **How does the ORO Program consider the needs of energy burdened, disadvantaged, and climate-vulnerable communities?**

A major focus of the ORO Program is to increase community energy resilience in an affordable way. The Program recognizes that each community has unique needs and goals and that community members must be able to participate or lead, as desired, in the design of a successful community energy resilience strategy. That is why the ORO Program would establish processes to ensure that the voices of energy-burdened, disadvantaged and climate -ulnerable community members are explicitly considered and incorporated into community energy resilience planning.

As envisioned, the ORO Program:

- Gives participants a voice in choosing and catalyzing the development of the renewable energy projects that power their communities;
- Prioritizes community-driven equitable economic development community goals related to electricity pricing, community energy resilience, job creation, and environmental benefits;

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<sup>1</sup> OPUC Order 20-473, published December 18, 2020. Page 134 states, "...we caution PacifiCorp not to consider Schedule 272 an appropriate mechanism to provide community-wide green tariffs." <https://apps.puc.state.or.us/orders/2020ords/20-473.pdf>

- Establishes a transparent process to explicitly solicit input from and address the needs of participating customers -- especially those that are disadvantaged, climate-vulnerable, and energy-burdened -- via public stakeholder meetings and incorporation of stakeholder feedback; and
- Provides technical assistance for community energy resilience planning.

### **How would the ORO Program improve community resilience?**

A core component of the ORO Program is that it would encourage the development of small (< 20 MW), distributed renewable energy facilities that can form the backbone of microgrids to provide community energy resilience.

For example:

- If a wildfire burns down a transmission line and severs a community's only connection to the main power grid, that community may have to endure a long power outage until repairs can be made to the transmission system and power is restored. With an alternative local supply of renewable power provided by the ORO Program, the community could continue to power critical services even while the connection to the main power grid is out; or
- If an electric utility utilizes a Public Safety Power Shutoff (PSPS) due to hazardous wildfire conditions and cuts power from the main power grid to a community, that community will suffer power outages of an unknown duration. With an alternative local supply of renewable power provided by the ORO Program, the community could continue to power critical services even during a PSPS event.

The ORO Program would:

- Increase resilience to extreme events, such as wildfire and earthquakes, by enabling backup power for critical emergency operations centers, hospitals, police and fire stations, emergency shelters, and buildings that are necessary to provide basic services to communities as they begin to restore functions and return to normal life, such as schools, housing, certain retail stores, and banks; and
- Help prevent power disruptions due to Public Safety Power Shutoff (PSPS) from hazardous wildfire conditions.

### **How much would the ORO Program Cost?**

The rate structure for a participating community would be determined by a transparent and public rulemaking process conducted by the OPUC and subsequent rate cases publicly filed by the investor-owned utilities.

### **How would the ORO Program be paid for?**

The costs of participating, noticing, and administering the ORO Program over time would be covered as part of the participating customer rate structure. The initial costs of the ORO Program, which would include rulemaking and oversight by the OPUC would be negligible compared to existing OPUC costs related to green tariff activities; in fact, the Commission has issued a 2021 work plan that includes green tariffs and likely covers the type of oversight and rulemaking work that would be required by the ORO Program.

For more information or to provide feedback or additional questions, please contact either of the individuals listed below:

April Snell  
Oregon Water Resources Congress  
[aprils@owrc.org](mailto:aprils@owrc.org)  
(503) 363-0121

Jed Jorgensen  
Farmers Conservation Alliance  
[jed.jorgensen@fcasolutions.org](mailto:jed.jorgensen@fcasolutions.org)  
(541) 256-4450