

IMPACT STATEMENT

Legislation title: Amend Utility License Law to include direct access electric services and establish minimum penalties for certain violations. (Ordinance; amend Code Sections 7.14.040 and 7.14.110)

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Purpose of proposed legislation and background information:

To make direct access electric services subject to the Utility License Code. In 2002, the Oregon legislature amended the state’s public utility law to allow business customers to buy electricity directly from alternative electric suppliers (ES), rather than from the electric utility. The option of receiving service from ES is called Direct Access. There are several Direct Access suppliers currently providing services to business customers in Portland. These Direct Access suppliers are not currently subject to the Utility License Law. Thus, revenues associated with their sales of electricity within Portland are not captured through utility license fees. Commercial customers similarly have access to natural gas services from third party providers.

All electricity service suppliers must be certified by Oregon’s Public Utility Commission and have agreements with the existing utilities in the service territory in which they plan to operate. There are three ES operating in Portland: Constellation NewEnergy, Noble Americas Energy Solutions LLC, and Shell Energy.

The Utility License Law addresses the assessment of civil penalties for violations of the code based upon a percentage of a utility’s gross revenues. Amending the Utility License Law to require a minimum penalty of \$500 or 2% of gross revenue would provide a more efficient and appropriate administrative approach. The Utility License Law should also be revised to conform to the notice provisions in the Business License Law regarding notice of potential assessment of civil penalties.

Financial and budgetary impacts:

Financial information regarding ES is proprietary. However staff estimates that this Code Update may yield up to \$500,000-\$1 million annually in new ongoing General Fund revenue.

Community impacts and community involvement:

All ULF licensees were notified of the proposed change. Questions were received from three providers which staff was able to answer.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section