Community Renewable Energy Association

Testimony to House Energy and Environment Committee

Brian Skeahan

January 22, 2019

Chair Helm, Members of the Committee, I would like to thank you for the opportunity to testify before you today. To Chair Helm and those of you returning to this committee, on behalf of CREA's members I would like to express my appreciation for the opportunity to have continued dialogue on these important issues. To members new to this committee I welcome your interest in these issues and opportunity to meet you.

First, a little bit about CREA. CREA is an ORS 190 intergovernmental association. Members include counties, irrigation districts, project developers, for-profit businesses and non-profit organizations. CREA works with local communities, counties, the Oregon Public Utilities Commission, other state and federal agencies, and the Legislature to advocate for improved policies that support development of more community renewable energy in Oregon. My personal history includes 30 years in the public power industry, 24 of those as a general manager in Nebraska and Washington before my association with CREA.

CREA supports all the various renewable technologies, as defined in Oregon law, as well as projects of all sizes. Last summer CREA updated its mission statement to state:

- CREA supports business and economic opportunities through renewable energy development in a competitive environment. We support use of free enterprise principles to create economically and environmentally responsible electric generation within the State of Oregon.

CREA members believe renewable energy development has been and should continue to be an important component to rural economic development. We believe that compliance with Oregon's renewable portfolio standard should significantly rely on

projects built in Oregon. A study by Evergreen Economics1[1] commissioned by CREA found the economic benefits to Oregon for building and operating the proposed wind and solar resources proposed by PacifiCorp for out of state development was instead constructed within Oregon include the following:

- The creation of almost 4,000 jobs in Oregon and adding over $600 million in economic output to Oregon's economy during the Construction Phase.
- The creation and sustaining of over 120 jobs and almost $16 million in economic output to Oregon annually from the operations and maintenance of the wind and solar resources throughout the lifetime of these projects.

Another CREA commissioned study performed last year by the Lewis and Clark Green Energy Institute[2] found:

- Counties that have aggressively supported renewable energy development in the past now find themselves receiving significant direct revenue. Sherman County's certified tax roll for the 2017-2018 tax year was just over $7 million, of which over $2.5 million came from renewable energy projects.
- That year, in addition to the $2.5 million in property tax payments, taxing districts in Sherman County also received $10 million in payments from renewable projects under the SIP.
- Large windfarms are not the only way to generate significant revenue from renewable energy projects. Taxing districts in Malheur County received $2.3 million in property taxes from non-wind sources that are 22 MW or less.
- The data clearly show that renewable energy projects of all types can be sources of significant, stable, long-term revenue for counties and taxing districts in Oregon-especially in rural areas.

A 2006 study by the University of Minnesota concluded that smaller community wind projects utilizing more local contractors have 5 times the economic impact on local value added, and 3.4 times the impact on local job creation, relative to a corporate-owned development.[3]

---

[1] **Community Renewable Energy Association (CREA) Oregon Wind and Solar Economic Impact Analysis Evergreen Economics, October 4, 2018**

[2] **Renewable Energy & Direct Public Revenue in Oregon Lev Blumenstein & Amelia Schlusser The Green Energy Institute November 2018**

[3] **COMMUNITY VS. CORPORATE WIND: DOES IT MATTER WHO DEVELOPS THE WIND IN BIG STONE COUNTY, MN? Arne Kildegaard*, Josephine Myers-Kuykindall, Ph.D. University of Minnesota, Morris Sept. 2006**

CREA recognizes the changes that have, and will continue to occur in the electric utility industry. From its origin the industry was based on two fundamental premises, that electric generation was an economies of scale business, where the bigger the power plant, the cheaper the power, and that utility service was what economists call a natural monopoly where competition raised, not lowered the cost of power.

It is clear that both these premises are being superseded in today's environment, at least as the power generation side of the business is concerned. The transition away from coal, nuclear and natural gas generation has allowed more and different types of developers to viably construct, operate and maintain generation. And according to the USDOE the cost differential between smaller and larger sized solar generation projects is quite small. For example in 2017 the cost of projects ranging in size from 5 to 20 MW was only 6.8 percent more expensive than those sized 100 – 200 MW. In 2016 the smaller sized projects were actually 4.2 percent less. And of course the cost of solar has declined rapidly. The 2017 cost per watt is less than half it was in just 2012. [4]

This has opened the playing field to a much larger and more varied group of developers. CREA supports policies which recognize these emerging realities and that independent power producers competing in a competitive procurement environment reduces costs and provides economic benefits to Oregon.

That is not to say that CREA believes there is no role for Oregon's existing investor owned utilities in the future. The transmission and distribution system is the portion of today's utility system that remains a natural monopoly. A more local, more decentralized, more renewable, more diverse generation system requires a very different transmission and distribution system. Sometimes called the "smart grid" the transmission and distribution will require considerable investment in financial and intellectual capital to develop the necessary capabilities to meet the needs of the future. CREA believes that the utility industry has already begun this transition to a cleaner, more diverse, decentralized generation system developed by independent power producers coupled with a modernized transmission and distribution system owned by a combination of investor owned and community owned utilities.

And similarly to changes in the telecommunication industry, once set in motion, these changes are not likely to be stopped. The cost of renewable energy generation will continue to decline relative to the cost of traditional alternatives. The technology will

---

[4] **Bolinger, Mark, and Joachim Seel. 2018. *Utility-Scale Solar: Empirical Trends in Project Technology, Cost, Performance, and PPA Pricing in the United States - 2018 Edition.* Berkeley, CA: Lawrence Berkeley National Laboratory.**

continue to advance improving efficiencies. Consumers of electricity will increasingly desire to have the choices of suppliers and supply, with greater insistence on interfacing with the electric industry in a way that is reflective of a 21st century consumer driven economy rather than the 20th century utility industry economics. Government policy can hasten or impede these changes, but ultimately it cannot stop them. The changes we are seeing are the very definition of progress, technological progress, economic progress, environmental progress and social progress.

A moment ago I quoted some statistics which show the benefits my members counties have seen through renewable energy development. But behind these numbers are stories of improvements in rural communities that likely would not be possible absent this progress. The construction of a senior center. Improvements to school and county buildings and facilities. A new building to house an OSU extension office. The replacement of open irrigation ditches with pressurized piping, reducing water loss through leakage and evaporation thereby keeping more water in our streams, benefiting fish and wildlife.

CREA members look forward to achieving more benefits such as this for their communities. We believe that a recognition of the emerging realities of the electric utility industry, where communities have the authority to form relationships with their local stakeholders, independent power developers, and yes, their investor and community owned utilities, with each performing their appropriate roles, can best facilitate the achievement of these community benefits.