Written Testimony Related to House Concurrent Resolution 9

Provided to the Oregon House Committee on Energy and Environment

Submitted by Jon Hobbs
January 28, 2019

Chairman Helm, Vice Chairs Reschke and Schouten, and members of the Energy and Environment Committee:

My name is Jon Hobbs. I live in Klamath Falls, Oregon. Thank you for allowing me the opportunity to provide written testimony about House Concurrent Resolution Number 9 related to pump storage energy projects. As currently written, I oppose the resolution. I'm writing today with familiarity of the proposed Swan Lake Hydro Project, and wish to share my experiences with the process, and request that amendments be made to the concurrent resolution to address serious issues that have arisen in the past several years.

Several neighbors and I visited the capitol last week, and provided oral and written testimony on Senate Concurrent Resolution 1, which is a similar resolution. Unfortunately, we are not able to present this testimony in person today, but our work simply doesn't allow it. We are still scrambling to catch up from last week. As we observed rather ruefully last week, we were the only ones in the hearing room that weren't being paid to be there. Nevertheless, I sincerely appreciate the opportunity to submit written testimony regarding this resolution.

I own "Poe"tential Farm located in the Poe Valley just east of Klamath Falls. My family and I came to Oregon twenty years ago to farm. We found a beautiful piece of property on the Lost River, which overlooks Harpold Gap, the most scenic and picturesque spot in Poe Valley, and decided it was the place. Starting with seven chickens, we are now the largest pastured and organic licensed egg producer in Southern Oregon. We sell eggs throughout the region, including Klamath Falls, Ashland, Medford, and Grants Pass. We are able to compete with the big national egg producers because our product is fresher, our hens and our pastures are well cared for, and, unlike our competitors, we put our address and phone number on every egg carton we sell, and invite our customers to visit our farm, and see how we operate. And many have—delighting in the beautiful location, and learning about what a farm really is—not what they see in glossy country living magazines.

At the northern edge of our property is the Harpold Bridge, and according to the Federal Energy Regulatory Commission's (FERCs) Swan Lake Hydro Project

Environmental Impact Statement (EIS), the site where an as yet undetermined number of high voltage lines will cross the river suspended by towers high up on either side of the gap that could each reach 200 feet in height. The Harpold Bridge overlooks the Harpold Dam—an historic structure still in original condition. The pond area just below it teems with geese, swans, herons, ducks, curlews, and, depending on the time of year pelicans, egrets bald and golden eagles, and hawks. Muskrat, mink, and otter also inhabit the shorelines. Bus stops are located on either end of the Harpold Bridge, and parents and children park there to wait for the bus. Many passersby park there as well—both visitors and locals—to take a few minutes to relax and enjoy the beautiful view. Bordering the south side of bridge, twenty to thirty feet from the proposed transmission lines, is our farm, where our goats, llamas, and cows graze, where our laying hens are pastured from early spring to late fall, and where my workers and I tend to them.

The Swan Lake project will have a devasting environmental and economic effect on my farm. The transmission towers and lines, that will rise well over two hundred feet above our pastures will dominate our views to the west, north, and east. The towers and lines will dominate the views of anyone driving down North Poe Valley, Harpold, and Burgdorf Roads. There is no doubt that my family, workers, neighbors, visitors, and customers to our farm will be aghast at the unsightly mess that will span Harpold Gap. Aesthetics are an integral part of the environment impact process, but the project applicants ignored, intentionally misled, and misapplied criteria designed to determine the aesthetic degradation that the project will cause. FERC, which was responsible for reviewing the information submitted by the project applicant, failed to adequately review this material, and published an EIS that is incomplete, incorrect, and misleading. I would direct your attention to the many comments attesting to the inadequacy of the document submitted by numerous individuals and organizations on the FERC website.

Ten years ago, when the Swan Lake project was first announced, landowners and area residents were assured that the project would be state-of-the-art, not unsightly, and the transmission lines (along the acknowledged very long 33-mile transmission route) would be buried. Further we were informed that the project lead looked forward to working with the community and with any affected landowners during the development process to mitigate any potential aesthetic or environmental degradation. None of these assurances has been borne out; instead affected landowners and community members have been arrogantly dismissed by the project applicant, project proponents and by regulatory agencies—including FERC.

I oppose House Concurrent Resolution #9 as currently written because two of the statements in the preamble are incomplete, one is both inaccurate and incomplete, and another is misleading. In addition, a basic tenet of renewable energy is missing from the resolution. As preamble statements drive the resolution, these issues within them have resulted in the resolution being incomplete and inconsistent as well. Below I discuss the

preamble statements, suggest amendments, and conclude by suggesting amendments to the resolution itself.

Project Cost Effectiveness

Preamble statement number seven**,** beginning on line 15 of the resolution declares that "pump storage is the only proven cost-effective method of energy storage at scale…". This statement is incomplete as it relates to the Swan Lake project, which is cited as a model pump storage project throughout the resolution, for several reasons.

First, from an energy perspective, the Swan Lake project is a net consumer not a net producer of power. Estimates of efficiency range from 70 to 80 percent. Therefore, it will take 100 KWs of electricity (produced from hydroelectric and nuclear power plants according to the just released FERC EIS for the project) for the Swan Lake project to generate 70-80 KWs of electricity. According to Erik Steimle, Vice President of the Swan Lake project, the project will need to buy electricity at a rate one-third of what it will charge for the electricity it produces to be cost-effective. This is only is possible if the project pumps water in non-peak periods, i.e., late evenings (in order to get discounted power rates) but this is precisely when the energy is needed from the project as the project is intending to sell power not to California as that state has indicated that it will need power in the evenings to compensate for evening power losses from solar and wind generated plants.

Second, pump storage projects throughout the United States and Europe have actually proven to be economically marginal at best. The largest issue with developing these projects is finding investors because the rate of returns is so small. The parent company of the Swan Lake Hydro project is planning to self-fund the project apparently because the project has always had trouble finding investors. Since being proposed, the project has changed hands at least four times as developers have realized the challenges of making the project economically viable.

Because the project starts off at a disadvantage from a cost-effective standpoint (as it is a net user not producer of energy), and because the project's cost effectiveness is reliant on a dynamic and uncertain market, e.g., P.G.& E's recent declaration of bankruptcy, I would respectively request this preamble statement be amended to read: "Whereas pump storage may be a cost-effective method of energy storage at scale depending on the specific project and the market availability for purchased power at affordable rates; and.".

Environmental Impacts

Preamble statement number seven, beginning on line 21 of the resolution indicates that "closed-loop pump storage projects recycle water in an efficient way, and when properly sited have few or no adverse environmental impacts. This first part of this statement is

inaccurate, and second part is incomplete. Pump storage projects that use surface water, as opposed to groundwater recycle water relatively efficiently as some of the water will return to the source; however, the Swan Lake project pumps a massive amount of groundwater but doesn't return it anywhere—the water will eventually evaporate in the reservoirs and will need to be replaced. If this groundwater were pumped and spread on pasture or hay ground as it is now, most of the water would return to the aquifer from which it was pumped. The first part of the statement is not correct, and should be deleted.

The second part of the statement is incomplete because it does not define "properly sited," and properly sited is of critical importance for power plants. There has been much debate over the Swan Lake project because the project requires nearly thirty-three miles of high voltage transmission lines. As proposed now, the transmission lines would be above-ground suspended on 85 to up to 200-foott transmission towers. Above ground transmission not only results in significant aesthetic environmental degradation but also, as recent events in the arid west have tragically demonstrated, are highly unsafe. Klamath basin community members have identified a number of sites that possess the minimum elevation requirements for a pump storage project in the Klamath basin that would require far fewer miles of high voltage transmission. As a number of individuals and groups, including the Klamath Tribes, have pointed out in their comments related to the Draft EIS, the project applicant and FERC have done an inadequate job of analyzing these alternatives.

I recommend that this preamble statement be amended to read: "Whereas pump storage projects properly sited near power substations, with buried transmission lines, and with affected landowner and community input in project development, may result in projects with few environmental impacts; and".

Employment as a Community Benefit

Preamble statement number eight, beginning on line 23, and indicating that a pump storage project will create thousands of jobs in rural areas is misleading. According to the Swan Lake North Hydro's application for licensure, 87 percent of the construction jobs created during the period will **not** be local jobs for local workers. When administrative and planning jobs are included, less than ten percent of the jobs for the Swan Lake Hydro project will be available for local workers. In addition, there is no guarantee that the permanent jobs from this job will come from or even be recruited from the Klamath basin. Klamath County remains economically depressed when compared to the rest of the state. But the jobs purposed by the Swan Lake project are temporary and will be filled overwhelmingly with out of town workers. Any economic advantages of this project will quickly dissipate at the conclusion of the construction period as has been the experience with other energy projects in our community. In

addition, and as discussed below, the proposed Swan Lake project appropriates our assets; negatively affects our environment, many land owners, and our community; and provides energy and profits to those far away from our community. I recommend that this preamble statement be deleted and be replaced by additional preamble statements discussed below.

Project Support

Preamble statement number eleven, beginning on line 27 is incomplete. The statement indicates supporters of the two projects but fails to indicate that the vast majority of affected landowners and community members in Klamath County oppose the Swan Lake project in its current form. Please refer to the FERC website in the comments section for the project. There is overwhelming opposition to the project—especially the above-ground transmission lines. In addition, although the preamble statement indicates that Klamath County supports the project, the county is currently considering an ordinance that would require all new energy projects, including the Swan Lake project to bury their transmission lines. This would indicate conditional support of the project at best. Perhaps, Klamath County Commissioners are cognizant of the huge safety risks involved with overhead high voltage power lines.

Just two and a-half months ago, eighty-six people lost their lives and over 16,000 structures were damaged or destroyed as the result of a high voltage power line failure. And this disaster is not isolated—at least twenty major forest fires just in the last two years have been caused by power line failures. Over a half of million acres have been burned, thousands of structures destroyed, and over 100 lives lost. It is simply unconscionable that energy projects being proposed today are not required to bury transmission lines, and be sited as to minimize transmission line length. Interestingly as it relates to the Swan Lake project, the conditions that resulted in the power line failure and the resulting Camp Fire, which devasted the community of Paradise, California, included dry, warm weather and high winds. As any Klamath County resident can attest, these conditions describe Klamath County in the late summer. It is also interesting to note that the proposed transmission lines in the Swan Lake project follow a mountain ridge called "Windy Ridge." The current project, as proposed, is a huge safety risk. This preamble statement should be amended to include those organizations, such as the Klamath Tribes, the Swan Lake Committee Against Power Lines, and Water Watch of Oregon, who oppose the project as currently proposed, and should indicate that there is overwhelming opposition to the Swan Lake Project, as currently proposed, by Klamath residents.

Renewable Energy and Environmental Equity

House Concurrent Resolution 9 declares that the Swan Lake project is a renewable energy project, but fails to address how the project meets a basic renewable energy objective. The movement in the last thirty-five years toward renewable energy is logically focused on encouraging local energy production for local consumption because environmental equity principles demand that those who experience any degradation of the environment required to produce energy should directly benefit from it. This principle also applies to large scale projects. To do otherwise is to impose on an already economically disadvantaged community such as ours the costs of environmental damage while those in affluent areas get the benefit. In the Swan Lake project, as detailed in the Swan Lake EIS and as discussed by the project applicant's Vice President, the electricity generated by the project will be used by urban Californians who will not provide any benefits to the Oregon taxpayers who subsidize the project directly or indirectly nor to the landowners whose property will be negatively affected environmentally and economically by the project. All the while, local residents are paying extraordinarily high electricity rates. For example, our farm's irrigation energy rates have risen six-fold in the last twelve years.

As to who will benefit from the project, the project applicant, which will take the vast majority of the profits, is not locally owned, is not an Oregon company, is not even a California company, but is a British-owned company. There is no indication that they intend to be good neighbors who will develop a long-term beneficial relationship with our community. In fact, all indications to date suggest the opposite: the materials that have prepared by the applicant and included in the application for licensure are in many cases incomplete, incorrect, and, especially in the area of environmental degradation, are purposely misleading. In summary the project applicant has come in, and is trying to ram through a project with no consideration for future Oregonians. They seek to exploit our community's assets and ship them to California, while sending the profits out of this country. Where will they be in the future? Not Oregon.

I submit that this project, as proposed, is inconsistent with environmental equity, a basic tenet of renewable energy. Therefore, I recommend three additional preamble statements:

"Whereas, Oregon's renewable energy projects, including pump storage projects, should include local power generation projects for local consumption; and"

"Whereas, pump storage projects in Oregon should mitigate environmental degradation and safety issues to the maximum extent possible, including burying of transmission lines and rehabilitating disturbed lands; and"

"Whereas, landowners and community members negatively affected by the development and operation of pump storage projects should receive benefits for the

duration of the project commensurate with the economic and environmental losses suffered; and"

With these amendments, I also recommend the resolution be amended as follows:

"That we the members of the Eightieth Legislative Assembly, support the development of environmentally appropriate closed loop pump storage projects provided that the projects make all efforts to mitigate environmental degradation and enhance project safety, including but not limited to burying of any transmission lines. In addition, consistent with the tenets of renewable energy, we support providing landowners and other community members negatively affected by these projects with benefits derived from the projects developed in their own communities. We encourage Oregon regulators to support these objectives and goals in the development of pump storage projects and Oregon utilities to evaluate each stored pump project rigorously, and utilize pump storage projects that are consistent with beneficial stewardship, have been developed with local community input, and which are developed to minimize environmental and community degradation, in their energy resource mixes to meet their capacity needs in the coming years."

I appreciate the opportunity to provide written testimony related to House Concurrent Resolution 9. Thank you for your time, and please don't hesitate to contact me if you have any questions.

Sincerely,

Jon Hobbs
"Poe"tential Farm
27392 N. Poe Valley Rd.
Klamath Falls, Oregon 97603