



## **Testimony to House Energy and Environment Committee**

### **HB 2857**

Robert Kahn, Executive Director

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Chairman Helm, Members of the Committee, my name is Robert Kahn and it is my privilege to address you today as the Executive Director of the Northwest & Intermountain Power Producers Coalition (NIPPC).

When I appeared before the committee at the end of January, I introduced the independent power industry, as “the most significant, least known actors in the power sector.” IPPs are the owners and developers of non-utility owned electric generators, and they include large companies, as well as small irrigation districts, family owned and community based projects, lumber mills, and the dairy digester. You will hear more today about how we employ thousands of Oregonians, contribute mightily to rural Oregon’s economy and dampen down the cost of electricity.

We are all here today to ask you to support HB 2857 for a variety of reasons, which will be outlined during the course of the hearing.

At a high level, HB 2857 will first insure that the promise of SB 838, the original renewable portfolio standard (RPS), is fulfilled. Since enactment of the RPS in 2007, the legislation’s 8% set aside for small renewable energy development on Oregon has not been implemented. Second, HB 2857 energizes the Public Utility Regulatory Policy Act (PURPA) in Oregon. With passage, HB 2857 would send a strong signal attracting private capital to Oregon to build new renewable energy projects. Entrepreneurs will bring renewable projects online well below what it would cost investor owned utilities to do the same. And finally, third, the legislation will protect carbon-free power plant investments made years ago by pioneering communities and developers.

Today you will hear from entrepreneurs and far-sighted public servants who personify the 40-year old vision of PURPA, the federal law, which brought

competition to the power market. Those testifying have spent their own money developing, constructing and operating small power plants, which are fueled by Oregon's renewable resources: hydro, biomass, solar and wind.

Please keep in mind the huge difference between the IPPs' business model and that of the utilities. The utilities spend captive ratepayer dollars developing new power plants, often out of state and at costs higher than the independents. In fact, the IOUs are perversely rewarded by way of approved rates of return to spend more, to gold plate the same power capacity.

The bottomline is simple: IPPs build efficient power plants, faster, cheaper and better than Portland General Electric or PacifiCorp. HB 2857 is designed to insure that a share of the next generation of renewable power plants will be built in Oregon and if already built, continue operating here.

Mr. Chairman and Members of the Committee. When you hear the utilities argue that PURPA projects cost more and will hurt their "customers"<sup>1</sup> please try this thought experiment: substitute "shareholders" every time you hear the utilities refer to their so-called customers.

The Oregon Public Utility Commission has one of the most difficult jobs in Salem. It is correctly well regarded for the quality of its work in spite of a woefully underpaid and over worked staff. We can be grateful the OPUC does not model itself after the FAA.

However, regulating monopolies is a very difficult assignment and getting harder all the time. Utilities hold all the information regulators and stakeholders need to evaluate their performance; information they may decline to share. The Commission is obligated to carefully balance the interests of utility shareholders with that of Oregon ratepayers. And, the utility's arcane operations are difficult to follow particularly when state employees churn through the agency seeking better employment opportunities elsewhere (perhaps even at the IOUs).

The industry you see before is not afraid to navigate through thickets of red tape to permit power plants or hassle with retributive tariffs, which threaten pro formas or countless other challenges to project development. What the industry is afraid of is doing business with its customers, the IOUs. Keep in mind the utilities are for all intents and purposes, sole buyers of IPPs' power. As monopsonies they exercise tremendous clout over those coming to them with a product they don't want to buy.

Mr. Chairman and Members of the Committee it should come as no surprise that PacifiCorp hasn't taken power from a single new PURPA project in several years even as it is now building a \$3 billion wind farm and associated transmission line in Wyoming. This costly power infrastructure, which Oregon ratepayers will help pay for brings none of the benefits associated with building here. And it should

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<sup>1</sup> Investor owned utilities do not have customers, they have: ratepayers. Customers can choose where to shop, residential power users have no choice; they must purchase power from their local utility.

come as no surprise that the OPUC is currently shifting through almost 50 complaints between PGE and PURPA developers for building artificial and in some cases preposterous roadblocks to deter development.

I urge you to pass out HB 2857 so that it can be considered by the full House. The bill is an example of where the Legislature needs to lean in and see to it that the original intent of SB 838 and Oregon's long history of encouraging PURPA is fulfilled.

Thank you. I would be happy to take any questions.