



March 25, 2019

**TO:** Chair Helm and Members of the House Energy and Environment Committee  
**FROM:** Three Sisters Irrigation District, Sisters, OR  
**RE:** Letter of Support for HB 3274 and HB 2857

Three Sisters Irrigation District strongly supports both HB 3274 and HB 2857. These bills are crafted to provide support for important community scale renewable energy projects within the State of Oregon.

Three Sisters Irrigation District (TSID) has been serving farmland in the Central Oregon Deschutes Basin since 1891. TSID serves nearly 7,600 acres of land, 193 landowners, and high value farmland.

During the last 20 plus years TSID has piped 59 of 64 miles of open canals. When we finish, in 2020, we will have eliminated 98% of all on farm pumping stations by delivering pressurized water. This equates to a savings of 9 million kilowatt hours (kWh) annually. With the completion of our 3<sup>rd</sup> Hydro facility fall of 2019 TSID will be generating 5 million Kwh annually of clean green renewable energy.

Our Qualified Conduit hydropower facilities help PacifiCorp to meet their RPS obligation under Oregon Law. Our renewable hydroelectric generation allows Pacific Corp to reduce their coal generation.

At the same time, the generation revenues, from these three facilities, are used to pay back \$4.5 million in Clean Water State Revolving Fund loans from the Oregon Department of Environmental Quality. The loans allowed TSID to install \$50 million of infrastructure: High Density Polyethylene Pipelines, Farmer's Conservation Alliance Fish Screen, and three Hydroelectric Plants.

TSID Irrigation Modernization has produced the following benefits:

- ✓ **Improved Control of Water in conveyance and delivery system – All 193 water users/ farms will be measured by meters.**
- ✓ **Efficient Water Delivery – Provide pressurization of water delivery to irrigators.**
- ✓ **Electrical Power Conservation – Over 9 million kWh conserved annually.**

- ✓ **Increased economic inputs into the local community – Currently TSID’s farmers are spending an additional \$2 million dollars annually with delivery of pressurized water on farm, which eliminated their electrical costs.**
- ✓ **Water Conservation – Elimination of existing canal seepage and evaporation, which Improved water delivery of up to 25% during low flow periods and drought.**
- ✓ **Increased Flows – The increased flows in Whychus Creek improves water quality and riparian habitat.**
- ✓ **Fish Preservation – 30 CFS of permanently protected in-stream flows in Whychus Creek that benefit Redband and Bull Trout, Chinook Salmon, and Steelhead.**
- ✓ **Fish Screening – Installation of a state of the art Farmer’s Conservation Alliance Horizontal Fish Screen that creates passage and assists with channel restoration.**
- ✓ **Three Hydro Facilities – These hydro facilities generate clean, green, renewable energy. All 3 plants will be generating 5 million kWh annually.**
  - + **Watson Hydro – 700 kW (2014)**
  - + **Watson Net Meter / Micro Hydro Demonstration Project – 200 kW (2018)**
  - + **McKenzie Reservoir Hydro – 300 kW (2019)**
- TSID’s hydro facilities are built to supply renewable power for 100 years.***
- ✓ **Carbon Neutral – Upon completion of TSID Irrigation Modernization in 2020, TSID will be carbon neutral with the energy generation, conservation and crops grown.**

TSID has restored over 30 Cubic Feet per second (19.4 million gallon per day) of protected permanent instream flow to Whychus Creek to assist with Portland General Electric and Confederated Tribes of Warm Springs’ efforts to reintroduce Steelhead and Salmon back into the Upper Deschutes basin above the Round Butte Dam complex. The addition of 2,000 Mid-Columbia spawning Steelhead has the ability to take the Deschutes River Steelhead run from low viability to high viability, which reaches the level of recovery under National Marine Fisheries Service / Oregon Department of Fish and Wildlife Mid-Columbia Steelhead Recovery Plan.

These projects over the last 20 years have created jobs in rural Central Oregon communities in Deschutes, Jefferson, and Crook Counties. TSID farmers are spending an additional \$2 million dollars a year in the local economy on irrigation equipment, tractors, buildings, specialty crops, and labor.

Creating Green Renewable Energy, restoring Steelhead and Salmon runs, sustainable farming and healthy economic rural communities are goals that the State of Oregon and the PUC should be supporting through PURPA. HB 3274 and HB 2857 support all of these goals. The hostile action of the Investor Owned Utilities (IOU’s) over the last 20 plus years has almost killed off the building of any new hydro facilities in Oregon. The IOU’s tactics of getting the PUC to change rate schedules based upon fictitious emergencies randomly does not support the balanced goals of PURPA implementation in Oregon as stated in ORS 758.515.

The Legislative Assembly finds and declares that:

- (1) The State of Oregon has abundant renewable resources.
- (2) It is the **goal** of Oregon to:

- (a) Promote the development of a diverse array of permanently sustainable energy resources using the public and private sectors to the highest degree possible; **and**
  - (b) Insure that rates for purchases by an electric utility from, and rates for sales to, a qualifying facility shall over the term of a contract be just and reasonable to the electric consumers of the electric utility, the qualifying facility and in the public interest.
- (3) **It is, therefore, the policy of the State of Oregon to:**
- (a) Increase the marketability of electric energy produced by qualifying facilities located throughout the state for the benefit of Oregon's citizens; and**
  - (b) Create a settled and uniform institutional climate for the qualifying facilities in Oregon. [1983 c.799 §2]**

The PUC has been blinded by the IOU's slick lawyers and abuse of the docket system. We spend years embroiled in PUC dockets trying to attain transparency into the IOU's numbers that they use to develop for their Integrated Resource Plans (IRP). Only to be crushed by Power Purchase Agreement (PPA) rate schedules with rates that do not include true avoided costs and claims that the utility is in sufficiency. These rate schedules are so low that new renewable projects don't pencil. And, as a result never get built.

Pacific Corp is looking to bring in 1000 Mega Watts of wind energy from Wyoming. What about renewable projects that could be built in Oregon instead to help Oregon's rural and urban economies. Why are the costs of the Wyoming Wind, new transmission lines and infrastructure needed to bring that power to Oregon not part of Pacific Corp's avoided costs?

While TSID was working on design and permitting for our 700 kW plant, our PURPA PPA with Pacific Power went from \$6 million over 20 years to \$5 million, to \$4 million by the time we were offered a legally enforceable contract. If the Energy Trust of Oregon had not given TSID incentive payments to offset the low PPA rates our first project would have never been built

As the Oregon Legislature, you need to ask yourselves, "Why is Three Sisters Irrigation District the only Qualified Conduit Qualified Facility (QF) building hydro plants in Oregon in 2018 and 2019?" The answer is that PURPA in Oregon is broken. Please fix PURPA and create a settled and uniform institutional climate for QF's, which is in the public interest for the benefit of Oregon's Citizens.

Three Sisters Irrigation District asks for your support in passing both HB 3724 and HB 2857.

Respectfully,

A handwritten signature in blue ink that reads "Marc Thalacker".

Marc Thalacker  
District Manager  
Three Sisters Irrigation District