



March 4, 2021

Chair Beyer and esteemed members of the Senate Energy and Environment Committee,

Renewable Northwest represents the renewable energy industry in the Pacific Northwest, as well as environmental non-profits with a goal of decarbonizing our electricity sector. Our members feel strongly that an important step in ensuring Oregon's continued investment in clean energy is participation in a fully integrated regional wholesale electricity market, otherwise known as an RTO.

The current western grid is a roadblock to efficiently decarbonizing the electric sector and meeting individual state renewable energy requirements. Unlike energy markets in the majority of the U.S., electricity in the west is managed through 38 different balancing areas and overlain by a complex web of transmission rights and availability that severely inhibit our ability to optimize the diversity of our renewable resources across the region. While still in conceptual stages, there are efforts underway to develop a western RTO, and some Oregon utilities have been at the forefront of those discussions. It is time for the state to better understand what role it plays in western RTO development and learn how an RTO can further Oregon's goals of a clean and reliable electricity grid.

SB 589 takes three initial steps designed to help ensure that Oregon is prepared to take a proactive approach to the issue of RTO development:

- (1) Directs the Oregon Department of Energy to oversee a literature review of existing studies and identify any potential gaps in information and data.
- (2) Convenes a workgroup of utilities, state agencies and other stakeholders to gather information on important market principles, challenges and opportunities.
- (3) Provides a summary of this information to the Oregon Legislature ahead of the 2022 legislative session.

Renewable Northwest's goal for this process is that the Oregon Legislature comes away with a clear understanding of the benefits of joining an RTO, and a better sense of what we still need to learn about how different RTOs would impact Oregon and Oregon utilities.

Other western states are already focusing on this issue and beginning to take action on RTO development. In 2019, Colorado passed an RTO study bill similar to what we are proposing in SB 589, and in their current legislative session, they are considering a bill that would require the utilities in the state to join an RTO. Washington State established a markets workgroup to evaluate the challenges of passing a clean energy standard and ensuring efficient participation in

current and future energy markets. This process has culminated in an agreed upon set of principles for market development that will inform rule makings and future legislative and regulatory processes. Nevada has established a legislative committee to advocate for RTO development, and Utah is sponsoring a regional study to look at the benefits of regional wholesale electricity markets. Finally, Arizona's Public Service Commission has issued a proposal arguing that its regulated utilities should participate in an RTO.

In light of the ongoing efforts of our fellow western states, it is time to prepare Oregon for the development of a western RTO and ensure that our state agencies and legislature are making sound, informed decisions as we begin that process. SB 589 may appear simple, but it will create a foundation for Oregon's role in the development of what may be the most impactful piece of creating a reliable and fully decarbonized electricity grid.

Thank you for your consideration.

Sincerely,



Nicole Hughes  
Executive Director  
Renewable Northwest