



March 9, 2021

To: Chair Ken Helm, Vice-Chair Mark Owens, Vice-Chair Jeff Reardon, and Members of the House Water Committee

RE: Testimony in Support of HB 3221, the Oregon Renewable Options Program

Dear Chair Helm, Vice-Chair Owens, Vice-Chair Reardon, and Members of the Committee:

The Oregon Water Resources Congress (OWRC) is testifying in support of HB 3221, which will create and implement the Oregon Renewable Options (ORO) Program. HB 3221 creates a voluntary program which benefits Oregonians by promoting local energy and economic development, increasing the resilience of electricity service to extreme events, and supporting farms, fish and healthy natural ecosystems, all while retaining existing relationships with investor-owned utilities (IOUs).

OWRC is a nonprofit association of irrigation districts, water control districts, water improvement districts, drainage districts and other local government entities delivering agricultural water supplies across the state. The water stewards we represent operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower facilities, and deliver water to roughly 1/3 of all irrigated land in Oregon. Districts throughout the state operate hydropower and other renewable energy systems including in-conduit hydropower and small-scale solar power. The majority of our members are actively exploring new or additional renewable energy systems to help support irrigation modernization efforts.

Challenges Addressed by HB 3221:

Overcoming barriers to connecting small renewable power projects to the grid. Several of OWRC's members currently own and operate in-conduit and other hydropower projects, yet far more have the potential to install new projects but lack the financial security to move forward. The two biggest challenges most local renewable energy project developers face are the low available rates for electricity sold on the wholesale markets and the high costs of interconnecting to the utility grid. Together, these factors have made it nearly impossible for all but the smallest net-metered or largest utility-owned renewable energy projects to reach commercial operation in recent years. HB 3221 would give our members, and other local renewable energy developers, a new pathway to make these projects viable and able to deliver many important benefits within their communities.

Paving the way for Oregon's communities to voluntarily pursue their own renewable energy goals.

Many local governments in Oregon have enacted policies or goals encouraging increased use of renewable energy but lack a way to take action. HB 3221 provides a transparent and accountable process for communities to pursue renewable energy goals while maintaining a relationship with their existing utility. The bill also confirms the Oregon Public Utility Commission's (OPUC's) authority to ensure that small scale projects are able to compete against utility-owned projects while delivering uniquely local benefits.

Benefits of HB 3221:

Jobs, economic development, and environmental protection. Local renewable energy projects can provide a wide array of benefits beyond carbon-free electricity, including jobs and economic development, which often occurs in rural communities in the case of our members. For irrigation districts, conduit hydropower projects can help save operations costs and provide new, stable sources of revenue enabling infrastructure modernization improvements that yield water savings, increasing agricultural security against drought, and keeping more water in Oregon's rivers for fish and wildlife.

The mission of the Oregon Water Resources Congress is to promote the protection and use of water rights and the wise stewardship of water resources.

Community resilience. Local renewable energy projects can also provide backup power in the case of grid outages, whether due to snow and ice as we experienced in February, Public Safety Power Shutoffs to prevent wildfires, or catastrophic earthquakes. The conduit hydropower projects owned and operated by our members are often closely located near to rural communities in Oregon. The larger of these projects produce enough energy to keep entire utility circuits operational – which could enable critical services like hospitals, fire departments, and water and wastewater facilities to stay energized during emergencies, saving lives – potentially at less cost and greater benefit than other microgrids.

Key Provisions of HB 3221:

HB 3221 creates a voluntary program that once adopted by a community, requires procurement of at least 5% or 5 megawatts of their energy from small scale projects able to provide energy resilience. This ensures a future for small scale projects in Oregon, which often require higher power rates to account for their full variety of benefits. By blending small scale projects in with utility scale projects, at lower rates, communities can gain a broader set of local benefits with negligible impacts on rates¹.

HB 3221 requires participating communities to work with their stakeholder communities, especially those that are disadvantaged, climate-vulnerable, and energy-burdened, to ensure local energy plans meet the communities' needs and avoid unintended rate impacts.

HB 3221 answers any unresolved questions about whether the OPUC has the authority to implement a community-wide green tariff program, such as the Oregon Renewable Options Program. Providing greater clarity to the OPUC will help support existing OPUC activity and give communities a pathway to move forward with critical energy resilience projects and avoid further missed opportunities. We believe the OPUC actions necessary to implement the ORO program are largely embedded in existing or proposed agency workload and has minimal fiscal impact.

HB 3221 helps pave the way for Oregon's future economic and environmental prosperity while supporting uniquely local energy needs and community benefits. Utility scale wind and solar projects have been more cost effective than coal and natural gas, without subsidies, since 2017.² This reality has led to the accelerated closure of coal plants and significant purchases of new renewable resources by investor-owned utilities in Oregon and across the county. In the long-term, all consumers will win with a cleaner environment and reduced costs from avoided fossil fuel purchases.

HB 3221 helps small projects achieve financial feasibility, further accelerates the adoption of clean energy in the state, helps Oregon's communities meet their goals cost effectively, and gives investor-owned utilities a way to make money in the process. The ORO program is a win-win-win the Oregon way. Thank you for your consideration.

We respectfully request that you support HB 3221.

Sincerely,
April Snell
Executive Director

¹ *Projected Rate Impacts for Utility Customers under HB 3221, the Oregon Renewable Options Program,* preliminary report provided by Farmers Conservation Alliance to the Oregon Water Resources Congress, March 6, 2021.

² Energy Innovation Policy and Technology LLC, January 22, 2018. *Renewable Electricity Levelized Cost Of Energy Already Cheaper Than Fossil Fuels, And Prices Keep Plunging.* <https://energyinnovation.org/2018/01/22/renewable-energy-levelized-cost-of-energy-already-cheaper-than-fossil-fuels-and-prices-keep-plunging/>