



March 9, 2021

**To:** Chair Beyer, Vice-Chair Findley, and Members of the Senate Committee On Energy and Environment

**RE:** Testimony in Opposition to SB 784, Sections 3 and 4

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Dear Chair Beyer, Vice-Chair Findley, and Members of the Committee:

The Oregon Water Resources Congress (OWRC) is testifying in opposition to SB 784, specifically sections 3 and 4, related to green tariffs. We have no position on the other components of the proposed legislation at this time.

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.

Sections 3 and 4 of SB 784 would enable the creation of community-wide green tariffs. OWRC's members are interested in green tariff programs that can support the long-term financial feasibility of the renewable energy systems they are able to construct using their water delivery infrastructure. Irrigation district conduit hydropower projects can provide many community benefits beyond the renewable energy they generate, including local jobs, agricultural resilience to droughts, and water conservation that can benefit Oregon's fish and wildlife. OWRC is promoting a bill with similar aims, HB 3221, which would also create a community-wide green tariff program.

**While we appreciate several aspects of the green tariff concept proposed in SB 784 we also have a number of concerns. At this time, as introduced, we are testifying in opposition to SB 784 and urge the Committee to not pass the bill as drafted.**

**Primary Areas of Concern:**

*Utilities retain total control over the process and can veto community program components*

SB 784 requires both the participating local government and the utility attest to "coordination" around the community's green tariff program. We appreciate that collaborative processes often result in better outcomes for all involved and believe that to be especially true in complicated topics like energy. However, we worry that by requiring an attestation from the utility, SB 784 effectively gives the utility veto power over all green tariff program characteristics for a participating community. We believe the committee should carefully consider the utility's ability to hold a community hostage through the attestation requirement. We would encourage the bill proponents to explore other ways to encourage true collaboration.

*No ability to ensure energy resilience and other benefits from local, distributed renewables projects – No improvement from status quo*

Modernizing irrigation infrastructure can improve water supply reliability (and therefore food production), enhance safety of water delivery systems, prevent fish from being trapped in canals, and reduce the energy required to pump water across the landscape. These same infrastructure changes also allow for more and cleaner water in streams and rivers, help fish access high-quality habitat, foster the creation of pollinator corridors along newly-buried pipelines, and generate fish-friendly, conduit hydropower with water already being diverted for farms and ranches.

Conduit hydropower projects can provide energy resilience and other benefits for rural communities. Projects between 1-5 megawatts of capacity may be capable of energizing all or portions of utility circuits, keeping critical facilities such as hospitals and fire stations energized during outages, Public Safety Power Shutoff (PSPS) events to prevent wildfires, or other grid disturbances. Similar benefits are possible through other renewable technologies, such as the combination of solar photovoltaics and battery storage to create local microgrids.

SB 784 makes reference to community-based renewable energy projects that are capable of providing energy resilience or other co-benefits. In oral testimony (related to the green tariff concept in HB 3221) both Pacific Power and Portland General Electric noted the benefits that conduit hydropower projects and other small renewables can provide. These comments and references should be viewed in the context of more than a decade of concerted effort by both utilities to stifle the development of small hydropower and other renewable energy projects by systematically reducing power rates and creating barriers in interconnection processes. Meanwhile, both utilities have installed thousands of megawatts of projects they can own themselves.

By retaining control over the processes in SB 784, we fear that these anticompetitive practices will be able to continue, and Oregon's communities will not be able to obtain the many benefits that local projects can provide.

*Assumptions on electricity costs*

Through provisions for "a monthly flat rate or charge in addition to usage" SB 784 appears to presume that electricity rates will have to go up for any local government that wants to participate in the creation of a community-wide green tariff program. A ratepayer cost impact study produced for OWRC by Farmers Conservation Alliance (FCA) in service of HB 3221 found otherwise.

FCA's analysis indicates that, for some green-tariff implementation scenarios, overall customer rate changes might be negligible, with the potential for slight cost savings, neutral impacts, or slight cost increases. Anecdotal evidence from Oregon's Direct Access and Voluntary Renewable Energy Tariff programs, as well as the experience of California's electricity consumers using Community Choice Aggregation programs, also suggests that slight cost savings or minimal cost increases are possible while switching energy supplies to higher portions of renewable electricity.

We urge the committee to consider if SB 784 protects ratepayers sufficiently against unwarranted cost increases. We would encourage the bill proponents to consider mechanisms for the OPUC to engage in vetting the costs and benefits of adding new renewables into the overall utility system and consider methods for dividing costs appropriately among electricity consumers.

SB 784 limits participation

Under SB 784, a community-wide green tariff structure is enacted by amending existing policies that were created to offer green electricity options to only residential and small commercial utility customers (less than 30kW of load). By excluding larger commercial and industrial loads, this program structure limits the ability of local governments to move as much of their community onto renewable energy as possible. By comparison, HB 3221 would enable all customers in a community to participate as long as their electricity is supplied by an investor-owned utility.

Time is of the essence for many communities that are interested in switching to renewable energy supplies. We encourage the bill proponents to consider how SB 784 could be expanded to enable greater participation.

In conclusion, while we are supportive of some of the concepts in SB 784, we have a number of concerns about the proposal and would recommend significant amendments if the bill moves forward. OWRC remains committed to finding a viable path forward for district hydropower and other projects with broad community benefits that will otherwise be lost without a structured program.

Thank you for your consideration of our testimony and we urge to not pass SB 784 as drafted.

Sincerely,  
April Snell  
Executive Director