

Brittany Andrus

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Testimony to Oregon House Energy and Environment Committee

Summary:

- Emissions program regulatory structures will take several years to finalize, and even longer to result in renewable resource builds. Recent history: 5+ years to incorporate changes to the 2008 RPS law (SB 1547 enacted in 2016, with several issues still not resolved in rule).
- The market is ready; PacifiCorp has thousands of megawatts of cost-effective (“net benefit”) renewable resource projects on its RFP “short list,” but utilities cannot legally recover costs of investments in advance of need.
- Additional renewables will have little, if any, incremental cost impact on ratepayers (e.g., Charles Teplin, Rocky Mountain Institute;¹ JP Batmale, OPUC²).
- Increasing the RPS now ensures actual decarbonization actions over the next several years, and beyond.

Chair Marsh, Vice Chair Brock Smith, Vice Chair Helm, and members of the committee,

My name is Brittany Andrus. I am an independent consultant performing research and analysis in the energy industry, having spent 17 years with the Bonneville Power Administration, followed by 8 years at the Oregon Public Utility Commission (PUC). I am a passionate believer in the need to make real progress on mitigating climate change, and I view this decade as absolutely critical.

I authored an analysis on behalf of NewSun Energy concluding that the emissions-based approach in HB 2021 will require a set of rulemakings that will delay incremental building of renewable resources by five to seven years (see attached memo dated March 15, 2021). I’m sure some will take issue with the specifics of this analysis and I welcome that discussion, but there can be no denying the fact that the PUC, utilities and stakeholders are still working to finalize rules for implementing the RPS updates enacted five years ago. It is entirely reasonable to foresee a more complex and lengthy rulemaking and implementation process as agencies must define detailed parameters for an emissions program, put the requisite planning and compliance mechanisms into rules for multiple state agencies, and then incorporate results into the existing utility and PUC integrated resource planning (IRP), renewable portfolio standard (RPS) planning, and resource procurement (RFP) processes. This is a huge lift, and the only process existing in rule at this time is for annual reporting of emissions (DEQ) by electricity suppliers.

¹ “Numerous, rigorous studies show decarbonization is possible – and not expensive

- Greater-than-forecasted cost declines of wind, solar, storage, EVs have helped reduce expected costs...

- The next steps are no-regrets & low cost”

<https://olis.leg.state.or.us/liz/2021R1/Downloads/CommitteeMeetingDocument/235095>

² “RPS costs to ratepayers have not been an issue. Over the past decade, neither PGE nor PAC have approached the annual cost ceiling of the RPS’s cost containment mechanism. The lower than expected cost of the RPS is entirely due to the rapidly declining costs of two eligible, renewable generation technologies: wind and solar,”

<https://olis.oregonlegislature.gov/liz/201911/Downloads/CommitteeMeetingDocument/226232>

Additionally, modeling by E3 indicates there will be zero incremental renewable resource build up to the point where emissions reductions are at least 40%, because the existing RPS steps up in 2025.

The PUC has a tough, complex job: to support the utility's financial health by allowing them a reasonable rate of return, and to ensure that the playing field supports a competitive market, all while implementing the Legislature's directives.

In 2016, SB 1547 was passed, expanding the then-current RPS. On its surface, it did not appear to be an extremely complex piece of legislation. However, after five years, multiple rulemakings are still underway to fully implement it, as enumerated in my memo. This is a natural consequence of the balance the PUC tries to achieve between the regulated monopoly and the market. Utility financial resources provided through customer rates are deployed to enhance the utility's position, while other market players attempt to keep opportunities for competition open. This dynamic makes for a drawn-out, resource-intensive process.

These drawn out processes are absolutely not a result of lack of talent or initiative at the PUC. The staff there are truly some of the most hardworking and bright people I have had the good fortune to work with. As this committee knows, the scope of issues in the energy industry has vastly expanded over the last decade, and the PUC is tasked with trying to set policy in a fast-changing environment with insufficient resources. Additionally, Staff turnover in the critical energy planning group at the PUC has been quite high – I myself had 7 managers during my 8-year tenure, and more than half my colleagues left during my final two years there – and this provides huge opportunities for utilities to push through programs and policies that are to their benefit while new staff are coming up to speed on complex, state-specific statutes, rules and policies.

I urge you, do not underestimate the power of investor-owned utilities in this state to contort the many regulatory processes to their own ends. There is a very real possibility that this bill will result in not only delays, but potentially in unintended outcomes that erode the legislative intent. This is in stark contrast to the simplicity and clarity of the alternative RPS-based approach to decarbonizing our energy supply.

Utilities cannot recover costs for resources in excess of “need” under present law, and our electricity will not be any cleaner until additional renewable resources are built. By increasing the RPS now, setting higher and more frequent milestones in this decade, you will ensure that Oregon takes concrete steps in the near term to take action on climate change, for our collective future.

Thank you very much.

Brittany Andrus

Attachment



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100PCT - Rulemaking