



March 31, 2021

House Committee on Energy and Environment

To: Chair Representative Pam Marsh, Vice-chair Representative David Brock Smith, Vice-Chair Representative Ken Helm, and Members of the House Committee on Energy and Environment

Re: Opposition to HB 2143

Our organizations, the Oregon Farm Bureau (OFB) and Oregon Water Resources Congress (OWRC), are opposed to the proposed fee increase in HB 2143, which changes annual fees for all power claimants to match annual fees for other hydroelectric projects. The hydroelectric fees are collected by the Oregon Water Resources Department (WRD) and distributed between WRD, Oregon Department of Environmental Quality (DEQ) and Oregon Department of Fish and Wildlife (ODFW). Our associations have concerns about the impacts of the proposed fee increase to our members as well as how the fees would be allocated and used by the agencies. This fee "equalization" proposal needs further discussion with impacted stakeholders, and we urge you to not move HB 2143 forward this session.

By way of background, OFB is the state's largest general agriculture organization, with nearly 7,000 member-families professionally engaged in the industry. OFB's primary goal is to promote the economic and social interests of its members in the policymaking arena. OWRC is a nonprofit association representing irrigation districts and other agricultural water suppliers across Oregon, delivering water to 1/3 of all irrigated land in the state. OWRC members operate complex water management systems, including water supply reservoirs, canals, pipelines, and hydropower facilities, and many are actively exploring the feasibility of in-conduit hydropower and other renewable energy systems to help support irrigation modernization efforts.

Our organizations participated in WRD's pre-session meetings that led to HB 2143. While "equalizing" the fees paid by hydroelectric producing entities sounds like a reasonable idea, we have significant concerns about how the fees will be used and allocated amongst WRD, Department of Environmental Quality (DEQ) and Oregon Department of Fish and Wildlife (ODFW), and what benefits fee payers will receive from the proposed increase. It is also unclear how Oregonians will benefit from these fees and whether the increased fees will result in any service or process improvements or reduce need for General Fund allocations to support related agency staff. While the impact of the proposed fee increase on specific entities varies based on sector and individual project, there is concern that any increase, particularly without a clear benefit or service improvement to the fee payer, will significantly burden entities who are already struggling to survive the current economic climate.

We are also concerned that while WRD collects these fees, the agency receives the smallest allocation of fee revenue, with DEQ and ODFW receiving the largest share. This is particularly egregious given the recent action by ODFW (stemming from HB 3315, 2015 Session) to bill their sister agency WRD for work done on their behalf. WRD has no mechanism to bill the other agencies similarly and this is another reason why the proposed fee increase in HB 2143 is not appropriate for this session.

We urge the committee to not pass HB 2143. This proposed fee increase provides unclear benefits, while further burdening hydroelectric project operators and the predominantly rural communities they serve.

Thank you for your consideration.

Sincerely,

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