

April 8, 2021

To: Chair Marsh and Members of the House Committee on Energy & Environment
From: Sharla Moffett, OBI
RE: OBI Testimony in Opposition to HB 2021

Chair and Members of the Committee:

Thank you for the opportunity to submit written testimony on this important issue for Oregon Business & Industry members. OBI is Oregon's most comprehensive business association representing approximately 1,600 businesses that employ nearly 250,000 people. We represent multiple sectors and serve as the state's Retail and Manufacturing Councils.

OBI recognizes that climate change is real and believes businesses play an important role in leading a lower-carbon economy.

We appreciate the intent of HB 2021 to achieve 100% clean, non-emitting electricity by 2040. As an organization, we strongly believe any legislation must also address affordability and reliability. In other words, any carbon reduction legislation must carefully balance the economic impacts with the environmental benefits of a transition to greater reliance on clean and renewable energy resources.

To that end, implementation of clean and renewable energy electricity goals must protect residential, commercial, and industrial customers of electric utilities from the shock of sudden and steep electricity price increases. Therefore, OBI must specifically oppose the -6 and -8 amendments as they both mandate a cost increase borne only by Oregon's investor owned utility customers.

The community-based renewables provision would place an 8% requirement for community-based renewables by 2030 and 10% by 2035. We support the goal of increasing energy from community-based renewables; however, we are extremely concerned that the inclusion of specific mandated requirements will impact customer costs, particularly costs to industrial and manufacturing customers that will already be facing major economic impacts as a result of the Climate Protection Program rulemaking that is now in progress at the Oregon Department of Environmental Quality. We believe this provision should be set aside to protect customers, and the committee should focus its attention on areas that have broad consensus among the stakeholders.

Additionally, we are concerned about two provisions in the -5 amendment: the labor standard language and prohibition of new natural gas-fired power plants.

The labor standards language in the -5 amendment will likely increase the cost of such projects by requiring complex new reporting and compliance elements. First, there is no precedent for requiring prevailing wage on exclusively private sector funded projects. Second, this will require the Oregon Bureau of Labor and Industries and the Oregon Employment Department to do a unique analysis to determine the prevailing wage for such projects. The expanded labor

standards in this bill require much more careful analysis to determine cost impacts to customers.

Finally, natural gas fired power plants provide a critical, reliable and affordable source of energy, and we are concerned about the provision that would ban the siting of new natural gas generating facilities immediately. Taking this resource completely off the table as an option as demands for energy continue to rise in our state is premature. It is important that we not back ourselves into a corner in which certain options are no longer on the table.

In the big picture, we need to pay careful attention to resource adequacy as policy decisions are made about various energy resources. There are numerous policy efforts in the region that will affect resource availability across the region in the coming decade. We must be aware that these policies are connected and could impact energy adequacy, reliability and affordability.

HB 2021 sets the ambitious goal of getting to 100% clean by 2040, which will be very challenging in and of itself. It will be even more challenging to do this in a way that ensures system reliability and protects customers from sudden and significant rate hikes. We urge the committee to thoughtfully weigh our comments as it continues its consideration of HB 2021 and its impacts on Oregon utility customers.

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