



April 7, 2021

To: Representative Pam Marsh, Chair, House Committee on Energy and Environment
Members, House Committee on Energy and Environment
From: Max Greene, Regulatory & Policy Director, Renewable Northwest
Re: **Support for HB 2021**

Dear Chair Marsh and Members of the Committee,

Renewable Northwest is a regional, non-profit renewable energy advocacy organization based in Oregon, dedicated to decarbonizing the region by accelerating the transition to renewable electricity. Our members are a combination of renewable energy businesses and environmental and consumer groups. **Renewable Northwest supports HB 2021 with the -5 amendments, which would require Oregon electricity providers to supply 100% clean electricity by 2040.**

The -5 Amendment Reflects an Improved Emissions-Plus-Planning Approach to 100% Clean Electricity

HB 2021-5 presents an improved emissions-plus-planning approach to achieving 100% clean electricity relative to the approach that Renewable Northwest supported before this Committee in March. Under the -5 amendment language, electricity service providers would still be required (1) to reduce their system emissions in order to conform with defined targets and (2) to establish plans every two years demonstrating how they will achieve those targets. Now, however, the 2040 target has been firmed up – what was a soft standard couched in the phrase “shall seek to” is now a mandate requiring that providers “shall” achieve the targets. And after significant negotiation, stakeholders have worked out an accounting approach that stops just short of requiring proof of delivery of clean power plus a renewable energy certificate (“REC”) to end users – an issue that has caused difficulties in implementing Washington’s Clean Energy Transformation Act.

Renewable Northwest supports the resulting language, and we continue to believe this approach to a clean energy standard will create significant opportunities for renewable energy development, will appropriately tie electricity resource decisions to the imperative to address climate change, and will afford some flexibility in how electricity service providers achieve emissions reductions using a combination of renewables, storage resources (including battery and long-duration pumped hydro), efficiency, demand-side resources, and legacy hydroelectric generation.

The -5 amendment addresses other concerns we raised in our March 23, 2021 testimony to this Committee as well. Specifically:

- In Section 4, the annual goals a provider must include in its clean energy plan now include short and long duration storage and renewables;
- In Section 5, the Public Utility Commission’s acknowledgment standard for clean energy plans has been amended to ensure a more robust approach;

- In Section 10, the incremental cost language has been tightened and the list of specific investments or costs has been eliminated, removing previously enumerated costs that are unlikely to be for the purpose of compliance; and
- Section 26 now reflects labor standards for construction of renewable energy projects in Oregon that have been agreed upon by Renewable Northwest and labor organizations.

The Emissions-Plus-Planning Approach Will Spur Development in Oregon

As we noted in our March 23, 2021 written testimony to this Committee, the combination of binding emission targets and PUC-acknowledged clean energy plans will result in significant opportunities for project development. PGE's and PacifiCorp's combined peak demand in Oregon is around 7.5 GW, and as of 2040 this bill would require that demand – plus any load growth due to electrification – be met with clean resources.¹ In earlier testimony, we loosely quantified the procurements Oregon utilities will need to undertake to achieve that transformation. Today, we will elaborate on how Oregon resources are well-positioned to win those procurements.

Providers are already going to market for Oregon resources both to meet customer needs on a least-cost, least-risk basis and to serve voluntary programs for customers who want to be served with additional clean electricity beyond a provider's normal resource mix. For example, in the 2021 Update to PGE's 2019 Integrated Resource Plan ("IRP"), the company's preferred portfolio includes approximately 260 MW of Oregon wind by 2025.² Meanwhile PacifiCorp's 2019 IRP preferred portfolio includes 500 MW of Oregon solar paired with 125 MW of 4-hour battery storage by 2024, plus an additional 475 MW of Oregon solar-plus-storage and 450 MW of standalone battery storage in Oregon over the next 20 years. Note that these resource plans are just based on what is already emerging as the most competitive resources to meet the company's needs; the clean energy standard reflected in this bill will require procurement of significantly more renewable resources on a faster schedule. Meanwhile PGE's green tariff program has resulted in an additional 300 MW of Oregon solar over the past 14 months,³ while PacifiCorp's voluntary renewable program spurred 100 MW of Oregon solar. All of this goes to show that Oregon electricity providers recognize the value in renewable energy projects, and Oregon renewable energy projects are poised to do well in any program that expands demand for clean energy.

HB 2021-5 may be well positioned to spur development of emerging clean energy technologies in Oregon as well. Renewable Northwest has been working with the Clean Energy Transition Institute, Gridlab, and Evolved Energy on a study to demonstrate the feasibility of transitioning to 100% clean electricity by 2040 and to understand how the electricity system would likely serve customers under a declining emissions cap. While the results are still preliminary and may not be finalized before the end of the legislative session, as we noted in our March 23, 2021 testimony to this Committee, one consistent trend has been the emergence of floating offshore wind as a key resource as we approach a tighter emission cap. Specifically, the most recent preliminary results showed offshore wind emerging as a key resource in the

¹ See Oregon Department of Energy, 2020 Biennial Energy Report at 111 n.8 (Nov. 2020).

² Note that inclusion of a resource in an IRP preferred portfolio does not guarantee procurement; it is, however, an indication that the resource appears well positioned to be a least-cost, least-risk resource for the company based on all available information.

³ The Oregon Public Utility Commission recently issued an order expanding the program cap on PGE's green tariff program by an additional 200 MW.

2030s and ramping up at a pace of about 2 GW per year.⁴ In other words, these results suggest that requiring electricity providers to ramp down their emissions may spur the development of Oregon's offshore wind industry.

The Emissions-Plus-Planning Approach Builds on Existing Programs

In our March 23, 2021 testimony, we observed that because the emissions-plus-planning approach builds on two existing programs – the emissions accounting program administered by the Department of Environmental Quality (“DEQ”) under ORS 468A.280 and the IRP process outlined above – it should be straightforward to implement. On March 26, 2021, the Public Utility Commission filed comments with the Committee discussing how the Commission would implement HB 2021-1. Based on those comments, the Commission appears to share Renewable Northwest's understanding that the bill would establish “a streamlined Clean Energy Program that leans on the existing PUC planning process” and would require Oregon utilities “to immediately begin resource planning to meet 2030 and 2035 emission targets, as the PUC's existing IRP guidelines require adherence to Oregon energy policies.” Nothing has changed between the -1 amendment and -5 amendment that would significantly affect the process and timeline set forth in the memo. Similarly, the -5 amendment was crafted to avoid requiring any additional DEQ rulemaking to address emissions accounting.

Renewable Northwest Recommends Passage of HB 2021-5

Renewable Northwest has spent many hours with a broad cross-section of stakeholders to ensure that the language reflected in the -5 amendment will work for all of us. We particularly appreciate the great care and attention from the Chair and members of this Committee in developing the level of consensus reflected in the -5 amendment. As the Committee hopefully observed from this week's hearings, the result of all that work is a broad coalition supporting a bill that would align Oregon with other western states in requiring our electricity providers to move to clean energy.

In sum, Renewable Northwest is convinced that this will work – it will decarbonize our electricity system, it will drive development in new renewable energy projects, and it will make Oregon a national leader in clean energy again. For that reason, we offer our support for HB 2021-5 and a “do pass” recommendation from this Committee.

Sincerely,



Max Greene
Regulatory & Policy Director
Renewable Northwest

⁴ As a reminder, PGE's and PacifiCorp's combined Oregon peak load is around 7.5 GW. Oregon offshore wind has unique potential to meet the needs of other western states moving to 100% clean electricity as well as Oregon's needs.