

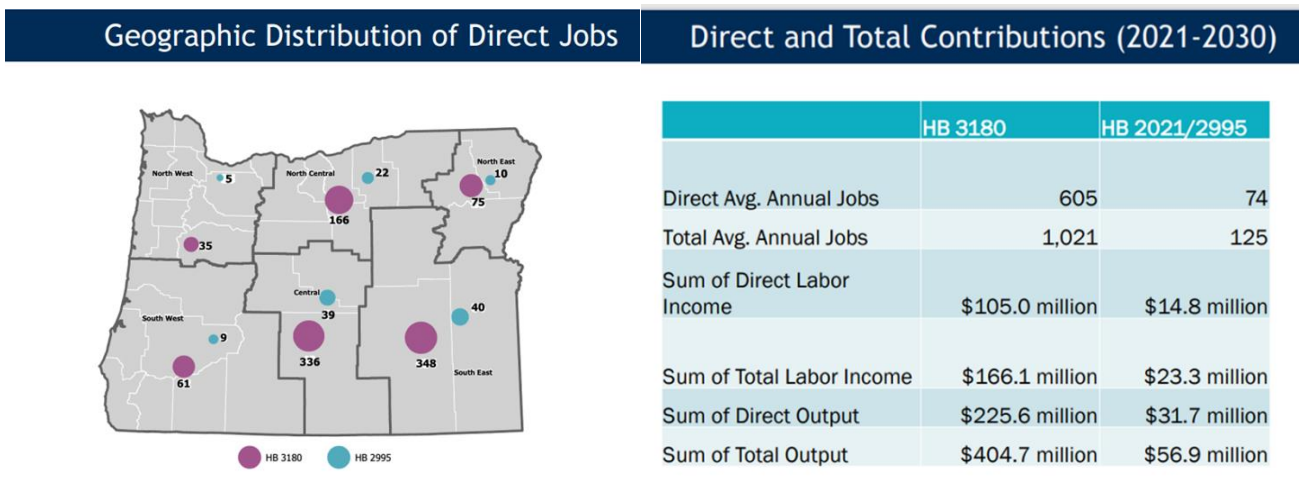
April 8, 2021

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

I regret that I was not allowed to speak to this committee yesterday on HB 2120.

My name is Brittany Andrus. I am an independent consultant performing energy industry research and analysis in the Pacific Northwest, having spent 17 years with BPA, followed by eight years at the Oregon Public Utility Commission. I was also scheduled to speak to this committee on Monday, April 5 on HB 3180 and was not heard; my written testimony for that hearing is in that bill's record.

I have one question for this committee: Does Oregon deserve to have full information such as the below estimate by ECONorthwest of the impact of increasing the Renewable Portfolio Standard in Oregon?¹



My comments are directed toward the dash-11 amendment to HB 2021. ***I support Oregon moving to an emissions standard for its electric utility sector in a deliberate manner while accelerating the Renewable Portfolio Standards.*** We can build the 100% clean energy structure in Oregon in a logical, effective and efficient way and ***ensure that Oregon's movement to decarbonize proceeds steadily.*** Setting higher compliance obligations in this decade, even with a final RPS target of 70%, will encourage the development of our ***existing deep bench of renewable resource opportunities in Oregon***, is in the queue and ready to ***displace fossil fuel generation by 2023, 2024, 2025.***

Building on the existing RPS path by integrating accelerated milestones into HB 2021 is the best way for utilities to procure additional near-term renewable resources that are ready to go. Utilities need a statutory mandate to ensure a reasonable opportunity of cost recovery – to act to ***displace carbon-emitting generation and replace it with emissions-free generation.*** Regulated utilities will not risk shareholder investment dollars on renewable resources that they do not “need.” But we ***need to***

¹ <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/PublicTestimonyDocument/19042>

reduce emissions more, and earlier - as soon as practicable. The dash-11 amendment adds more and higher near-term RPS milestones, providing the “need” to acquire, and those new resources **will begin displacing fossil fuel generation the very first day they are online**.

The opportunity is before you, to be seized: Portland General Electric is in the early stages of its next integrated resource plan to be issued in 2022 and can incorporate an RPS change now, and PGE can request increased renewable generation in its upcoming 2021 RFP given this legislation.

PacifiCorp will issue its IRP in September and while it may not be fully incorporating an accelerated RPS in that document, unlike PGE, it has **thousands of MW of cost-effective non-emitting resources** lined up from its recent RFP, enabling it to contract for incremental renewables in the very near-term.

Cost impacts to ratepayers are always of concern, as they should be. I have worked with E3 and others to calculate impacts of an accelerated RPS, and cost differentials for in- vs out-of-state resources, taking into account transmission, differences in resource performance, and costs. The conclusion is that building some of these renewables at scale in Oregon can be done economically.

For example, the average Oregon IOU residential customer uses 10,000 kWh per year, and pays about \$1,200. Others have raised ratepayer cost concerns regarding an increased RPS in the 2020s, and renewables located in Oregon – but **they have not shared their models and assumptions**. In my work with E3 and that of others,^{2,3} in some scenarios the incremental cost of building in Oregon is negligible or even zero. We built a model using the utilities’ integrated resource planning numbers, assuming about half of incremental renewables are built in Oregon, and found that the estimated cost per residential customer to do so is likely under a dollar a month in this decade. And in doing so, the economic benefits to the people of this state are **enormous**, as shown in the ECONorthwest report in the record. **I urge everyone to review that report**

(<https://olis.oregonlegislature.gov/liz/2021R1/Downloads/PublicTestimonyDocument/19042>). Note: HB 2995 refers to the now-HB 2021.

We welcome the opportunity to review these models with other stakeholders, and have reached out to do so, with no meaningful response. There has been a lot of talk here about the “collaboration”

² Charles Teplin, Rocky Mountain Institute; “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,” March 15, 2021.

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

³ JP Batmale, Oregon Public Utility Commission; “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,” September 21, 2020.

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

amongst a “broad set of stakeholders” during the development of this bill. There has also been a lot of talk about jobs and benefits in Oregon – again, with no transparent analysis. I would ask that those entities ***open their table*** and ***specify the economic impacts in Oregon, by year***, and costs and ratepayer impacts.

I’d like to emphasize the contrast I have observed between my years with ***public power***, and those with a utility regulator. While visiting and working with dozens of public utilities throughout Washington and Oregon - coops, PUDs and municipalities - I saw that ***accountability is clear and direct***: the customers are the owners, or members of, or constituents of, their electric provider. Processes and data are generally transparent, not confidential, and not “too complex” to be understood. The dialogue is relatively open, and direct community benefits achieved by way of a healthy, local electric utility is the goal.

In contrast, the investor-owned utilities have the resources and shareholder-returns motivation to ensure that rulemakings and other proceedings result in them adding assets to the “rate base” on which shareholders earn a return. They use multiple, complex, often proprietary models to arrive at their planning and procurement results, making it difficult or impossible for many stakeholders to participate as more than an observer. They naturally seek rules that provide them with the maximum autonomy, which means fewer hard targets, more discretion on implementation paths, and plenty of opportunity for obscuring or changing the goal posts.

Some people may ask, why is that bad? Isn’t it good enough if the Oregon legislature sets a target sometime in the future, and allows the utilities to determine when and where and how decarbonizing will happen? Isn’t it good enough that at some point in the future some renewables are built somewhere in the western U.S.? For three critical reasons, the answer is an ***absolute no, that is not good enough***.

First, any legislation should allow time for development of a new emissions reduction program.. The dash-11 amendment ***ensures continual progress in decarbonizing while*** providing the ***necessary time*** to develop the regulatory framework for an emissions standard. Seemingly small changes to existing legislation can result in resource-intensive rulemakings that remain open for multiple years. I have provided a list of regulatory rulemakings at the PUC involving the RPS and renewable resource procurement, in which utilities and stakeholders have spent untold hours wrangling over the necessary details of implementing a program and policy. Logic dictates that a new program will be take as long, or longer. My estimate of a multi-year delay to build an emissions-based approach is based on my experience in the front row viewing this dynamic, and the evidence is in the attached recent electric utility regulatory history.

I’ll cite one example: SB 1547 in 2016 changed the 8% community renewable energy target to a requirement. A rulemaking was opened in 2018 to delineate the specific requirements, and define tracking and reporting processes. That rulemaking remains open, and the last substantive activity was

in 2019 when PUC staff provided a matrix explaining the complex issues resulting from a seemingly simple change to a statute. I **guarantee** that this is in **no way** due to a shortage of brainpower or diligence at the PUC. It is a demonstration of the IOU-stakeholder dynamic in this state, and the challenge the PUC faces in managing it.

You can be assured that a policy giving broad discretion to the investor-owned utilities will be fraught with conflict as rules and filings are thrashed through in regulatory proceedings. **Climate action cannot wait**. We must leverage the established RPS statutory and regulatory frameworks to **accelerate decarbonization in the near term as we move to an emissions standard**.

Second, I strongly believe our state **must** reap a fair share of the economic benefits of decarbonizing, especially in rural areas, and especially as we recover from the pandemic. I worked with ECONorthwest as they developed the economic development report on the impacts of in-state requirements as found in the dash-11 amendment. They are real, and substantial, and geographically diverse: \$400 million of economic investment throughout Oregon, of which \$100 million is in direct wages assuming a 63% RPS by 2030. I will note that **California's RPS is 60% by 2030**⁴.



Third, the most simple reason: we all share the responsibility for taking real actions now. Although I'm here an analyst, I'm also a single mom to two daughters graduating college this year. I want us all to be able to say that our state met the challenge of ensuring **real, achievable decarbonization actions throughout this decade**; that the **Oregon Legislature sets the path for our electric industry** to follow, with regular near-term milestones and development of renewables in our state, for that path to be **executed** by the investor-owned utilities and **overseen** by the regulator. Utilities cannot be assured of

⁴ <https://www.cpuc.ca.gov/rps/>

cost recovery without a clear mandate to acquire renewable resources, and increasing the RPS throughout the 2020s to a level above a mere 27% is the best way to do that in this decade.

Please do not underestimate the complexity of this sector, or the challenges inherent in the PUC's regulation of a powerful monopoly while trying to maintain some measure of market competition and dealing with high staff turnover. Please do not think that a program such as community solar can be executed within just a year or two as may be assumed when developing legislation; just a few weeks ago we saw the very first community solar program project certified, five years after the legislative session.

Finally, as an energy professional and as the parent of two amazing young women graduating college this year, please do not exacerbate the very real climate risks we face by keeping our near-term actions so ***painfully small and insignificant***.

Thank you.

Brittany Andrus

AndrusPDX

Attachment (2 pgs): Oregon PUC Proceedings for Implementing RPS and Resource Procurement Legislation

Oregon PUC Proceedings for Implementing RPS and Resource Procurement Legislation

Open as of April 2021

Docket	Proceeding	Opened	Status	Duration	Description
AR 610	Rulemaking Regarding the Incremental Cost of Renewable Portfolio Standard Compliance	4/5/2017	Open	48+ months	Opened as a broad RPS rulemaking; in April 2018 the scope was limited to incremental cost calculations: https://apps.puc.state.or.us/orders/2018ords/18-128.pdf Most recent substantive ⁵ activity: Staff workshop 6/9/2020
AR 616	Rulemaking Regarding Renewable Portfolio Standard Planning Process and Reports	4/10/2018	Open	36+ months	Opened when AR 610 scope was narrowed. Most recent substantive activity: Comments received 10/22/2020
AR 622	Small Scale Renewable Energy Projects Rulemaking	8/28/2018	Open	31 months	Requested by Staff: “In order to clearly define what is meant by community-based, renewable energy projects, and to determine how the mandate in ORS 469A.210 will both be implemented and evaluated, Staff recommends that the Commission open this rulemaking.” Order No. 18-322: https://apps.puc.state.or.us/orders/2018ords/18-322.pdf Staff matrix issued 2/25/2019 illustrates complexities with implementing seemingly minimal changes to an electric utility-related statute: https://edocs.puc.state.or.us/efdocs/HAH/ar622hah14357.pdf Last substantive activity: 2/25/2019
AR 631	Rulemaking to Address Procedures, Terms, and Conditions Associated with Qualifying Facilities (QF) Standard Contracts	7/30/2019	Open	20+ months	Rulemaking is broad in scope; a complex and lengthy proceeding was anticipated. Most recent substantive activity: Comments filed 3/30/2021
AR 630	Rulemaking to Address Templates for Standard Avoided Cost Inputs and Outputs	7/30/2019	Open	20+ months	No activity.
AR 613	Rules Regarding Community Solar Projects	7/28/2016	Rules adopted 6/29/2017	11 months for rules	Example of a new program that proceeded through rulemaking smoothly, then encountered obstacles during implementation (e.g., utility interconnection practices, procurement processes) that significantly delayed the program.
UM 1930	Community Solar Program Implementation	1/25/2018	Implementation docket open	54 months total to implement	First project certified 2/11/2021 https://apps.puc.state.or.us/orders/2021ords/21-042.pdf

⁵ Non-substantive activity includes service list changes and other routine administrative actions.

