



Oregon
Rural
Electric
Cooperative
Association

February 13, 2023

Chair Pam Marsh
Vice Chair Bobby Levy
Vice Chair Emerson Levy
House Committee on Climate, Energy & Environment
900 Court Street NW
Salem, Oregon 97301

RE: HB 2534 (-1) to develop a comprehensive state energy strategy

Dear Chair Marsh, Vice Chair Bobby Levy, Vice Chair Emerson Levy, and Members of the Committee:

Thank you for the opportunity to comment on HB 2534 (-1) to authorize the Oregon Department of Energy to develop a comprehensive state energy strategy. The Oregon Rural Electric Cooperative Association (ORECA) represents 18 electric cooperatives that serve over a half-million Oregonians with affordable, reliable, and nearly carbon-free electricity. ORECA's comments will focus on the following issues: 1) state energy strategy funding; 2) stakeholder participation; and 3) areas of concentration for the strategy.

In Section 1 (6) of the -1, ORECA is concerned that HB 2534 lacks a funding source for ODOE to "contract with third parties for assistance" with technical or facilitation services required for the state energy strategy. Additionally, the -1 amendment also authorizes these third-party contracts on a continued basis as necessary for required periodic updates.

The bulk of ODOE's funding comes from an energy supplier assessment (ESA), which all Oregon utilities pay. ESA costs have been increasing at a dramatic rate and are then passed on to our ratepayers – directly impacting energy burden and the affordability of electric rates on our most vulnerable populations. Accordingly, we urge the committee to

adopt an amendment making clear ESA funds will not be used to fund the development of the state energy strategy.

Section 1 (4) (a) gives wide latitude and discretion to the ODOE to invite certain stakeholders to participate in developing the state energy strategy. While the amendment calls for representation from “geographic areas of the state,” we believe the language should explicitly refer to “rural areas.” This concern derives from our disappointing experience with the last major effort to develop a state energy strategy in 2012 under the Kitzhaber administration. During that process, not a single *rural* consumer-owned utility was invited to participate as a stakeholder, essentially disenfranchising hundreds of thousands of Oregonians who live outside of metro areas.

Finally, we urge the scope of the strategy to include the importance of *aligning* the state’s energy policies. ODOE’s Biennial Energy Report celebrates a new analysis showing the state’s greenhouse gas reduction goal is in reach (page iv) but fails to mention the state has also pursued an aggressive policy of breaching the four Lower Snake River Dams (LSRD). Together, the LSRD produce 900 average megawatts (aMW) of clean electricity annually and up to 3,033 MW of power at peak capacity, helping to meet peak power loads and contributing to the reliability of the power transmission grid.

The LSRD are a crucial component of the Bonneville Power Administration’s resource mix, as well as meeting Oregon’s climate objectives and maintaining affordable electric rates. The federal agencies have studied breaching these projects and determined it was not a cost-effective option – and even the Murray-Inslee study recognized that dam breaching was not feasible at this time.

Yet, the State of Oregon pursued this policy without any consultation with consumer-owned utilities who rely on these important hydro resources. At the very least, a state energy strategy should analyze the inherent contradictions of Oregon devoting considerable attention to the breaching of valuable carbon-free generation while it also pursues an aggressive carbon reduction program.

Thank you for the opportunity to comment on HB 2534 (-1).

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