



Oregon State Legislative Committee on Climate, Energy & Environment
Joint Oregon Rural Electric Cooperative Association and Oregon People's Utility
District Association Comments on HB 2816

February 22, 2023

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

The Oregon Rural Electric Cooperative Association (ORECA) and Oregon
People's Utility District Association (OPUDA), appreciate the opportunity to
comment on HB 2816.

Oregon's consumer-owned utilities (COUs), including members of ORECA and
OPUDA, are not-for-profit utilities governed by democratically-elected local
boards. The vast majority of COUs purchase their energy from the Bonneville
Power Administration (BPA) under 20-year contracts that were entered into in
2008. Our BPA power purchases are an allocation from the Federal Columbia
River Power System (FCRPS) which includes the output of the 31 Federal dams,
nuclear output from the Columbia Generating Station, as well as a small amount of
market purchases required to balance resources and meet customer demand.

On average, COUs energy mix is 95% carbon free – a percentage that varies based
on water conditions at FCRPS hydroelectric projects. It is important to note that
COUs experiencing rapid economic development and new large single load growth
since 2008 have no other alternative but to rely on market purchases to meet
consumer demands for service. Market purchases are important because they
provide reliable and affordable electricity to meet new economic development
opportunities. Under the coal to clean legislation in 2016, COUs reaching certain
increased load thresholds became subject to an increasing RPS requirement up to
25 percent. Because many COUs have limited generation options other than the
market, this was a compromise ensuring Oregon's COUs could continue to support
economic development *and* continue to find reasonable options to reduce
emissions.

With this foundation, we are concerned that HB 2816 is moving forward without a robust process that has been the hallmark of major energy policy in Oregon for decades. Moreover, HB 2816 undermines local control and targets certain classes of COU customers, with the prospect of other industries to follow, jeopardizing the ability for our communities to increase jobs and supply reliable and affordable energy to meet Oregon's climate goals.

HB 2816 (as introduced) goes far beyond the clean energy requirements established in HB 2021 by establishing severe penalties and terminating economic development incentives, stranding community investments that have helped create jobs in rural Oregon. Furthermore, HB 2816 establishes new stringent carbon reduction baselines in COU territory years before that of the state's investor-owned utilities. Yet, customers in COU territories are also denied the compliance tools and off ramps afforded to other utilities to mitigate against reliability concerns, renewable availability, and rate increases to their customers.

The lack of compliance options seems particularly punitive in light of the State of Oregon's misguided efforts to breach the Lower Snake River Dams (LSRDS,) which provide enough clean, reliable electricity to power the city of Seattle – and for which we depend on to serve our members. It is also clear that Oregon's carbon policies are not aligned. At the same time the state – and this committee – is focused on reducing emissions, a federal environmental impact statement concluded that breaching the LSRDs would increase carbon emissions in the region by a staggering 3.3 million metric tons.

In lieu of HB 2816, we urge the Committee to pursue a more deliberative process that addresses the twin goals of carbon reduction and economic development. We stand ready to work with you in this regard. Thank you for the opportunity to offer these comments.

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