



March 14, 2023

Re: HB 3152 Testimony

Dear Chair Marsh and members of the Committee:

The Green Energy Institute at Lewis & Clark Law School (GEI) would like to voice our strong support for HB 3152, with the -2 amendment, a bill to protect residential natural gas utility customers. I was prepared to offer this testimony orally at the hearing yesterday, but appreciate the opportunity to provide my reasoning in writing.

As a climate policy and energy law organization, housed in Lewis & Clark Law School's top-ranked environmental, natural resources and energy law program, GEI has been deeply involved in dockets opened by Oregon's Public Utility Commission (the Commission). Just in the last two years, we have examined the technology and costs associated with decarbonizing natural gas, evaluated natural gas utility rates and planning, and begun to address how best to implement HB 2021 directed at decarbonizing the electricity delivered to Oregon customers by the two largest electric utilities.

HB 3152, with the -2 amendment, is necessary for at least three reasons.

First, while the Commission already has broad authority to advance Oregon's greenhouse gas emissions reduction goals, the agency takes seriously the legislature's direction in *how* it implements its powers. After all, two of the three commissioners leading the agency are attorneys. As an economic regulator tasked with this new obligation to oversee decarbonization of the energy system, the Commission may view its authority in a restrained way in the absence of specific statutory direction.

Second, the Oregon Department of Energy and other agencies and local governments are hard at work anticipating tens of millions of federal dollars in the coming years to incentivize building decarbonization. A key role the legislature can play is to ensure agency policies are not working at cross-purposes. HB 3152 provides clear direction to the Commission about the legislature's priorities.

Finally, HB 3152 directs the allocation of ratepayer dollars toward measures that will *benefit* residential ratepayers. Oregon's natural gas utilities *have* put forward plans to decarbonize their product but implementation of those plans is at least a decade away. In the meantime, Oregon residential customers will benefit from federal incentives and Oregon does not want to be a barrier to effective implementation of those incentives.

I heard some questions that suggested confusion about the value of air source heat pumps to the electrical grid. It might be helpful to know that installing heat pumps in buildings *today* will bring emissions reductions, even with the current mix of fossil and renewable energy producing that electricity. In 2020, *before* the Oregon legislature enacted HB 2021,¹ RMI issued a report comparing the emissions impact of a heat pump versus a gas furnace by each state over the course of the 15-year

¹ H.B. 2021, 81st Leg. Ass., Reg. Sess. (Or. 2021), ORS 469A.410(1)(c) (2021).

appliance lifetime.² The report noted that in most states, converting a gas furnace to a heat pump reduced emissions from the installation date. Further, with the anticipated increasingly cleaner grid, the report reflected that in Oregon (and in 46 other states), the climate benefit of installing a heat pump now will only increase over the lifetime of the appliance. Of course, the adoption of HB 2021, requiring Oregon's largest electricity providers to reduce their baseline emissions levels 100% by 2040, confirms that the emissions benefits of installing a heat pump today will only improve over the course of the lifetime of the appliance.

Thank you for considering our input.

Sincerely,

Carra Sahler, J.D.

Staff Attorney, Green Energy Institute at Lewis & Clark Law School

² Claire McKenna, Amar Sha, Mark Silberg, RMI, *It's Time to Incentivize Residential Heat Pumps* (Jun. 8, 2020), <https://rmi.org/its-time-to-incentivize-residential-heat-pumps/>