



February 13, 2025

The Honorable John Lively
Chairman
House Climate, Energy, and Environment Committee
900 Court Street, NE
Salem, OR 97301

Dear Representative Lively,

I am writing today on behalf of the Alliance of Western Energy Consumers (AWEC) in opposition to HB 2656.

AWEC is a non-profit organization comprised of some of the largest, most innovative and trusted employers in the west. AWEC provides a strong advocacy voice in shaping the dynamics of energy markets, natural gas markets, and regulatory policy. Our members provide tens of thousands of highly paid technical jobs. AWEC has a large and diversified base of members that represent industries such as agriculture, aeronautics, air products, pulp and paper, food processing, informational technology, healthcare and more.

HB 2656 would prohibit the PUC from setting a cap, or maximum amount of cumulative generating capacity for solar net metering systems, that are allowed to be interconnected to a utility's system. Removing this cap removes necessary cost protections for non-participating ratepayers. Net metering shifts costs to other consumers. The energy charges that a customer pays cover a portion of the utility's fixed costs. Customers that use net metering avoid those energy charges, and as a result other customers are required to pay their share of those fixed costs.

The only way for a utility to avoid the cost shift is to recover all fixed costs on non-energy charges. This would likely result in the utility increasing its basic charge. Increasing the basic charge impacts low-income Oregonians the most because these are fixed costs. Consumers can't alter their energy usage or behavior to reduce those costs. Consumers have seen significant rate increases over the past five years, and this bill would most likely add to those ratepayer costs.

Current Oregon law does not allow a utility to charge a net metering customer differently from the rest of the class, so a utility cannot increase the basic charge on net metering customers alone in order to shield non-participating customers from this cost increase.

Furthermore, this law hits consumer-owned utilities the hardest because they have a much smaller customer base to spread the cost-shift associated with net metering. These utilities also often serve Oregon's lowest income communities, which would be required to pay these higher costs. The cap is critical to allowing consumer-owned utilities to have a mechanism in place to provide cost protections for their customers.

The legislature has been very careful over the years to ensure that unwarranted cost shifting does not occur in other contexts. A great example is the non-residential direct access programs. AWEC would strongly encourage the legislature to take a consistent approach with respect to net metering. It is important to prevent cost shifting among customers.

We ask that you oppose HB 2656.

Best regards,

Bill Gaines

A handwritten signature in blue ink, appearing to read "Bill Gaines". The signature is fluid and cursive, with the first name "Bill" being more prominent than the last name "Gaines".

Executive Director