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March 12, 2025

The Honorable John Lively
Chair, House Committee on Climate, Energy & Environment
900 Court Street, NE
Salem, OR 97301

RE: House Bill 3609—Opposed

Chair Lively and members of the committee,

Pacific Power is an investor-owned utility that provides safe and reliable electric service to more than 620,000 customers across Oregon, primarily in rural parts of the state. Pacific Power is part of PacifiCorp, a multi-state utility that serves 2 million customers in six western states.

Pacific Power appreciates the opportunity to provide written testimony on House Bill 3609 and we would like to express several concerns regarding the potential impact this bill could have on existing demand response programs.

We have significant concerns about several of its provisions:

- Specifically, the bill's requirements appear to be duplicative, as we are already working to expand and improve our demand response offerings for all customer classes. Additionally, we have concerns about the potential for cost-effectiveness and the establishment of annual targets by the Oregon Public Utility Commission (OPUC), which could lead to penalties for utilities if those targets aren't met.
- Section 3.6.b: The inclusion of devices owned and maintained by third parties, such as batteries, in demand response programs could complicate the relationship between utilities and customers. These third-party devices may create unclear responsibilities or operational challenges that could hinder effective program management. We recommend further clarification on how these relationships would be structured and how they will be managed to avoid operational disruptions.
- Section 3.7.a: The proposed requirement for an “upfront payment and performance compensation” model is inconsistent with how we currently operate our demand response programs. In practice, we often use one of these models but not always both. Forcing a uniform approach could hinder flexibility and limit the ability to tailor our demand response offerings to meet the diverse needs of our customers. We recommend allowing flexibility in the compensation structure to continue aligning with existing program models.

- Section 3.7.d: The proposed language regarding the disenrollment of customers who are not meeting program expectations could present operational challenges. Specifically, we would be concerned about being required to wait a full year before being able to disenroll a non-performing customer. This would undermine the cost-effectiveness of the program.
- Section 3.8.d: The provision that an “electric utility may not be an aggregator” raises concerns in the context of the bill's definition of an aggregator. Without a third party involved in aggregation, the utility is the entity that would be aggregating the benefits of each customer's participation. We recommend further clarification on this point to ensure that utilities can continue to create virtual power plants by aggregating customer participation.
- Section 3.10: Long-term contracts may limit the flexibility needed to adapt to changing customer needs, evolving technologies, and market conditions. We recommend that the bill provide more flexibility in contract durations for demand response programs.
- Section 3.11: We are concerned about the potential for customers to participate in multiple programs simultaneously, particularly when those programs have overlapping objectives. For example, an irrigator participating in both a time-of-use program and a demand response program could undermine the effectiveness of both programs. To ensure program integrity, we recommend that customers be limited in their participation in overlapping programs.
- Section 3.14: We believe that utilities should have the ability to enroll their own devices in demand response programs. For example, we would like the option to incorporate utility-owned batteries into programs such as the Wattsmart Battery Program. This flexibility would allow us to expand program offerings and better serve our customers.
- Section 4: We strongly oppose the idea of having external parties set annual targets for our demand response programs. Setting such targets, along with the potential for financial penalties for not meeting them, would undermine the flexibility and cost-effectiveness of our programs.
- Section 5: The requirement to operationalize a battery storage peak load reduction program within 120 days presents challenges. Our current Wattsmart Battery Program is designed to meet the more valuable need of frequency response, with daily load cycling addressing peak load reduction in a more effective manner. Shifting the program to prioritize peak load reduction would feel counterproductive. We recommend that the bill includes language supporting utilities’ efforts to prioritize frequency response, which provides greater grid reliability.

In conclusion, while we are fully committed to advancing and expanding our demand response programs, we urge the committee to reconsider the provisions that would undermine program flexibility, cost-effectiveness, and operational feasibility. We believe that through collaboration and careful consideration, we can create a regulatory framework that supports innovation, encourages customer participation, and ensures reliable grid management. For these reasons, Pacific Power opposes House Bill 3609.

Please contact me if you have questions at 971-284-6996 or reach out to Elizabeth Howe (503) 910-3270 or Shawn Miller (503) 551-7738.

Warm regards,

A handwritten signature in black ink, appearing to read "Annette Price". The signature is fluid and cursive, with a large initial "A" and a distinct "P" at the end.

Annette Price

Cc: House Committee on Climate, Energy & Environment