



May 7, 2025

Senate Committee on Energy & Environment
Oregon State Capitol
900 Court St. NE
Salem Oregon 97301

Re: HB 3546A - SUPPORT

Dear Chair Sollman, Vice Chair Brock Smith, and Members of the Committee,

Climate Solutions is a regional nonprofit working to accelerate clean energy solutions to the climate crisis. On behalf of our thousands of members statewide, **we urge you to support HB 3546A, the Protecting Oregonians with Energy Responsibility (POWER) Act.**

Oregonians across the state are struggling to keep up with rising utility bills. High energy costs exacerbate our housing affordability crisis, weaken our resilience to climate-driven disasters, and hinder our ability to invest in a clean energy future. A major driver of increasing energy demand—and rising costs—is the rapid expansion of data centers.

Oregon is now home to the fifth-largest data center market in the nation. These facilities play an important role in our economy and support many digital services in our lives. Along with the benefits of data centers, however, comes increased strain on our electricity system and significant added costs to the system. The expanding AI technology boom will compound data center energy demand and hyperscaling cryptocurrency operations. The Northwest Power and Conservation Council projects that data centers in the Pacific Northwest could consume over 4,000 megawatts by 2029—enough energy to power the city of Seattle five times over.¹ The AI boom and hyperscaling cryptocurrency operations will only increase this demand, requiring substantial and costly grid upgrades.

HB 3546 is a commonsense solution – developed through a robust stakeholder engagement process with utilities, ratepayer advocates, and data centers industries – to ensure these large energy users pay their fair share for the costly grid upgrades needed to support their growing demand. Without action, Oregon families and small businesses will be left footing the bill for these costs. That is not fair.

¹ Northwest Power and Conservation Council, Pacific Northwest Power Supply Adequacy Assessment for 2029, August 9, 2024, accessible at: <https://www.nwccouncil.org/energy/data-center-power-demand-is-on-target-in-northwest-council-expects-demand-to-increase-steadily/#:~:text=To%20better%20understand%20trends%20and,300%20million%20photos%20per%20day>.

HB 3546A will give the Public Utility Commission (PUC) needed direction to urgently address this challenge and protect everyday Oregonians from shouldering rising energy costs associated with data center load growth. **The bill follows a proven model already used by some consumer-owned utilities (COUs) in Bonneville Power Authority (BPA) territory, such as Umatilla Electric Cooperative, to make sure that data centers' energy costs are properly tracked and billed.** This will give the PUC and investor-owned utilities (IOUs) the tools they need to protect Oregon households from unfair cost burdens. These regulatory structures have not in any way deterred data center expansion in COU territory.

This bill levels the playing field by giving IOUs and the PUC the same tools that COUs have already adopted to protect Oregon households from unfair cost burdens. Providing clear direction is essential for the PUC to adequately assess and determine rates for these large and unique energy use facilities in a timely manner, to ensure that households and businesses are not further burdened by data centers' significant energy costs.

HB 3546A will also ensure that utilities can plan for how to reliably provide electricity to everyone by requiring data centers to commit to paying for minimum energy use and absorbing the costs of excess consumption. This provides utilities with the certainty they need to make long-term infrastructure investments while avoiding unnecessary costs that would otherwise be pushed onto ratepayers.

As the committee heard during the public hearing on HB 3546A, many states, including Texas, Indiana, New York, Ohio, Connecticut, and Vermont, are taking proactive steps to address the impact of data centers on energy rates and grid reliability. What we've seen in states that have adopted such frameworks is that protecting ratepayers from data centers' energy costs does not come at the expense of data center expansion.² Furthermore, Oregon is not alone in taking a legislative approach to this issue. Several states, including Virginia and California, are currently considering bills that seek to appropriately allocate transmission and infrastructure costs to data centers in order to protect ratepayers. This issue is of a magnitude and significance that justifies action by state legislatures.

HB 3546 offers a balanced approach that will protect Oregon households and small businesses while maintaining an attractive business environment for tech investment. We know that rate structures are not a major decision-making factor for tech companies in determining where to invest in and expand data center infrastructure. **Oregon is extremely attractive to data centers because we check every box for data centers' priorities for build out,** including access to reliable and abundant hydropower, land availability, strong fiber connectivity, a mild climate, and generous tax incentives. Creating a new rate class for data centers and crypto facilities provides fairness for both everyday Oregon ratepayers and for data center companies themselves. The PUC assigns costs through a vigorous process based on factual evidence, which means data centers will pay the costs incurred to serve data centers.

² Utility Dive, "Indiana Michigan Power, Amazon, Google, others agree on large load interconnection rules," November 25, 2024, accessible at:

<https://www.utilitydive.com/news/indiana-michigan-power-aep-amazon-google-microsoft-data-center-interconnect/733850/> and Renewable Energy World, "Midwest utility reaches deal with tech giants on data centers," November 25, 2024, accessible at: <https://www.renewableenergyworld.com/energy-business/policy-and-regulation/midwest-utility-reaches-deal-with-tech-giants-on-data-centers/>

HB 3546A is rightfully focused on data centers and cryptocurrency mining facilities rather than all large energy users because these facilities are fundamentally different from other industrial customers. Unlike manufacturing facilities, which ramp up gradually and operate with predictable energy use, data centers often come online quickly and impose significant and immediate stress on the grid. Data centers are the fastest-growing energy users, and their unique demand profile necessitates a tailored regulatory approach. Even so, HB 3546A incorporates new language that addresses this question by requiring the PUC to report to the legislature every two years regarding the growth and trends of large energy customers who are not captured by the bill's definition. If we find that advanced manufacturing begins to have the same unique and unprecedented features of data centers, this bill does not preclude the legislature from adding other large users into this rate class in the future.

This bill is about fairness, affordability, and reliability. We strongly urge your support on HB 3546A to protect families, small businesses, and our clean energy future.

Sincerely,

Nora Apter
Oregon Director
Climate Solutions