

## Testimony to the Senate Energy and Environment Committee re: SB 1582

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Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. We advance equitable, innovative, and collaborative solutions to Oregon's environmental challenges for today and future generations.

### **Re: Oregon Environmental Council support for SB 1582**

Chair Sollman and Members of the Committee,

On behalf of Oregon Environmental Council and our thousands of members throughout the state, I write in support of SB 1582. This critical legislation requires investor-owned electric utilities in Oregon to create distributed or virtual power plant programs—what we call Community-Based Power. This legislation represents an essential step forward in addressing Oregon's pressing energy capacity and grid reliability challenges while advancing our clean energy future.

### **The Challenge We Face**

Oregon's electric grid is under unprecedented strain. We are experiencing rapid load growth driven by data centers and electrification, while simultaneously facing increased frequency of climate change emergencies and extreme weather events that stress system reliability. The Oregon Energy Strategy clearly identifies the urgency of this challenge, noting that "new loads driven primarily by data centers and electrification must be integrated with an increasing supply of renewable energy resources with variable power outputs."

We cannot wait years for new transmission infrastructure and utility-scale resources to come online. We need creative solutions deployed NOW. Traditional infrastructure takes years to plan, permit, and construct, but the grid challenges we face are immediate. Rate pressures on Oregon families and businesses demand that we pursue the most cost-effective solutions available.

### **The Solution: Community-Based Power**

Community-Based Power programs tap into energy resources that already exist within local neighborhoods—solar panels, batteries, electric vehicles, smart thermostats, and other distributed energy technologies. By intelligently coordinating these resources, utilities can maintain grid reliability during peak demand periods without relying on costly fossil-fuel-fired backup generation or building expensive new infrastructure.

This approach directly aligns with Governor Kotek's Executive Order 25-29, which directs the Public Utility Commission to evaluate and value grid resiliency benefits from "microgrids, energy storage, flexible loads, virtual power plant resources" while ensuring we avoid shifting costs from high-income ratepayers to energy-burdened ratepayers.

The benefits of Community-Based Power are substantial:

*Grid Reliability and Resilience:* By leveraging locally available energy resources, Community-Based Power helps utilities balance supply and demand during critical peak periods—especially during extreme winter cold or summer heat when electricity usage spikes across the grid simultaneously. This reduces our dependence on expensive and polluting peaker plants.

***Lower Infrastructure Costs:*** As the Oregon Energy Strategy notes, load flexibility is "an opportunity to mitigate the need to build new resources, which lowers costs and reduces effects on natural and working lands, cultural resources, and nearby communities." Virtual power plants deliver grid services at a fraction of the cost of building new generation, transmission, or distribution infrastructure.

***Customer Benefits and Bill Savings:*** Community-Based Power programs reward residential and business customers for using their clean energy technology to support the grid. Customers who participate can earn compensation while helping to stabilize rates for all customers by reducing the need for expensive infrastructure investments.

***Economic Development and Job Creation:*** Virtual power plant programs create opportunities for local businesses in installation, maintenance, software development, and program administration. These are family-wage jobs distributed across Oregon communities, not concentrated in a single location.

### **Moving from Pilots to Programs**

Oregon utilities have run small-scale virtual power plant pilots, demonstrating both technical feasibility and customer interest. However, pilots alone will not deliver the grid benefits Oregon needs at the scale and speed required. We must transition these successful demonstrations into robust, durable programs that all customers can access and benefit from.

SB 1582 provides the regulatory framework necessary for this transition. It ensures that regulators have the ability to properly evaluate and account for the resiliency, affordability, climate, and economic benefits of Community-Based Power when making utility planning and investment decisions. Without this framework, utilities will continue to default to traditional infrastructure solutions even when distributed resources could serve grid needs more cost-effectively.

### **A Complementary Strategy**

It is important to emphasize that Community-Based Power is not a replacement for larger clean energy infrastructure projects and transmission upgrades. We need both. Long-term transmission planning and utility-scale renewable development remain essential to Oregon's energy future. However, Community-Based Power provides critical near-term capacity and grid support while longer-term infrastructure is being developed.

Once enabled, virtual power plant programs can be deployed rapidly—months rather than years—providing immediate relief to stressed grid conditions. They serve as a bridge solution that buys us time while also delivering long-term value through ongoing grid services, demand flexibility, and customer benefits.

### **Conclusion**

The energy challenges facing Oregon are real, urgent, and growing. Load growth and extreme weather events are not hypothetical future concerns—they are straining our grid today. We cannot afford to wait years for traditional infrastructure solutions while ignoring the clean energy resources already installed in Oregon homes and businesses.

SB 1582 enables Oregon to harness Community-Based Power at the scale needed to make a meaningful difference. It aligns with the Oregon Energy Strategy's call for load flexibility and with Governor Kotek's directive to value distributed energy resources appropriately. It provides a pathway to lower costs, improve reliability, reduce emissions, and create economic opportunities—all while respecting equity considerations.

We respectfully urge your support for SB 1582 and appreciate your consideration of this critical legislation.

Sincerely,

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