



MEASURE: HB 3632
EXHIBIT: D
HOUSE REVENUE COMMITTEE
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SUBMITTED BY: DARREN ENGLE

HB 3632 – Strong Opposition
House Revenue Committee
April 25, 2011

Co-Chairs and Members of the Committee:

Good morning. My name is Darren Engle. I am the Director of Marketing for Blue Star Gas, a family-owned propane business led by its third generation of owners. For more than 70 years, we have been successfully delivering propane, providing jobs and paying taxes in the Pacific Northwest. I reside in Grants Pass and have worked in the energy sector for 23 years. I currently serve as the national Vice-Chairman of the Propane Education & Research Council's (PERC) Residential & Commercial Advisory Committee.

The bill before you today (HR 3632) proposes to amend statutes ORS 469.195 and 469.197. These statutes were pioneering legislation; they have enabled our Oregon Department of Energy to promote the efficient use of diverse alternative energy resources and to encourage their conservation. O.D.O.E. staff and energy policy experts have been instrumental in the achievement of these goals and will continue to do so, as long as all alternative fuels compete on a level playing field.

Although my employer is a propane supplier, it is clear to me that each alternative fuel has both advantages and challenges, depending on its application, which I do not have adequate time here to describe in detail. It is equally clear to me that these fuels and vehicle technologies will continue to evolve and compete, delivering value where their effectiveness is proven. Such innovation will only continue if alternative energies continue competing; if special interest advantage is given to one choice, it will be at the expense of the environment, the economy and the electorate.

HB 3632 serves one main purpose: to solely promote the use of natural gas and to disadvantage any and every other option as much as possible. This bill grants natural gas a first position "Priority" in any situation *it could be used*, not just in situations where it is the best choice. If enacted as written, this bill could leave vehicle fleets, schools, and all Oregonians who seek the most effective answer to their unique energy needs, disadvantaged with a "one fuel fits all" solution. Oregon could be left without alternative fuel options. Natural gas could become the ONLY alternative to gasoline in Oregon.

I draw your attention to section four of this bill which further mandates the use of taxpayer dollars: 1) For advertising the availability of compressed natural gas, 2) For facilitating the awarding of loans for natural gas infrastructure, and 3) For developing plans for conversion to natural gas of school bus fleets and transit agency fleets (whether they want to or not). As drafted, this plan must encourage school districts and transit agencies to enter into long term supply contracts, regardless of whether or not natural gas is the most environmentally sound and economical fuel for their application.

The impact for such favoritism will be astronomical to my industry but the benefits to the state will be few. Oregon is composed of mostly rural communities, but much of Oregon is off the natural gas grid. This built-in dysfunctionality will not benefit the citizens of Oregon. This bill is an example of dangerous legislative cherry picking, the kind that skews the natural selection process that otherwise enables innovation and the entrepreneurial mechanisms of a free market economy.

If this bill advantaged only propane - in the same way it currently solely favors natural gas - to the detriment of competitive ability of all other alternative fuels - I assure you I would oppose it. No single fuel is the best solution for every single application. Our best hopes for the future, and for our children's future, will only be served if the right fuel is used in each application where it is the best alternative. All alternative fuels should compete on an even playing field where market position is not driven by market manipulation, but instead is based on merit.

Sadly, this kind of proposed legislation is not a complete surprise, because similar choice-limiting measures are surfacing across the nation; they appear to be the manifestation of the well-known "Pickens Plan." As an Oregonian, I remain optimistic that those of us from the state "that loves dreamers" will not turn our dream of a better future and a free market into a nightmare by enacting this fuel favoritism bill.

Thank you for your time and your diligence in the interest of our Oregon homeland and the best future for our families.

Darren Engle
Blue Star Gas