



Testimony of John Gerstenberger,
General Manager of Hood River Electric Cooperative
On behalf of the Oregon Rural Electric Cooperative Association
February 19, 2013

Chair Bailey and Members of the Committee:

My name is John Gerstenberger, I am the General Manager of Hood River Electric Cooperative located in Odell. My cooperative serves approximately 3,600 accounts of 2,700 co-op members in the more rural, agricultural portions of Hood River County. I am also the current chair of the Public Power Council. Hood River Electric is a member of the Oregon Rural Electric Cooperative Association. I appreciate the opportunity to testify on HB 2795.

I want to raise some concerns with this legislation:

- This bill allows net metering of solar generation facilities of up to 2MW into utility distribution systems. Our contract with BPA states that the maximum we can accept at a metering point, to serve local loads, is 200KW. By allowing greater than 200KW, utilities will be subject a range of fees and services to account for the cost of integrating generation. This will be expensive and burdensome, calling for \$5,000 fees for each of up to three technical studies.
- I think it is important to keep a size threshold as outlined in Section 2 of the bill to large utilities. However, it should be noted that load served by a utility might not be a true indicator of utility size. I am aware that service to large energy users such as server farms or wind farms [when not generating], has changed the equation for some co-ops that do not have a large number of consumers but may have a large system load. HREC serves about 13 average megawatts of load so a 2 MW net-metered facility could represent a relatively significant percentage of our current energy sales.
- I am also concerned that it would be no great leap for the proposed legislation to be expanded to include other generating technologies, such as hydro and wind generation. Our co-op is already interconnected with three small hydro projects totaling 3.3 MW – all currently operating below the 2MW threshold. If net metered, the energy sales displaced by these resources would, in my estimation, be significant enough to require an increase in energy rates to non-subscribing HREC members to cover our fixed costs.

- Contrary to existing net-metering rules, the ‘community’ projects are guaranteed credit for generation at the utility retail rate if excess output is fully ‘subscribed’. This creates an inequity since excess generation for smaller ‘individual’ or ‘family’ sites is often credited at the avoided cost or wholesale power rate.
- There is no language in the proposed legislation that addresses the business relationship between the project owner and the subscriber. What if the owner ‘over-subscribes’ the project? The utility could be placed between opposing parties of a dispute.
- As drafted, it appears the utility is required to ‘deliver’ power generated by the project owner to the ‘subscribers’. This amounts to use of the distribution system without compensation to the utility. Neither the project owner nor the subscriber will be paying the utility the ‘delivery’ component of their retail rate.
- There is some concern that this legislation creates legal problems for electric cooperatives. To maintain our tax exemption, we need to do business primarily with our members. It is unclear from this legislation if the new facility owner is the voting member of the co-op instead of the aggregating users.

We urge the committee to be careful about proposed legislation that makes fundamental changes in net metering policy for Oregon’s electric co-ops. Any legislation creates a “one-size-fits-all” approach to net metering that ignores local control of electric co-ops to best serve their members.

We must be careful not to shift costs to those who can least afford increases in their electric bill.

Thank you for the opportunity to testify. I would be happy to answer any questions.