

Senate Business and Transportation Committee
Public Hearing and Possible Work Session: March 19th at 3:00 p.m.

TransAlta remarks on SB 242 in Oregon

Good afternoon Chair Beyer, members of the committee.

My name is Meredith Shield, and I am here representing TransAlta. TransAlta is Canada's largest renewable energy company, and just announced its latest wind investments in Ontario. It is co-developing geothermal resources in California.

It is the owner and operator of the Centralia coal-fired power plant in Lewis County, Washington. That facility is the single largest generation resource west of the Cascades, it is roughly two times larger than the Boardman facility with which you might all be more familiar.

The Centralia facility contributes to regional reliability. It also contributes directly to Oregon's economy. More than 40 Oregon companies provide services to the facility, at an annual cost of more than \$100 Million dollars. All of the fly ash, a byproduct of power production, goes into cement, concrete and asphalt production – paving Oregon's roads.

The facility has also made a binding legal commitment to shut down. In 2011, the company reached agreement with the environmental community in Washington, labor and the Governor's office. The Washington legislature passed a sweeping statute dealing with the facility with strong bi-partisan support. It was a complex bargain that I can boil down to this:

- TransAlta will close the coal plant, half in 2020 and half in 2025.
- The company will pay, out of its own pockets, \$55 m for community economic development, local energy efficiency, and regional technology development. The first of those equal annual payments has been made.
- The company agreed to install state of the art pollution control equipment to control emissions, and that has been done.

In exchange for all that, the company got an opportunity to sign long term contracts with buyers in Washington, something it could not do before.

Currently SB 242 would prohibit similar long term sales into Oregon. While we understand the state's desires to move away from coal fired resources, that policy objective has already been accomplished at this facility. Arbitrarily applying a ban on long term contracts to a facility that has already made a binding legal commitment to shut down will not accelerate Oregon's transition at all. Instead, we ask you to continue to allow the facility the opportunity to make long term sales to willing Oregon utilities, knowing those contracts cannot extend the life of the facility. We understand there is a potential substitute or amendment that deals with those who convert coal to natural gas we believe that our commitment to shut down coal is even stronger and merits the same treatment that anyone converting from coal to gas would get under the proposed substitute. We feel that we have acted as "good players" in shutting down Centralia and would like to be open to Oregon's markets.

If you truly wanted to speed the transition, TransAlta believes Oregon utilities should be incentivized to purchase resources from those facilities that have made a binding legal commitment to eliminate their emissions. Such an incentive would help the owners of coal fired power plants who have not yet made such a commitment to see the benefits of doing so.

Thank you for your time today, and I would be happy to answer any questions.