



March 26, 2015

Senator Chris Edwards, Chair
Members of the Senate Committee on Environment and Natural Resources
Oregon State Capitol
Salem, OR 97301

RE: Senate Bill 477

Dear Senator Edwards and Members of the Committee,

Thank you for the opportunity to submit written testimony in addition to the brief comments we provided at the hearing yesterday. We write in support of the proposed amendment, Senate Bill 477-1. Climate Solutions is a regional non-profit working to accelerate practical and profitable solutions to global warming.

SB 477 continues Oregon's transition off of coal power, requiring the state's investor owned utilities to end reliance on coal generation by 2025 and replace it with a significantly cleaner mix of resources. The bill directs the Oregon Public Utility Commission to require the utilities to develop a least-cost, least-risk plan to achieve the requirements of the bill, including identifying the best mix of clean energy resources to replace the coal. It also includes an incentive to commit to close coal plants serving Oregon by 2025 (and then actually closing those plants by 2030). Finally, the bill provides the Commission the authority to extend the compliance timeline of the coal replacement if unreasonable rate impacts are anticipated.

Over one third of the electricity consumed in Oregon is generated from coal power plants; and in parts of the state served by Pacific Power, 67% of the power is generated by coal, mostly by power plants located out of state. Nationally, coal generation has decreased steadily in recent years, declining from 52% to 37% of the national electric generation mix.¹ Oregon was an early leader in this trend, when Portland General Electric (PGE) made the historic decision to stop burning coal at its Boardman plant by 2020. This decision came about due to PGE being faced with \$500 million dollars of pollution control investments needed to keep the plant operating. Much of the rest of the coal fleet serving Oregon now faces those same kinds of needed pollution control investments in order to comply with EPA requirements (e.g., regional haze rules, mercury limits). Oregon can invest in keeping old coal plants chugging or we can reinvest our energy dollars in cleaner resources.

Oregon's over-reliance on coal is not a new issue. As Jason Eisdorfer of the OPUC detailed yesterday, this has been a conversation within the state for at least a decade, both at the legislature (e.g., passage of the Emissions Performance Standard in 2009, ORS 757.522) and at the Public Utility Commission. The

¹ US Energy Information Administration (EIA), "Monthly/Annual Coal Update," January 20, 2015, www.eia.gov/totalenergy/data/monthly/pdf/sec7_8.pdf; EIA, "Net Generation by Energy Source: Total (All Sectors), 2002–2012," December 2013, www.eia.gov/electricity/annual/html/epa_03_01_a.html.

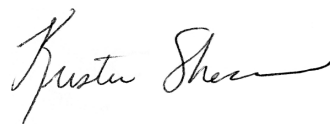
OPUC has sent a clear signal to our utilities that it will closely scrutinize continued investments in aging coal plants.² We believe the time has come to make the commitment to end our reliance on coal.

We also believe SB 477 is entirely consistent with the goals of the EPA's Clean Power Plan. The Clean Power Plan imposes limits on carbon dioxide pollution from power plants. The best thing Oregon can do to prepare for EPA's final 111(d) rules is to begin reducing carbon emissions, to continue to unplug from the coal fired plants that will be subject to the EPA rules. The timing of the bill is entirely consistent with when Oregon will need to be in compliance with the federal rules. The argument that we should wait on the EPA rules to be finalized is just that: an argument to wait, to delay. *We do not need to wait to commit to reduce reliance on coal over the next 10 years.*

Finally, we want to share **one anecdote that reflects how some in the utility industry value the risks of coal as an investment.** In 2013, Northwestern Energy, an investor-owned utility in Montana, bid to acquire energy resources being sold in the state by another company (PPL Montana). PPL was selling both its hydropower and coal fired plants. Northwestern put in two bids: one bid of \$740 million for only the hydropower resources and a second bid of \$400 million for all of the resources, the coal plants and the same hydropower resources. In testimony before the Montana Public Service Commission the utility explained the difference between the two bids. They bid more for the hydro-only portfolio because they "assessed a negative value to the coal assets due to environmental concerns . . . Due to recent EPA actions and uncertainty around the viability of coal-fired assets in the future, particularly the oldest units (Corette and Colstrip Units 1 & 2), Northwestern was concerned that not only would it be required the shut the assets down but that it would be responsible for remediating the sites as well."³

Again, we urge the Committee to pass SB 477. Thank you for your consideration of these comments.

Sincerely,



Kristen Sheeran

Oregon Director



Ann E. Gravatt

Policy Advisor

² <http://apps.puc.state.or.us/orders/2012ords/12-493.pdf>;

http://www.oregonlive.com/business/index.ssf/2014/03/eight_things_ratepayers_should.html

³ Northwestern Energy, Docket D2013.12.85, Brian Bird Testimony, BBB-7-8, December 2013.

http://psc.mt.gov/Docs/ElectronicDocuments/pdfFiles/D2013-12-85_IN_20131223_AP.pdf