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**Testimony of
Department of State Lands
on
House Bill 3398
House Committee On Energy and Environment
April 7, 2015**

State Land Board

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Jeanne P. Atkins
Secretary of State

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State Treasurer

The Department of State Lands (DSL) appreciates this opportunity to share information regarding House Bill 3398, which establishes ocean power districts and requires DSL to initiate and adopt rules for reviewing and approving petitions for the organization of ocean power districts, and for contracting with ocean power districts. DSL takes no position on this bill, but wanted to identify a number of issues that require further clarification.

It is uncertain how much of DSL's regulatory and proprietary responsibilities can be delegated to an ocean power district. The framework for siting ocean renewable energy facilities in the territorial sea has been constructed to be administered through DSL's Aquatic Resource Management Program. Part 5 of the Territorial Sea Plan (Part 5), ORS 274.867 (last amended during the 2013 legislative session) and Senate Bill 319 all work to further refine the process that is administered by DSL. It is unclear to DSL how Section 3 of this bill would fit into the existing legal structure. DSL would need to see additional language in order to evaluate if it is feasible for an ocean power district to "permit and regulate" ocean renewable energy facilities within the boundary of a district.

Section 4 of the bill states that an ocean power district "may consist only of a territory that has been designated in that part of the Territorial Sea Plan that provides for a map area designation as an area of the territorial sea appropriate for the development of ocean renewable energy facilities." There are six area designations in Part 5. The siting of an ocean renewable energy facility is possible in five of those areas. It is unclear whether this bill would allow an ocean power district to be developed in conjunction with any of the five area designations, or be limited to Renewable Energy Facility Suitability Study Areas, which are those areas identified as posing the fewest conflicts with sensitive resources and existing users, and therefore most suitable for ocean energy development.

This bill will require rulemaking in order to implement. DSL may need to contract with a consultant with expertise in developing and administering power districts in order to draft rules to meet the requirements of HB 3398 as well as all other applicable state and federal requirements. Due to the complexity of the issue and the high degree of interest, DSL may also need to contract with a facilitator to complete the rulemaking advisory committee process and public comment/public hearing process.

Thank you for the opportunity to provide testimony.