

WEST COAST SEAFOOD PROCESSORS ASSOCIATION

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April 17, 2015

Rep. Jessica Vega Pederson and committee members
House Committee on Energy and Environment
Salem, Oregon

Rep. Caddy McKeown
900 Court St. NE, H-476
Salem, Oregon 97301

Sen. Arne Roblan
900 Court St. NE, S-417
Salem, Oregon 97301

Dear Chair Jessica Vega Pederson, members of the committee, Rep. McKeown and Sen. Roblan:

I am writing on behalf of the West Coast Seafood Processors Association (WCSPA) to oppose HB 2216 and the third package of amendments dated 4/16/15.

WCSPA represents shore-based seafood processors, fishermen, and associated businesses with primary headquarters in Washington, Oregon, and California. Along with providing safe, sustainable, quality seafood to consumers, our members are active in the conservation and management of our nation's fisheries through participation in state, regional, national, and international science and management.

House Bill 2216-3 sets a bad precedent for furthering renewable energy, for several reasons:

1. The bill forces electric utilities to purchase power at higher costs, then passing those higher rates on to only some ratepayers, who have no choice in the matter;
2. It directly benefits one company, Principle Power/Deepwater Wind, which has demonstrated a reluctance to work with the seafood industry;
3. It makes assumptions as to job creation and economic development in Oregon coastal communities with technology that has not shown potential– and could cause job *loss* instead;
4. The bill puts the cart before the horse regarding determination of whether offshore wind facilities are commercially viable; and
5. Investments and company profits will go to out-of-state entities.

Detailed concerns of the above are:

1. **Forces electric utilities to purchase power at higher costs, also forcing them to pass on higher rates:** This is unfair to some ratepayers, who will have no say in the matter. It also provides an unfair advantage to ratepayers who purchase electricity from entities not subject to this bill. However, to seafood processors in particular, who use a lot of power to filet fish, cook and clean crab and process shrimp – all certified sustainable seafood – for the public, increasing rates could be the tipping point to deciding whether to stay in business. Our members with plants in Charleston employ more than 200 people in Coos County; is forcing higher rates on the public truly worth losing jobs in a county from the sponsors' districts?

2. **HB 2216 directly benefits Principle Power/Deepwater Wind:** Any legislation created to benefit one company reduces competition moving forward and provides subsidies that other companies hoping to develop offshore wind would not enjoy. Furthermore, the Principle Power's record of working with the seafood industry in siting an offshore project is sketchy. Principle Power did approach local fishermen and processors and came to an agreement for siting but did *not* consult with seafood industry representatives from other ports who fish in that area as well. Furthermore, the company, after receiving an agreement from the Bureau of Ocean Energy Management for that area, moved the project two miles north (but still within the confines of the BOEM area), with no notification to the seafood industry. Yes, it may be out of fishing grounds for one fleet, but could affect fleets fishing for other species or using other types of gear. Principle Power also had no discussions with the fleet prior to placing testing equipment in the area – and utilized used anchors that it left in the ocean. Are these the “good stewards” of the ocean to which Oregon wants to provide special legislation?
3. **Assumed job creation and rural economic development:** When Principle Power first proposed the offshore wind project, we understood components of the structures would be built and/or assembled in Coos Bay. However, we have since learned those turbines, towers and components would likely be built elsewhere, overseas or in larger ports such as Portland, San Francisco or Seattle, then towed to the offshore site. How, exactly, will this create jobs in rural areas? It won't.
4. **This puts the cart before the horse regarding determination of commercial offshore wind viability:** The bill states “The Legislative Assembly finds that it is in the interest of this state: ... (1) To promote the development of offshore wind facilities in order to: ... (e) Determine whether energy generated by offshore wind facilities is a commercially viable source of electricity.” Why should Oregonians foot the bill to determine commercial viability? Why should one company be able to leverage mandated power purchase for financing to build the offshore facilities? Instead of proving the viability *first*, thereby allowing ratepayers and utilities a choice, Principle Power and Deepwater Wind are banking on the Legislature to force Oregonians to foot the bill for development of their technology.
5. **Investment will likely be from institutions from out of state and out of the country:** Deepwater Wind, of Providence, Rhode Island, recently obtained \$290 million in financing from Mandated Lead Arrangers Societe Generale of Paris, France, and KeyBank N.A., of Cleveland, Ohio, for a development off the East Coast. Principle Power is based in Seattle, Wash., and has stated it would develop the technology then sell it to someone else, probably out of state or even to companies outside the country. Neither of these companies has ties to Oregon and any investment in or profits from offshore wind development would likely go out of state. Why is the Oregon Legislature keen on seeing money go to other states and other countries?

This bill is unfair to Oregonians and should not be passed out of committee without further review. Renewable energy mandates such as this one create artificial demand, which actually *increase* electric rates and cause more volatility in the power grid. HB 2216 would likely impose an increased burden on rural economies and could cause greater unemployment. This is a lose-lose scenario for Oregonians.

Sincerely,



Susan Chambers
Deputy Director