



June 24, 2015

To: Chair Edwards, Vice-Chair Girod, and Members of the Special Senate Committee on Sustainable Transportation

RE: SB 324/HB 2281 – Renewable Energy Program Funding

Dear Chair Edwards, Vice-Chair Girod, and Members of the Committee:

We are writing on behalf of irrigation, water control, and other special districts and small hydro developers to whom the renewable energy program funding from the public purpose charge is a significant tool in developing clean renewable energy to reduce greenhouse gas impacts. Our members are opposed to the reallocation of the public purpose charge away from renewable energy programs and hope you will find more appropriate paths to develop a sustainable transportation package.

Many of Oregon's irrigation, water, wastewater, and other special districts are actively exploring the development of renewable energy, primarily small in-conduit hydropower, which helps reduce demand on carbon-based fossil fuels while helping districts make critical infrastructure improvements. These hydropower projects are in existing canals or pipelines, often using existing water rights, and have no negative impacts to fish. However, the feasibility and development of these valuable projects can often be cost-prohibitive to districts that rely on the assessments of their patrons, which are often in rural, low-income communities.

Several of the existing state and federal programs promoting these beneficial small hydro projects have been severely cut or no longer exist. The public purpose charge provided to the Energy Trust of Oregon (ETO) is one of the few sources left at the state level for feasibility studies and for providing some assistance in further project development. As an example, the previous Oregon Department of Energy's Business Energy Tax Credit (BETC) that some of our members used in the past has been significantly curtailed. While the ETO program provides just a portion of funding, that portion is critical to provide project support and helps leverage local and federal funding.

ETO funding is not only vital to the feasibility and cost-share development of small hydropower projects but also helps fund efforts to rehabilitate aging infrastructure and providing instream benefits to the public in the process of developing renewable energy. In irrigation districts, for example, the development of small hydropower at the end of pipelines provides income to support or match other funds to replace open canals with closed pipeline systems which are more efficient for power generation and water delivery. In drinking and wastewater districts, equipment can be installed within the pipeline to generate renewable energy while continuing to provide water delivery service. An additional benefit from a number of the projects that have been developed in the past decade using ETO incentives is that conserved water created by efficiency upgrades can be voluntarily shared as dedicated instream water rights, helping provide critical flows to fish and wildlife.

Renewable energy incentives help Oregon's rural communities modernize water infrastructure and ensure that farmers and other water users have access to affordable and reliable water delivery systems. Environmentally beneficial hydropower within existing water infrastructure systems needs ETO incentive programs in order to help small water suppliers pipe 100 year-old canals, conserve water, and support our rural economy. Without ETO renewable energy incentives these important projects with renewable energy, water conservation and numerous other benefits will not be built, and future generations will suffer from the lost opportunity costs. We urge that you not approve the reallocation of the 17% of the public service charge that is currently dedicated to renewable energy development and schools. The \$14.8 million is very much needed for the purpose for which it was originally allocated, for the renewable energy programs Oregon rate payers intended it to support, and provides much more benefits than any anticipated budget savings. Thank you for your consideration.

Sincerely,
*Oregon Water Resources Congress
Northwest Hydroelectric Association*