



## TESTIMONY OF BETH VARGAS DUNCAN, EXECUTIVE DIRECTOR OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION

### HOUSE COMMITTEE ON ENERGY AND ENVIRONMENT

FEBRUARY 1, 2016

Chair Vega Pederson, Vice Chairs Johnson and Reardon, and Members of the Committee, I am Beth Vargas Duncan, Executive Director of the Oregon Municipal Electric Utilities Association (OMEU). I appreciate the opportunity to express OMEU's opposition regarding HB 4036 unless OMEU's concerns regarding annexation are addressed.

#### **Who are we?**

Eleven of Oregon's municipally owned and operated electric utilities joined to form OMEU via an intergovernmental agreement authorized by ORS 190. OMEU supports the collective interests of its members and their customer owners, at the state legislature, state agencies, various trade associations and the Bonneville Power Association (BPA). A twelfth municipally owned electric utility in Oregon, the Eugene Water and Electric Board, maintains independent representation.

#### **Oppose HB 4036 unless annexation issues are addressed**

OMEU urges your opposition to [HB 4036](#) due to issues with city annexations and the provision of municipal electric utility services. OMEU has taken a position to oppose [HB 4036](#) unless it is amended to remove offending annexation language.

As written currently, [HB 4036](#) would:

- impose punitive measures to eliminate competition for investor owned utilities (IOUs) and
- require OMEU utilities to "green" hydropower and increase costs as they would have to:
  - buy more power than they need
  - purchase more Renewable Energy Credits (RECs) or
  - attempt to alter their contract with BPA to purchase less hydropower and replace it with other higher cost renewables.

#### **Example of adverse impact on annexation**

This may be better illustrated with the following example. If an IOU does not provide consent for a city to provide electric services in an annexed area and the city resorts to condemnation the city must:

- have the entire city meet the IOU's renewable portfolio standard (RPS) requirement (i.e. 50%) and
- "green" their power from BPA (as noted above) which is already virtually emission free and renewable.

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City of Ashland • City of Bandon • Canby Utility Board • City of Cascade Locks • City of Drain • Forest Grove Light & Power

Hermiston Energy Services • McMinnville Water & Light • Milton-Freewater Light & Power • City of Monmouth • Springfield Utility Board

Please note that with the annexation language, [HB 4036](#) reverses a principle of the RPS statute negotiated in 2007. The annexation issue is separate from renewables.

**Conclusion**

OMEU requests opposition to [HB 4036](#) unless the bill is amended to remove language impacting municipal electric utilities and annexations.

Please do not hesitate to contact me at the phone or email indicated below with any questions.