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# WEATHERIZATION INDUSTRIES SAVE ENERGY

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## COMMENTS ON HB 4036

Energy Efficiency should be the first priority when crafting an energy policy that reduces CO<sup>2</sup> emissions, keeps power costs low, maintains the reliability of the power grid, and keeps ratepayer dollars in Oregon's economy. However, both current state policy and HB 4036 forgo lower-cost efficiency in favor of higher-cost new renewable generation. Section 17 of HB 4036 should be modified to direct utilities to acquire new efficiency when it is lower cost than new renewable generation.

### Why Efficiency?

- Efficiency is by a wide margin the least cost and lowest risk way to meet Oregon's energy needs. Most efficiency currently being acquired is less than half the cost of new renewable generation.
- Efficiency adds to grid reliability rather than detracts from it by reducing overall demand and especially peak demand.
- Efficiency adds to Oregon's economy by saving local ratepayers on their bills and employing local installers, manufacturers, and distributors.

### What Efficiency is Not Being Pursued?

- Current law [HB 1149 (1999) & SB 838 (2007)] and the introduced version of HB 4036 direct utilities to only acquire "cost-effective" conservation. The OPUC (Order 94-590) has interpreted "cost-effective" to mean that the combined cost of the measure to *both* the utility and the end user must exceed the benefit to *only* the utility.
- The imbalanced definition of "cost-effective" has had the effect of limiting new efficiency to a maximum cost of about 3.6 cents/kWh levelized. This is approximately half of the cost of new renewable generation.

### Changes Needed to Section 17

- As introduced, HB 4036 would require utilities to acquire very low cost efficiency and medium-to-high cost new renewables while, in effect, prohibiting them from acquiring low-to-medium cost efficiency.
- One language change that would remedy the problem would be to add a definition for "Cost Effective" such as:
  - “Cost Effective means that:
    - (a) an efficiency measure reduces the need for new generation at a cost to the utility less than or equal to the cost of new renewable generation; and
    - (b) the measure will provide utility bill cost savings to the end user, over the life of the measure, greater than or equal to the cost of that measure.”

Weatherization Industries Save Energy (WISE) is a trade association of weatherization and HVAC contractors and manufacturers. It is dedicated to promoting energy conservation through the services of its members, keeping conservation measures affordable, and providing policy-makers with the experience-based knowledge of business owners. For more information contact Jeremy Anderson at (503) 569-1381.