



TESTIMONY

Senate Committee on Business & Transportation

Monday, February 22, 2016

Oregon Farm Bureau opposes HB 4036

The Oregon Farm Bureau Federation (OFB) is the state's largest general agriculture association, representing 7,000 families actively engaged in farming and ranching and 60,000 members statewide. On behalf of our thousands of farm and ranch families, we submit ten reasons we oppose HB 4036.

1. HB 4036 could result in increased costs to ratepayers.

HB 4036 would require utilities to abandon coal generation that ratepayers paid for and subsequently requires them to replace that infrastructure with non-fossil fuel sources. Consumers will without question see an increase in rates to pay for new infrastructure. The production of food and fiber requires energy. With the recent passage of minimum wage and other regulations that increase the cost of doing business, family farmers will be further burdened by cost increases in HB 4036.

2. HB 4036 cuts competition.

HB 4036 includes provisions that would require upfront investments by new consumer-owned utilities in order to meet the large utility RPS requirements. This could reduce competition from consumer-owned utilities and other energy providers. With less competition, consumers can expect higher rates.

3. HB 4036 does not recognize all hydroelectric power as renewable.

Oregon is fortunate to have an abundant renewable resource, hydroelectricity. Unfortunately, pre-1995 hydroelectric is not recognized as a renewable. Any bill that contemplates increasing Oregon's renewable mix should recognize that all hydroelectric power is renewable.

4. HB 4036 could force development of utility infrastructure on to farm land.

HB 4036 requires IOUs to meet 50 percent of their customers' demand with renewable energy by 2040. Renewable sources of power, such as wind and solar, are often located on land that is not readily connectable to the power grid. Connecting these sources to the grid often requires siting transmission lines across valuable ag lands, creating issues for those who farm these areas. We have seen this most recently with the Boardman-to-Hemingway transmission line, which is planned to go through miles of prime agricultural land, bisecting irrigation systems and reducing the productive capacity of the impacted land. HB 4036 will require significant investments in infrastructure to deliver renewable energy to the grid that could come at the expense of prime agricultural land.

5. There is too much uncertainty.

There are many assumptions and uncertainties built in to forecasts. It is difficult to determine the future costs and future technological improvements in renewable energy that would give a realistic accounting of what this mandate will cost ratepayers. Farmers need access to both a reliable and affordable electricity to maintain the viability of their operations. Farm Bureau believes that this proposal makes the public's chances of getting both of those things less likely.

6. The process has not been transparent or inclusive.

The Oregonian recently reported that certain members of the Public Utility Commission (PUC) were not provided the opportunity to express their concerns about HB 4036, mainly that the bill would increase costs for consumers and would not reduce carbon emissions. And the PUC was not the only group that was shut out of negotiations on HB 4036. Consumer-owned utilities and industrial ratepayers were not at the table when the bill was originally negotiated. Policies of this scope should include all stakeholders in the process.

7. HB 4036 does not strengthen grid reliability.

Farming requires a reliable energy source. Grid reliability is compromised when you bring renewables that operate at as fraction of nameplate capacity. HB 4136 will not increase baseload capacity.

8. There is no guarantee that HB 4036 will stave off future carbon legislation.

Despite the fact that HB 4036 was a compromise between certain utilities and environmental groups intended to ward off a potential ballot initiative, there is no guarantee that activist groups will not come back in future legislative sessions to advocate for additional carbon policies that stick Oregon businesses and families with additional energy costs.

9. HB 4036 sets the precedent that the threat of a ballot initiative can force complex policy decisions.

There is a troubling trend this year in which ballot measures are driving lawmaking on complex and controversial issues. HB 4036 is not the only bill this session where advocacy groups have forced hurried legislation in the 2016 Short Session. The threat of a potential ballot initiative should not be the driving force behind policymaking. This is especially concerning given that the short session does not allow for a robust public process or vetting of complex legislation.

10. The impact of all regulatory burdens is cumulative on Oregon's family farmers.

The impacts of the various policies passed by the legislature do not occur in a vacuum. With passage of SB 1532-A, many farm families will be struggling to absorb labor cost increases, and many will be forced to mechanize their operations if they can. Automation requires energy, and HB 4036 will layer an additional regulatory and cost burden on farm families served by IOUs.

OFB respectfully asks you to oppose HB 4036.

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