

KATE BROWN
GOVERNOR



**Testimony of Ruchi Sadhir,
Office of Governor Kate Brown**

**Senate Bill 908-A -2 Amendment
Senate Committee on Rules
June 22, 2017**

Chair Burdick, Vice-Chair Ferrioli, and members of the Committee:

Thank you for the opportunity to provide testimony on Senate Bill 908-A -2 Amendment.

I'd like to take this opportunity to revisit input that Governor Brown has provided on the Oregon Department of Energy (ODOE). In a June 2016 letter to legislative leadership, Governor Brown set out broad guidelines for the future of ODOE. The department is a critical component of our state efforts to curtail climate change; collaborative work to rebuild confidence in the agency and its program is a necessary step. The Governor specifically stated that ODOE should continue to play an integral role in leading the state to a safe, clean, and sustainable energy future; that this work could be accomplished through the agency's divisions that work on energy planning and innovation, nuclear safety, and energy facility siting; and that serious legacy issues associated with tax credit programs called for financial incentive programs at ODOE to be allowed to meet their legislatively established sunset at the end of the 2017 tax year. Further, in a December 2015 letter to legislative leadership, the Governor specifically stated that the ODOE Director position should be Governor-appointed and subject to Senate confirmation. She also continued to maintain that we must get to the bottom of the legacy issues related to the Business Energy Tax Credit (BETC), which sunset in June 2014, starting with a comprehensive review of an estimated 12,600 final BETC certificates.

Beginning in February of 2016, the Legislature's joint oversight committee conducted a year-long evaluation of the agency and its role in the state, which was a positive reflection of our shared responsibility to the people of Oregon to restore the Department beyond the problems that have plagued it for years. The joint oversight committee heard over 26 hours of testimony over the course of 10 meetings and examined the ODOE mission, programs, funding, operations, and its future with the full support of ODOE and its staff. As joint oversight committee Co-Chair Beyer and Co-Chair Holvey noted in their letter to legislative leadership, the committee did not come to consensus on all questions that were raised during the course of the hearings, but there were many core areas of agreement including:

- There is a continuing need for ODOE.
- The statutory state energy policy statement and agency's mission statement need to be updated.
- A commission or board should be appointed by the Governor and confirmed by the Senate to oversee ODOE.
- The ODOE director position should require Senate confirmation.
- Incentive programs (tax credit and loan programs) should have objectives and performance metrics clearly identified in statute.
- The Small Energy Loan Program should be returned to its original objectives and a cap should be established on loan size.

As Oregon reinforces our climate change and energy leadership in the wake of the U.S. withdrawal from the Paris Climate Change Agreement, we need the Department of Energy focused on the challenges of the present and the future, not programs from its past. While SB 908 -2 makes some progress toward the guidelines articulated by the Governor and the joint oversight committee, it is problematic because it does not address the inexorable link between energy and climate change, includes conflicts of interests on its oversight commission, and it removes the Governor's role of appointing and dismissing the director – which has been an effective accountability measure in the past.

HB 2020, on the other hand, creates an oversight and advisory board for the Department of Energy that would play a key role in Oregon's efforts to address climate change while keeping energy reliable and costs affordable to benefit Oregonians and the state economy. It creates more accountability with a Governor-appointed, Senate-confirmed director position and a Board that does not allow financial conflicts of interests. HB 2020 requires an evaluation of government efficiency in exploring and recommending an effective organization of climate policy development and programs across state government. It builds sophistication and resources we need to inform Oregonians and the legislature with data and analysis to understand and make choices about the challenges confronting energy and climate change. Overall, the changes contemplated in HB 2020 will help ensure that the future of the Department of Energy includes a well-functioning set of programs designed for increasingly serious energy and climate change problems – this is why Governor Brown has expressed support for HB 2020.

I am encouraged by legislative discussions to confront issues with past financial incentive programs at the department, while moving ODOE toward a future where it can support the state in effectively addressing the energy and climate change challenges of the 21st century.

Thank you for your consideration.