



Oregon

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To: Senate Committee on Business & Transportation

From: Janine Benner
Acting Director, Oregon Department of Energy

Date: February 5, 2018

Re: SB 1519 and SB 1537 – Oregon Energy Commission

Thank you for the opportunity to testify today on SB 1537 and SB 1519, both of which could have a significant impact on the Oregon Department of Energy and the state's approach to energy policy.

I appreciate the Legislature's interest and engagement with ODOE over the last few years. Due to the leadership of the Governor, the diligence of the Legislature, and the commitment from ODOE's management team and staff, ODOE is a very different agency than it was four years ago, or even two years ago.

The Joint Interim Committee on Department of Energy Oversight, which heard more than 25 hours of testimony and met 9 times over the course of 11 months, provided a comprehensive, open forum on ODOE's programs and responsibilities, modeling the very transparency that the Legislature continues to rightfully expect from our agency. ODOE, in turn, has used that experience to continue down the path of transparency and continuous improvement – our efforts didn't stop when the Joint Committee wrapped up its work.

We used feedback from the Joint Committee process to continue making meaningful and wide-ranging improvements to our budget, operations, programs, communications, and agency culture. In particular, we have increased transparency and stakeholder engagement and improved data management.

In the 2017 session, we worked to end our long-standing energy tax credit programs on December 31 of last year and, with them, the associated legacy issues. We also introduced legislation that modernized our Biennial Energy Report – which provides data and analysis to the entire state, mandated Senate confirmation of our agency director, and moved our State Home Oil Weatherization program to Oregon Housing and Community Services.

These two bills and today's hearing demonstrate that there is continued interest in doing more to increase transparency and ensure the agency is properly focused and running smoothly. I share those

goals and, should I be confirmed by the Senate to be the Director of the Department of Energy, my top priority would be to further these efforts while cultivating a culture of continuous improvement.

Indeed, as I have thought about the future of ODOE and our role in the state, I've worked with my team to develop a set of principles to guide our consideration and evaluation of different proposals that affect the agency. While our agency is taking no position on these bills, our hope is that these principles help inform our and others' analysis of proposed changes and support our ongoing work to improve the agency. Further, these principles were developed in recognition that our agency has an obligation – one we take seriously – to serve all Oregonians while helping the state take on the energy challenges and opportunities of the 21st century.

1. Any modifications to state energy policy or the general duties of the department should be made in a measured and thoughtful way that takes into account the progress made by the agency in recent years; avoids missed opportunities and unintended consequences; and supports the critical role of energy policy analysis and development.
 - ORS 469.010 and ORS 469.030 guide and govern our work and provide the authority to run our programs and deliver on our mission. While the Joint Oversight Committee co-chairs did recommend that the legislature should set clear direction on state energy and climate policy, program goals, and desired outcomes, they did not come to agreement on what changes should be made to statute. We agree that statutes developed in the 1970s are candidates for being modernized. However, we believe that changes to state energy policy should be moved forward with the benefit of stakeholder review and input opportunities and ODOE's statewide energy policy expertise.
 - Stakeholder engagement is critical to ODOE's success and our ability to move forward in serving not only the Governor and the Legislature, but all Oregonians. Changes to Oregon's energy policy and our associated duties need careful consideration but also the recognition that much of what we do today is relied upon by various groups with which we work.
 - Further, this principle also recognizes that ODOE is still in the early stages of implementing changes made possible by legislation passed in 2017. Our evaluation of new programs, policies, and responsibilities rests heavily on the fact that we want to give current efforts the opportunity to be fully implemented.

2. If a new board or commission is established, it should provide guidance and advice to keep ODOE on the cutting edge of energy policy and technology and to further strengthen agency programs.
 - Both of the proposed Senate bills create a commission for the agency. We acknowledge the spirit driving such a recommendation – helping ODOE to build on our transparency progress, and ensuring that our agency runs smoothly. Oregon could be well served by a board or commission that focuses not just on the energy issues of today, but on the energy challenges of the future, and how the state will rise up to meet them.
 - ODOE's energy incentive programs have sunset, and with that sunset went a good deal of our rulemaking workload. Further, much of the agency's other rulemaking responsibilities remain with the Energy Facility Siting Council, which manages the siting of state jurisdictional energy facilities; these responsibilities would not be changed by this legislation. This means the bulk of ODOE's remaining rulemakings are technical in

nature or focused on agency operations. Rather than spend time on technical rulemakings, it's the policy area – the innovations in energy management, efficiency, generation, storage, resiliency, and safety – where a board or commission could offer the kind of high-level guidance to ensure Oregon's energy leadership continues.

3. Changes to the agency should add value for the state without significantly increasing costs that would have to be borne by the energy supplier assessment or the general fund.
 - Over the past two biennia, ODOE's management team has made significant progress right-sizing the agency, while also streamlining functions, finding efficiencies, and reducing costs where possible.
 - Legislation or other changes to the agency should not tie the hands of the Governor or future legislators when it comes to setting ODOE's Budget.

4. Finally, a new board or commission should include members with a diverse range of energy related experience and expertise, and reduce the potential for conflicts of interest.
 - ODOE policy work supports the entire state and informs the state's energy priorities. If a board or commission is ultimately pursued by the Legislature, we would hope that members would bring the kind of insight and experience that complements the agency's expertise.
 - The energy challenges facing the state demand more than just diversity. A board or commission must be made up of people who can help the state move toward the future – with the right mix of experience and knowledge, with a commitment to equity and inclusion, and with a recognition that decisions should be made without undue influence or conflicts. Moreover, they must also understand that our job is to keep energy supply and costs stable, while also addressing several policy drivers such as climate change, local pollution, natural resource impacts, economic development, and energy resilience.

Defining what energy policy in the state would include is a complex undertaking. These bills propose significant changes to the agency's charge and scope, and I thank you for allowing me to outline principles intended to strengthen our analysis and review of these and other recommendations.

The Oregon Department of Energy has made significant progress in recent years, and I hope that any action the Legislature takes with respect to our structure or duties reflects this progress, these principles, and the good faith effort from so many people to rebuild the agency's programs and performance.