



February 5, 2018

Senator Michael Dembrow, Chair  
Senate Committee on Environment & Natural Resources  
Oregon State Capitol  
900 Court Street NE  
Salem, OR 97301

RE: SB 1507

Dear Chair Dembrow and Members of the Committee,

The Oregon Municipal Electric Utilities Association (OMEU) appreciates the opportunity to submit this testimony to the Senate Committee on Environment & Natural Resources for SB 1507, relating to greenhouse gas emissions. OMEU is made up of 11 members representing municipally-owned and operated electric utilities. As consumer-owned utilities (COUs), we are directly accountable to the people we serve through our city councils and local governing boards.

Oregon municipal electric utilities are longtime climate leaders. We are doing our part to reduce carbon-dioxide emissions to address the threats posed by climate change. Nearly all the electricity consumed by our customers is “carbon-free” hydroelectricity from Bonneville Power Administration (BPA). This sets us apart from Oregon’s investor-owned utilities, who have a high percentage of electricity from coal or natural gas-fired power plants. Additionally, since the 1970s, before any state-level mandates or energy-efficiency standards—public utilities have been helping our customers reduce energy consumption through incentive programs.

First, we’d like to thank you and other sponsors for the valuable dialogue afforded during the interim work group process. We are pleased that the bill as introduced includes several of the suggestions made by COUs, including recognition of the authority of our governing boards and the provision of allowances to COUs over the emissions cap. After consideration of the bill’s current language and further exploration of cap and trade implementation, OMEU has identified additional issues.

OMEU finds that Carbon Cap and Trade may be an effective tool to reduce greenhouse gases. Nonetheless, at this time we cannot support SB 1507 due to the following concerns:

- As consumer owned utilities work to help reduce carbon emissions we should not be penalized for load growth attributable to policies that reduce the use of fossil fuels and

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move load to electric providers. This load would include electric vehicles and fuel switching from fossil fuels to electricity.

- Given their important role in advising DEQ in the rulemaking process, the Program Advisory Committee should include a voice for consumer-owned utilities. However, OMEU also believes that the Legislature should provide more specific intent and directives for the DEQ rulemaking focused on project eligibility and ensuring an appropriate nexus to carbon reductions. Given the significant impacts, taxpayers and consumers should be the first priority in mitigation funding.
- We continue to have serious concerns about the inconsistency of the State of Oregon's goal to reduce greenhouse gas emissions with the State's efforts to reduce low-carbon hydro-generation with spill operations at the Snake and Columbia River dams. These policies must be reconciled.
- While we appreciate the efforts of the sponsors to ensure accommodations for energy-intensive, trade-exposed businesses, we are concerned about the whether these new carbon policies may negatively impact our ability to attract new industrial customers to Oregon. The health of our utilities is directly related to the health of our local economies.

OMEU utilities have proven that economic and environmental vitality can co-exist. We look forward to continued discussion of climate enhancement, which has been a longstanding area of interest and effort for OMEU members.

Thank you for this opportunity to provide comments. Please do not hesitate to contact us if you have questions.

Sincerely,



Daniel P. Murphy  
OMEU Board President