HB 2020 Amendments
Leveraging Competition to Reduce Carbon Emissions
Northwest & Intermountain Power Producers Coalition ("NIPPC") and Avangrid Renewables
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Oregon must leverage competition in the electricity sector – both retail and wholesale – to achieve its aggressive carbon reduction goals. As drafted, HB 2020 will thwart rather than support competition, possibly limiting carbon reductions, and threaten good-paying jobs in rural communities.

Since 1999, Oregon's electric generation policy has been based on competition. Price competition between utilities and third parties has benefitted Oregon by reducing the costs to serve customers and by the development of wind, solar and other renewables within the state.

HB 2020 gives Oregon's investor-owned electric utilities ("IOUs") free allowances to cover their anticipated CO2 emissions but competitive independent power producers ("IPPs") have to buy theirs. This difference gives utility generation a significant cost advantage over IPPs, which must buy allowances on an open market. HB 2020 would tilt the playing field to favor out-of-state coal generation and utilities' gas generation over lower-emitting, and potentially lower-cost, IPP generators, while raising the cost of power to retail ratepayers. In addition, certain provisions of HB 2020, such as the proposal to exempt emissions from certain gas fired power generation delivered out of state, could threaten program linkage to California.

NIPPC believes that requiring IOUs to consign their allowances to auction is the most effective method to remedy these concerns. If, however, consignment is not an option, NIPPC offers two alternatives needed to maintain competitive valance and avoid leakage. As its first preference, NIPPC proposes the following remedies to these concerns:

- HB 2020 must direct the IOUs to include the full value of GHG allowances in all dispatch decisions, bids into competitive power markets and procurement or investment decisions;
- Free allowances must be used by the IOUs for the exclusive benefit of retail ratepayers in Oregon, and not for the benefit of shareholders wholesale transactions, out of state deliveries, or others purposes.
- Free allowances must not be used for electricity sold to serve non-native load or customers outside of Oregon;
- Neither the allocation of allowances nor return of allowance value to retail electricity consumers must be allowed to disadvantage independent retail service suppliers; and
- Strike language in Section 10(2)(c) that would eliminate a compliance obligation for natural-gas fired generation delivered out of state, as this is discriminatory and could disrupt linkage with California.

Alternatively:

- Natural-gas-fired independent power producers in Oregon should be considered energy-intensive, trade exposed ("EITE") industries, and should be granted a free allocation of allowances consistent with other provisions of the bill, and
- The utilities must be required to allocate a portion of the free allowances they receive to meet the compliance obligations of ESSs serving retail load within the utilities retail service area.

Finally, NIPPC strongly supports maintenance of at least the 8% offset usage limit in Section 19.2(a). Offsets provide a key source of cost containment for compliance entities, while creating revenue earning opportunities for sectors that are not subject to cap.