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OPUDA Testimony on Cap-and-Trade

February 18, 2019

Co-Chairs Dembrow and Power and Members of the Joint Committee on Carbon Reduction:

On behalf of the Oregon People's Utility District Association (OPUDA), thank you for your continued work on cap-and-trade legislation. OPUDA's members include all of Oregon's electric People's Utility Districts (known as PUDs), which provide at-cost electric service to nearly two-thirds of the Oregon coastline, parts of Columbia and Multnomah counties, Lane County, and as far east as Wasco County. PUDs are governed by five-member Boards of Directors that are elected by voters in each PUD service area. This means, each board member is directly accountable to PUD customers. Oregon's electric PUDs collectively serve over 200,000 people and deliver over 4.5 billion kilowatt hours of electricity to Oregonians annually. OPUDA member utilities provided over 400 family wage jobs in rural communities in 2018.

Oregon is a leader in building a green economy and PUDs are an important part of that success, providing near-zero carbon hydroelectricity to our customers. OPUDA members and our customers are committed to doing their part in lowering the Oregon's carbon emissions.

OPUDA appreciates the opportunity to work with you in hopes to continue discussions around the design of a cap-and-trade program. While PUDs and the communities they serve are unique and diverse, there are a number of foundational principles that are important to us. Specifically, we appreciate exempting consumer owned utilities under 25,000 Metric Tons of CO₂. The bills also address a key tenant of public power by leaving decision-making to our locally-elected governing boards. Our boards are directly responsive to a local constituency, not investors. Lastly, designing this program in a way that will help fully capture the carbon-free benefits of the hydro system.

Nevertheless, there are a few unresolved issues that remain in HB 2020. We would like to continue working with the Committee on the following issues:

- **Consideration should be given for COUs serving large industrial loads in terms of assuring the COU has adequate allowances to shield job-providing industrial customers in their community from drastic rate increases.**
- **Consideration should be given and allowances should be reserved for COUs who are not initially regulated by the program, but who later come under the cap due to increased load.**

Central Lincoln PUD – Newport

Northern Wasco County PUD – The Dalles

Columbia River PUD – St. Helens

Clatskanie PUD – Clatskanie

Emerald PUD – Eugene

Tillamook PUD – Tillamook

- **BPA should receive allowances based on representative years beginning in 2002 through at least 2017. This allows public power to better protect itself from potential – and maybe likely – low water years.**
- **Oregon manufacturers should receive free allowances to avoid carbon and economic leakage to other states. Manufacturing jobs are critical to PUD communities, both in terms of economic opportunity and lower, stable rates**

We look forward to working on answers to these questions with you during this legislative session.