

March 1, 2019

Senator Dembrow, Co-Chair
Representative Power, Co-Chair
Members of the Joint Committee on Carbon Reduction
Oregon State Legislature
900 Court St NE
Salem, OR 97301

RE: Testimony on HB 2020

Dear Co-Chairs and Members of the Committee:

Hermiston Generating Co. (HGP), which produces electricity through thermal generation within the State of Oregon, acknowledges the desire for HB 2020. HGP cautions that as proposed, the bill will have a negative impact on energy markets in the Northwest. HB 2020 should be revised to protect competitive policies, which play a significant role in protecting ratepayers while promoting innovation within the power industry. Ultimately, innovation and competition reduce greenhouse gases.

HGP asks for a level playing field between the Independent Power Producers and monopolistic utilities, which can be accomplished by eliminating direct distribution of allowances to utilities or by ensuring the utilities include the full value of their allowances in all of their financial decisions, including market based transactions. A non-level playing field would disrupt the wholesale markets which will result in higher costs for ratepayers while operating less efficient facilities.

HGP also asks that the proceeds from HB 2020 be spent wisely on energy efficiency projects, which are often overlooked. Only 31.8 % of the global energy (oil, gas, coal) used today performs useful work, the remaining 68.2 % of the energy is rejected as waste heat or other losses. Efficiency increases of 1 % directly correlate to a 1% reduction in greenhouse gas emissions given the same end usage. These technological advances will have a more sustainable and much larger impact globally because once developed; they can be shared and implemented anywhere.

Reducing greenhouse gases in Oregon by 45% in 2035 will only reduce total global greenhouse gas production by seven one hundredths of a percent...almost unmeasurable and irrelevant. If the State of Oregon wants to seriously tackle greenhouse gas reduction, the State must become a leader in energy technology by maintaining competitive energy markets and by energy efficiency policies or projects, both effective means of greenhouse gas reduction.

Oregon must keep socially and environmentally responsible industries within the state. Global greenhouse gas emissions will increase if those industries move to other areas having lesser responsibilities.



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