



**Testimony of Ted Case, Executive Director  
Oregon Rural Electric Cooperative Association (ORECA) on HB 2020  
Joint Committee on Carbon Reduction  
March 4, 2019**

Chair Dembrow, Co-Chair Power, and Members of the Committee: For the record, I am Ted Case, the Executive Director of the Oregon Rural Electric Cooperative Association (ORECA). ORECA represents 18 electric cooperatives in Oregon serving nearly a half million Oregonians and a land mass of nearly three-quarters of the state. ORECA appreciates the opportunity to comment on HB 2020 and thanks the Joint Committee on Carbon Reduction for conducting field hearings to take testimony from rural Oregonians. During the course of the hearings, you also heard from several Oregon electric cooperative leaders, and I want to summarize some of their points in this testimony.

First, we want to thank the Carbon Policy Office for working constructively with Consumer-Owned Utilities (COUs) during the interim on provisions that impact the Bonneville Power Administration (BPA) and utilities that rely upon the Federal Columbia River Power System (FCRPS). As a result of these conversations, ORECA believes that several provisions in HB 2020 will help BPA and COUs transition into a cap and trade program. However, ORECA would also like to provide some suggestions that will help improve the bill for Oregon's electric cooperatives and our members.

- **Safety Net for Growing COUs:** As the bill language is currently drafted, COUs that initially have emissions that are exempted under Section 10(2)(e) receive inequitable treatment if their emissions later exceed the 25,000 metric ton threshold, as compared to COUs with emissions that are not exempted from the commencement date of the program. This is because the emissions from COUs that trigger at a later date *do not* receive allowances in an equivalent manner to emissions from COUs that have emissions that are covered in 2021. We believe the Committee should provide a safety net for those COUs that begin the program with exempted emissions, but later grow to have emissions that exceed the 25,000 metric ton threshold. ORECA supports an amendment that will provide this safety net.
- **Hydro Variability Protection:** There is a small amount of carbon emissions associated with the federal power system because BPA purchases non-specified power on the open market to balance resources and meet demands beyond what the federal system can provide. Section 16 of HB 2020 provides for an initial direct distribution of 100 percent

of allowances to BPA based on “representative years.” In order to provide certainty to BPA and its customers about our starting point, we urge the Committee to define this term as average historic emissions attributable to the FCRPS starting in 2002 until the most recent reporting year. This time period will more adequately capture the range of water conditions and associated emissions.

- **Protection Against Rate Shock:** During the field hearing in The Dalles, the Committee heard testimony from Robert Echenrode, the CEO of Umatilla Electric Cooperative (UEC). He noted that HB 2020’s one-size-fits-all approach for COUs does not address UEC’s unique situation that is the result of tremendous load growth. We urge you to work with UEC and ORECA to support measures to address UEC’s unique situation and mitigate against rate shock.
- **Impact of Increased Fuel Cost:** During the hearing in The Dalles, Libby Calnon, the Manager of Hood River Electric Cooperative, testified about the impact of increased gas prices as a result of provisions in HB 2020. The people and companies that propel our rural economy are very important to us, and the estimated 16 cent per gallon rise in gas prices could disproportionately affect rural Oregonians who often travel great distances for work, health care and other basic services.
- **Impact on Jobs in Rural Oregon:** Another concern is that a cap-and-trade law could spur companies to shift production and employment to another state, harming our economy without benefit to the climate. During the field hearing in Baker City, Anthony Bailey, the CFO of Oregon Trail Electric Cooperative (OTEC) testified about several large manufacturers in OTEC’s territory who could face additional costs because of HB 2020. He stated that losing 100 jobs in Baker County would have the same economic impact of Washington County losing almost 14,000 jobs. Accordingly, we urge the Committee to address the impact of this bill on manufacturing in rural Oregon.

Finally, I want to conclude with what you heard from Dave Schneider, the CEO of Midstate Electric Cooperative, who testified in Bend about finding the right balance between carbon reduction and Oregon’s fragile rural economy.

*“Oregon wants to be a leader in carbon reduction. I believe Oregon can be a leader in carbon emission reductions, but I would also be proud of our State if we can reduce carbon while not hurting the families of Oregon today. Let’s be the state that does both and other states will follow.”*

Thank you for the opportunity to provide testimony on HB 2020.