

TO: Chair Ken Helm and House Committee on Energy and Environment

FROM: Tracy Farwell, ESF Action Committee

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**SUBJECT: HB 2855 – Defending Residential Rate-Payers Against Reliance on
Costly Fuels and Carbon Pricing**

The Oregon Public Utilities Commission (OPUC) is in a special place at a special time. Oregon has many utilities that supply energy to Oregonians. Science has determined that the use of carbon-based fuels presents a danger to the Earth’s ecosystem. The timeline for adjusting away from using carbon-based fuels starts now and must capture many critical goals within the next several decades. Half of emissions must be removed by 2030.

Investments and behaviors of the utilities supplying energy must adjust to change from damaging fuels to energy that requires no fuels, such as Solar, Wind, Storage, Waves, Tides...

Since all investments and rate-payer schedules are governed by the OPUC, and plans are evaluated in detail, the OPUC is in a perfect position to make sure that the Utilities are making the best investments to meet both the usual general-power requirement of the PUC for low-cost, reliable energy supply; and to assure their carbon emissions do not exceed Oregon’s emissions goals. Thanks to a companion bill, HB 2242, they can help produce rate schedules that offer relief to resource-limited communities.

Doing this in early planning will optimize the choices being made, and therefore we have requested LC to propose language that would modify the OPUC charter to take climate science into account during formal planning processes. [HB2855_1_2019_Regular_Session]

Since following an aggressive emissions reduction schedule is critical, ratepayers will benefit from these better decisions as well as the usual control of cost and reliability. In describing the similar goals proposed in HB 2020 Oregon Senator Cliff Bentz puts it plainly. “The value of this bill is its ability to convince other people to follow Oregon’s lead. And this means we have to get it right. It’s not going to save the world. What saves the world is other people saying, ‘Hey, Oregon figured out how to do it.’”

One way to get it right is to engage Best Available Science (see Appendix) to accomplish Decarbonization, and to avoid new use of carbon-based fuels that impede efforts to achieve carbon Drawdown.

1. Decarbonization to near zero emissions with steps defined by IPCC SR15 until better information appears. Thus, we have an amazingly limited time to turn off the valves on carbon-based fuels.

2. Drawdown of our current 411ppm CO₂ to a “safety point” of 350ppm on its way back to 280ppm. Overuse of carbon-based fuels interferes with this work.

Because we see no conflict between low-cost, reliable supply of energy and meeting climate needs, we expect there will be separate and independent efforts to establish rates that help low-income ratepayers, handled by HB 2242.

This is also our opportunity as a society to remove the penalty to consumers we get from the petroleum monopoly, especially on those with limited resources. Relying on carbon fuel for energy has serious damaging pollution effects in the local areas where manufacture and usage occurs. The world will be a much cleaner place when carbon-based fuels are no longer used.

1. Clean Energy derived from the sun, such as Solar and Wind and Waves and Tides – no fuel needed. They therefore are extremely non-polluting. There won't be sacrifice neighborhoods if we work things right.
2. Clean Energy is not burdened by carbon pricing.
3. Clean Energy has crossed over and is cheaper than ALL carbon-based fuels:
 - a) [Fossil Fuel Is Pricier Than Solar or Wind. That Means “Coal Is on the Way Out.” – Mother Jones](#)
 - b) ['Coal is on the way out': study finds fossil fuel now pricier than solar or wind – Guardian.](#)
 - c) [PacifiCorp's coal assets could stick customers with paying millions more on energy](#)

This is so true that we do the ratepayers a great favor if we prevent use of “bridge fuels” that are carbon-based, because the investment burden cannot be allowed run past the clean energy break-even point. In fact, it seems clear during an IRP evaluation that plans to use some bridge project should limit the ratepayer depreciation period to the time before the decarbonization limits require stranding the asset.

When the Oregon Public Utility Commission pushed back on PGE's plan to build 2 gas-fired generating facilities at their Carty site, PGE responded with a plan to the purchase of renewable energy in the near term. This energy requires no fuel. Residential rate-payers will not be required to carry debt on the two facilities (Carty 2 and Carty 3) for 40 years. PGE will not run the risk of abandoning these investments if they become uneconomic.

Other examples of costs of clean energy being advantageous include:

The Los Angeles Dep. Of Water and Power to terminate purchases of Utah and Colorado Navajo coal-generated power in 2025 and to shut down 3 gas plants by 2029 rather than invest in costly upgrades. These near-term decisions were taken locally with no direction from Sacramento. <https://www.apnews.com/a29052f176104761bbae21461d251600>

Long term, Stanford researchers see the cost of total use of renewable energy evolving to well below the cost of carbon-sourced energy, due to reducing by half the total energy

consumption because of the huge efficiency advantage of electric motors over combustion engines. <https://news.stanford.edu/press-releases/2018/02/08/avoiding-blackourenewable-energy/>

The latest news from Bloomberg shows a decline in the cost of grid energy storage. [Electricity costs from battery storage down 76% since 2012: BNEF | Utility Dive](#)

These trends do not make the regulatory job of the Oregon PUC more difficult. New responsibility for regulating emissions will not conflict with guiding the supply side to lower reliance on carbon-sourced generation. We see the pricing of carbon as an incentive for industrial and residential customers to both stay in the cleaner renewables utility pool and build a stronger market for clean energy.

There is no question that Oregon will migrate to new infrastructure and empowering the PUC with multiple responsibilities is superior to riding a carbon-sourced energy market propped up with \$20B in annual subsidies that are being brought into question by informed policy analysts.

APPENDIX Proposed Amendments to 2019 HB 2855, to be considered with other Committee amendments.

Para #
Definitions

“Best available science” means “science that (A) maximizes the quality, objectivity, and integrity of information, including statistical information; (B) uses peer-reviewed and publicly available data; and (C) clearly documents and communicates risks and uncertainties in the scientific citations.”

[[RESTORE Act; Subtitle F of Public Law 112-141](#)]

Para #
Utility Planning

Decision criteria employed by the Commission for utility planning shall include

- 1) least possible social cost and least carbon emissions,
- 2) fleet vehicle electrification leading to 95% zero emission fleet in 2030.

Para #
Utility Decarbonization

The Commission shall research and decide a declining carbon budget tailored to each utility with mandated set points in 2030 and 2050, beyond which the utility shall

- 1) deliver energy from zero-fuel sources,
- 2) provide sources of additional energy storage,
- 3) build out utility electric vehicle fleets and vehicle charging infrastructure.