



“The Power of Community”

Representative Karin Power, Co-Chair
Senator Michael Dembrow, Co-Chair
Joint Committee on Carbon Reduction
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Re: ORECA Support for -60 Amendment to HB 2020

Dear Co-Chair Power, Co-Chair Dembrow, and Members of the Joint Committee on Carbon Reduction:

For the record, I am Ted Case, the Executive Director of the Oregon Rural Electric Cooperative Association (ORECA). ORECA represents eighteen not-for-profit electric cooperatives that serve a half-million Oregonians in some of the most rural and remote parts of the state.

ORECA appreciates the efforts of the Committee and the Governor’s Carbon Policy Office to work constructively on provisions that impact the Bonneville Power Administration (BPA) and consumer-owned utilities (COUs) that rely upon the Federal Columbia River Power System (FCRPS). As the Committee considers refinements to HB 2020, we urge you to adopt the -60 amendment submitted by Senator Knopp to provide a safety net for COUs that may *soon* exceed the bill’s 25,000 metric ton threshold because of economic development. As you may recall, this Committee also received testimony from both the Eugene Water and Electric Board (EWEB) and Clatskanie PUD calling for a transition into the cap and trade program envisioned by this amendment.

As the bill language is currently drafted, COUs that initially have emissions that are exempted because they are under the 25,000 metric ton threshold receive inequitable treatment if their emissions later exceed the 25,000 metric ton threshold because of economic development. In fact, COUs that trigger the threshold after the commencement of the program do not receive any allowances, creating potential rate shock for consumers simply because their utility crosses the emission threshold at an inopportune time.

This is a potential situation facing one of my members: Central Electric Cooperative (CEC), which is headquartered in Redmond, Oregon. CEC serves rapidly growing areas around Bend and Sisters, and has projected their emissions could cross the 25,000 metric ton threshold in 2020. CEC has calculated that their costs over ten years without any

allowances could be \$7.3 million. Ultimately, this could lead to a rate increase of 25 percent when also factoring in the expected rate increases from BPA.

We believe this is a fairness issue that the Committee should address. I would note we continue to have constructive dialogue with the Carbon Policy Office about this approach.

Thank you for the opportunity to offer testimony and for your consideration of the -60 amendment.