

**Testimony of John A. Charles, Jr.
President & CEO
Regarding HB 2494
April 2, 2019**

The Public Purpose Charge (PPC) was originally authorized by the legislature for 10 years: from March 2002 to March 2012. It was anticipated that subsidies for conservation, renewables and market transformation would no longer be necessary after that time. In 2007, the sunset was extended to 2026, even though no formal analysis had been produced documenting a need.

The chart below shows that the original forecast was correct. PPC administrators are running out of things to do. The low-hanging fruit for retrofits has been picked, and newer homes have been built to stringent energy codes. Not only should the legislature keep the current sunset date of 2026, you should strongly consider moving it up to 2023 or 2022.

Keep in mind that the Energy Trust of Oregon receives additional ratepayer funding through the “increment” allowed under SB 838. That funding stream is now larger than the PPC and generated more than \$100 million for ETO last year.

**Ratio of Energy Benefits (kWh saved or generated) to Expenditures
Public Purpose Charge Administrators**

	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014	2015-2016	% change, 2003-2016
ETO Conservation	5.7	6.6	6.7	4.4	4.5	5.3	3.8	-34%
ETO Renewables	13.8	4.0	33.5	1.6	1.4	2.0	1.4	-90%
School districts	0.8	0.6	1.0	0.5	0.5	0.3	0.4	-54%
OHCS low-income	1.3	0.9	0.7	0.5	0.8	0.4	0.5	-64%
Self-direct (conservation)	7.2	3.2	4.3	5.2	3.0	2.5	3.3	-54%
Total Ratio	5.5	4.7	8.7	2.8	2.9	3.4	2.7	-52%

Source: Biennial reports to the Legislative Assembly on PPC expenditures, all years.



Since 2002, the PPC has transferred more than \$1 billion from ratepayers to various bureaucracies, as shown below. If the legislature wants to extend the PPC out to 2036, it is incumbent on the advocates to explain why this is necessary. I am not aware of any such analysis. Unless it is forthcoming, HB 2494 should be tabled.

Total PPC expenditures – 2002-2016
(Amounts in thousands)

Fund Administrator/Program	2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014	2015-2016	TOTALS 2002-2016
Energy Trust of Oregon									
Conservation	\$19,085	\$54,932	\$75,418	\$72,643	\$88,693	\$88,355	\$82,694	\$106,453	\$588,274
Renewable Energy	\$500	48,328	\$4,561	\$19,557	\$31,486	\$39,043	\$20,259	\$35,978	\$159,710
Administrative Expenses		\$5,241	\$6,243	\$6,011	\$8,094	\$8,494	\$7,896	\$10,059	\$52,038
Education Service Districts	\$1,059	\$8,850	\$13,748	\$16,866	\$19,223	\$17,221	\$21,748	\$8,461	\$107,176
ODOE Program Expenses		\$339	\$405	\$399	\$370	\$435	\$474	\$599	\$3,021
Administrative Expenses		\$690	\$546	\$683	\$566	\$484	\$235	\$304	\$3,509
Oregon Housing and Community Services									
Low-Income Weatherization	\$1,326	\$10,176	\$12,805	\$16,573	\$16,801	\$12,765	\$16,185	\$18,255	\$104,886
Low-Income Housing	\$111	\$2,144	\$6,438	\$6,546	\$8,955	\$10,415	\$5,784	\$5,754	\$46,147
Administrative Expenses		\$520	\$841	\$514	\$684	\$680	\$773	\$934	\$4,946
Evaluation, Training, Technical Assistance		\$177	\$641	\$990	\$221	\$285	\$448	\$447	\$3,210
Energy Education			\$151	\$1,631	\$1,631	\$1,311	\$1,484	\$1,390	\$7,599
Self-Direct Customers		\$7,753							
Conservation			\$3,039	\$3,779	\$2,837	\$1,929	\$3,718	\$2,900	\$18,203
Renewable Energy			\$1,162	\$1,809	\$1,749	\$2,197	\$2,305	\$2,464	\$11,685
ODOE Program Expenses		\$92	\$52	\$37	\$39	\$30	\$85	\$78	\$412
Administrative Expenses		\$58	\$19	\$26	\$22	\$20	\$179	\$44	\$368
Totals	\$22,081	99,300	126,070	148,064	181,373	183,662	164,269	194,119	\$1,118,938
Administrative Costs Only	\$59	\$6,509	\$7,649	\$7,233	\$9,367	\$9,678	\$9,083	\$11,342	\$60,920