



February 11, 2020

Co-Chairs Lee Beyer and Caddy McKeown
Joint Transportation Committee
Oregon State Capitol
Salem, OR 97301

Re: HB 4036

Co-Chairs Beyer, McKeown and Members of the Committee,

Climate Solutions and Oregon Environmental Council write in support of the necessary electric vehicle (EV) language in HB 4036, and expresses strong concerns about the compressed natural gas (CNG) component. We limit our comments on the bill to Section 7. Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis. Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization advancing innovative, collaborative and equitable solutions to Oregon's environmental challenges for today and future generations

Oregon has made significant strides combatting climate change, but our transportation emissions continue to rise. SB 1044 (2019) created ambitious legislative targets for accelerating electric vehicles registered and on the roads in Oregon. The transportation sector continues to need significant investment in EV infrastructure to 1) achieve the ambitious and necessary vehicle targets set out in SB 1044, 2) stop the year-over-year increase in transportation sector greenhouse gas emissions over the past several years, and 3) achieve the aggressive greenhouse gas reductions and transition off fossil-based fuels we so urgently need.

The EV language in Section 7 of HB 4036 would give the PUC needed tools to accelerate investments in electric vehicle infrastructure by our electric utilities. We support this issue being addressed. However, we have significant concerns about the CNG language also included in Section 7. The narrower focus on accelerating transportation electrification in HB 4066 reflects the most suitable climate-smart approach to advance clean electric alternatives, without advancing new fossil fuel infrastructure.

In 2016, the legislature passed SB 1547, known as Coal to Clean. In addition to requiring that our electric utilities achieve a 50% RPS and coal phase-out within the next two decades, it also required electric utilities to develop transportation electrification plans and to begin investing in electric vehicle infrastructure. In a subsequent PUC docket under SB 1547, Portland General and PacifiCorp created pilot programs for investment in electric charging infrastructure. We are now seeing those pilots installed around the state. This includes some pods of fast-chargers to fill gaps in EV infrastructure. Those pilot programs have proven effective and the utilities are now ready to invest at scale.

HB 4036 provides more guidance to the PUC to support utility investment in EV infrastructure *at scale*, both in the distribution system and behind the customer meter. Specifically, **the bill**

authorizes the PUC - for the first time - to consider GHG reductions expected from these EV infrastructure investments as a *benefit* to ratepayers. It also recognizes that the load growth that comes with increasing EVs on the electric grid will benefit all utility ratepayers. This happens by having a broader base to pay the fixed system costs like poles, wires & substations (just as historically was done to support rural electrification and more electrified appliances, hot tubs, etc.). This means that EV expansion provides a real benefit to all utility customers, not just the customers that drive EVs.

Electric vehicles and medium- and heavy-duty electrification not only play a critical role in supporting Oregon's statewide decarbonization goals. They also improve air quality, particularly for low-income and historically marginalized communities who disproportionately live along major transportation corridors in our state. For all these reasons, we support the EV language in Section 7 of HB 4036.

However we have great concern regarding the language in HB 4036 that promotes new investments by natural gas utilities for compressed natural gas transportation projects.

Compressed natural gas (CNG) is a potent fossil fuel that typically is derived from fracking, and has significant environmental and greenhouse gas impacts over its lifetime. New investments in CNG are not a sustainable solution to reducing Oregon's transportation sector emissions over time. While CNG reduces a percentage of tailpipe pollution compared to other fossil fuels, it creates new potent methane emissions at the point of extraction and pipeline distribution. *The net climate result of CNG is little to no benefit.*¹ Argonne National Laboratory estimates between 6 and 11% reduction as compared to gasoline, and even industry estimates only around 20% to 30% reduction as compared to diesel. The Oregon legislature passed a 5-year moratorium on fracking natural gas just last year in HB 2623. The Oregon electricity grid is reducing reliance on natural gas as well. At a time when we need to be reducing our use of fossil-based natural gas in our energy system, policies to increase its use in the transportation sector are counter-productive.

The historic arguments for using CNG in transportation are losing credence as well, and the trends point to electric investments being the wisest. First, past arguments have focused on concerns about viable electric options in the medium- and heavy-duty transportation space. New electric technology trends are quickly supplanting the need for CNG in many sectors, including public transportation. The transit industry is rapidly shifting to electric buses, leapfrogging the need for new CNG buses and its related infrastructure. The trends are also rapidly shifting for delivery and distribution systems. Amazon and UPS are the most recent companies to place massive orders for electric delivery vans.² All-electric heavy-duty semi-trucks are also on the near horizon, with companies ranging from Daimler to Tesla to Volvo racing to capture market share. Daimler, the largest truck maker in the world, is expected to have its all-electric 18-wheeler the, Freightliner eCascadia (250 mile range), and its eM2 106 (230 mile range) in production in Portland in 2021.³ We expect this trend to accelerate, just as it did with light-duty vehicles and electric buses.

¹ "Battery electric buses also have lower life cycle global warming emissions than natural gas and diesel-hybrid buses." Source: Union of Concerned Scientists, "Electric vs. Diesel vs. Natural Gas: Which Bus is Best for the Climate?" (January 2018); <https://blog.ucsusa.org/jimmy-odea/electric-vs-diesel-vs-natural-gas-which-bus-is-best-for-the-climate>

² FleetOwner.com: "Amazon to add 100,000 electric vans to Prime fleet" (September 2019): <https://www.fleetowner.com/running-green/blue-fleets/article/21704289/amazon-to-add-100000-electric-vans-to-prime-fleet>; Clean Technica: "UPS Orders 10,000 Electric Delivery Vans From Arrival" (January 2020): <https://cleantechnica.com/2020/01/29/ups-orders-10000-electric-delivery-vans-from-arrival/>

³ GreenBiz: "8 electric truck and van companies to watch in 2020" (January 2020): <https://www.greenbiz.com/article/8-electric-truck-and-van-companies-watch-2020>

The second theme of historic arguments for natural gas is that renewable natural gas (RNG), which is not a fossil-based fuel, is an increasingly viable alternative to CNG. Climate Solutions and OEC do support the use of RNG to displace natural gas use, including CNG. While HB 4036 could be amended to support only RNG instead of CNG, the Oregon legislature already passed a similar bill last year. SB 98 (2019) has authorized natural gas utilities to invest in RNG transportation infrastructure. It allows natural gas utilities to invest in RNG for up to 5% of total distribution over the next five years and increasing to 30% by 2045. There is no need for further support of renewable natural gas infrastructure development in this bill. This context also makes a renewed push to support expansion of CNG in HB 4036 even less necessary and out of step in meeting our state's greenhouse gas goals.

With the escalating climate crisis, Oregon cannot wait any longer to make substantial investments in cleaner ways of getting around. Investments in EV infrastructure take time, oftentimes in partnership with businesses, local governments, equipment providers and residential customers. These investments are essential to create a connected network of EV infrastructure, enabling Oregonians to get around in EVs that are more economic and less polluting. EV investments are also guaranteed to get cleaner over time as our grid transitions to more renewable and carbon-free power. HB 4036 would be a stronger bill if Section 7 focused exclusively on advancing EV investments, and did not incentivize additional investments in fossil fuels.

Thank you for your consideration of these comments.

Sincerely,



Meredith Connolly
Oregon Director
Climate Solutions



Sara Wright
Program Director, Transportation
Oregon Environmental Council