



February 11, 2020

The Honorable Karin Power
Chair, House Committee on Energy & Environment
900 Court St., NE
Salem, OR 97301

Re: HB 4105 Could Inhibit Decarbonization Efforts

Dear Chair Power,

The climate imperative we face demands collection action, and soon. It's why for the past many months, NW Natural has worked along state leaders to advocate for a fair, consistent and effective cap and trade program for all Oregonians. Twelve percent of Oregon's greenhouse gas emissions come from natural gas, and five percent come from NW Natural Sales Customers. NW Natural believes we need to help customers use less, by using our product as efficiently as possible, and then to decarbonize our pipeline as fast and affordably as we can.

We are committed to pursuing a one-hundred percent carbon neutral pipeline. That's also why we worked with many of you in this committee last Session to pass SB 98 and establish the most aggressive renewable natural gas (RNG) policy in the country. SB 98 allows us to spend a small portion of ratepayer dollars each year to procure an increasing amount of RNG for all of our customers. A December, 2019 national study by ICF shows there is a technical potential for RNG that is equal to eighty-eight percent of current direct use. The potential would grow to even larger when the potential for renewable hydrogen is added to the mix. Moreover, a recent study conducted by the Oregon Department of Energy concluded that there is enough unconverted RNG potential in Oregon to cover the entire natural gas usage from the state's residential customers.

NW Natural appreciates the dual intent of HB 4105 – to continue to decarbonize our energy system and to provide greater safety when transporting fuel. However, as currently drafted HB 4105 would inhibit NW Natural's work to decarbonize our system. State policy requires NW Natural to connect roughly fourteen new, large RNG projects over the next decade - based on targets set by SB 98 - with a preference towards projects sourced in Oregon. Many of those new projects will need new piping to connect them with the existing gas infrastructure. At least several of them will have new piping needs that run over state-owned real property. Additionally, NW Natural is investing in Renewable Hydrogen technologies, which also will likely need new piping over state-owned real property to connect with

existing piping infrastructure as well. Were HB 4105 to pass as currently drafted it would create enormous new infrastructure impediments that would dramatically hinder our efforts to decarbonize our pipeline as fast and affordably as possible.

We ask the Committee to take a deeper look into the unintended consequences posed in the current draft of HB 4105, and work with stakeholders to address them in the interim.

Thank you for your time.

Respectfully,

A handwritten signature in blue ink, consisting of a stylized, cursive 'N' followed by a long horizontal line that tapers to the right.

Nels Johnson

State Government Affairs Manager

NW Natural