

April 5, 2021

To: Chair Marsh and Members of the House Committee on Energy & Environment
From: Sharla Moffett, OBI
RE: OBI Testimony in Opposition to HB 3180

Chair and Members of the Committee:

Thank you for the opportunity to submit written testimony on this important issue for Oregon Business & Industry members. OBI is Oregon's most comprehensive business association representing approximately 1,600 businesses that employ nearly 250,000 people. We represent multiple sectors and serve as the state's Retail and Manufacturing Councils.

OBI recognizes that climate change is real, and the business community plays an important role in leading a lower-carbon economy and we support state greenhouse gas emissions reduction policies that:

- Result in actual global greenhouse gas reductions
- Are not used as a general revenue source
- Are focused on positive environmental and economic outcomes
- Are fair and affordable for all Oregonians
- Do not result in a competitive disadvantage to Oregon businesses
- Do not focus on a single sector of the economy
- Address the unique challenges of Oregon's diverse business sectors
- Are commensurate with the state's emissions relative to global emissions and goals
- Nurture Oregon-based innovation
- Include adaption and mitigation strategies for long-term planning
- Provide regulatory and compliance certainty for businesses

As an organization, we have been consistent in advocating for climate policies that carefully balance the economic impacts with the environmental benefits of a transition to greater reliance on clean and renewable energy resources.

OBI does not believe HB 3180 will result in accomplishing our policy principles and we must, therefore, oppose the proposed amendments being contemplated by the committee. Both the -1 and -3 amendments propose opening up the Renewable Portfolio Standards enacted in 2007 and expanded by SB 1547 in 2016 and would impose stringent new limitations on hydro power as a qualifying electricity.

The bill assigns costly energy procurement mandates that would force utility customers to pay millions more for the transition to clean energy, benefitting developers at the expense of Oregon investor-owned utility customers including the state's businesses. The investments required in HB 3180 – as advertised by the bill sponsor at \$2 billion by 2030 – would result in doubling electricity costs for ratepayers. It is essential that we avoid sudden and steep increases in rates that would negatively impact customers, who will ultimately foot the bill for these policy decisions. Electricity rate increases would be extreme under the bill's framework and the cost caps offer little protection to electricity consumers.

Another concern is that this bill diminishes the value of our region's abundant hydro resources. Utilities across the Northwest, both publicly and privately owned, rely on hydropower as a critical resource to ensure low costs, reliability, and help with the integration of intermittent renewable resources. HB 3180 cynically penalizes this available resource in order to promote more new solar power development than is necessary. It would be a disservice to customers to significantly limit utilizing the full potential of the Pacific Northwest's hydro system, which is a safe, clean, and non-emitting source of electricity in order to force the procurement of resources that are not necessary to serve Oregonians.

In the big picture, we need to pay careful attention to resource adequacy as policy decisions are made about various energy resources. There are numerous policy efforts in the region that will affect resource availability across the region in the coming decade. We must be aware that these policies are connected and could result in a net decrease in energy adequacy.

Protecting electricity customers from major rate hikes requires that all lowest-cost options are on the table and available for clean electricity generation including hydro power. We urge the committee to oppose the extreme impacts on electricity customers that would result from HB 3180. It is an unnecessary and expensive mandate that is bad for Oregon's energy consumers and businesses.

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