



AWEC
ALLIANCE OF WESTERN
ENERGY CONSUMERS

To: Chair Marsh & Members of the House Environment and Energy Committee

From: J.L. Wilson, representing AWEC

Date: April 7, 2021

Re: AWEC Comments on HB 2021 -5 Amendment

Thank you for the opportunity to offer comment on -5 amendment to HB 2021.

AWEC is the trade organization for the large ratepayers of Oregon's electric and natural gas utilities, primarily in manufacturing, high tech, and agriculture.

AWEC was not "at the table" for the development of the -5 amendments, which is strange given that our members are the largest ratepayers in the system. We received the -5 amendment along with the general public yesterday afternoon. We noted that many who testified to and seemed to have advance knowledge of the -5 amendments were those with a financial interest in their passage.

As an organization, we analyze legislation such as HB 2021 through the lens of affordability and reliability. Affordability is important to us because our members compete on the national and global stage. Our energy costs are in the *millions* of dollars and is often our members' largest business input cost other than labor. Reliability is also our primary focus as our members cannot afford interruptions in service.

Had we been part of the crafting HB 2021 -5 in our capacity as the largest ratepayers, we would have advocated for our members on the following:

- **Section 6.** AWEC would like to see consideration of any cost shifts to our members stemming from the newly formed Community Benefits and Impacts Advisory Group. Section 6 allows IOU's to recover the costs of this group – costs that are largely undefined.
- **Section 10.** The cost cap is similar in structure the previous version of HB 2021, though now it doesn't specify the categories of costs that can be considered to contribute toward the cap. Instead, an IOU just needs to show that an investment or cost "contributes to compliance" with the clean energy standards. That could be read broadly.
- **Section 14.** This section authorizes the OPUC to identify any costs incurred by an IOU for obligations that are not similarly imposed on an ESS associated with the clean energy standards of the bill, and apply those costs to direct access (DA) customers as if they were cost-of-service (COS) customers of the IOUs, regardless of whether DA customers see any benefit from the cost

in question. The IOU's are well aware of our opposition to this language as it has been a point of contention in several bills this session.

AWEC is fine with DA customers paying for costs for programs they benefit from, and even with DA customers contributing to public policy costs from which no customer class benefits to a greater degree than any other class, but we don't agree with blanket language that treats DA customers like COS customers regardless of the nature of the cost. This is anti-competitive language.

- **Section 20.** The community green tariff section requires participating customers to pay for the "above-market" costs of the green tariff resource, but allows the utility to socialize the remaining costs among all other customers so long as it can show that it either has an energy or capacity need or it will use the resource to meet the RPS. There are some issues here. First, there's no requirement that the resource meet an energy or capacity need in a least-cost, least-risk manner, only that it meet the need. AWEC members would end up paying for a higher cost resource than they otherwise would have. Second, HB 2021 -5 does not include a least-cost, least-risk requirement if the utility proposes to use the resource to meet the RPS, and since it's a "green tariff" resource, it appears that any relevant resource would meet this criteria by definition, regardless of cost.
- **Section 28; Reliability exceptions for Natural Gas ban.** There should be at least some reliability exceptions to the natural gas ban. There should be safeguards in place to ensure there is always adequate baseload generating capacity to meet the needs of our economy and households. AWEC members cannot successfully compete in a global economy if they are experiencing service outages and disruptions from renewables that may prove unreliable.

Likewise, Oregon residents are probably not ready for public affairs campaigns from their state government – such as what is happening currently in California (energyupgradeca.org) – asking its residents to "power down" in order to make sure there is enough renewable energy for everyone.