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MEMORANDUM

To: HB 2063 File

From: Sarah Esterson, Senior Policy Advisor

Date: 17 February 2021

Re: House Committee on Energy and Environment

Intro:

Good afternoon.

Chair Marsh, Vice Chair Helm, Vice Chair Brock Smith, Members of the Committee, for the record, my name is Sarah Esterson, Senior Policy Advisor for the Oregon Department of Energy Siting Division.

I am before you today to provide an overview of HB 2063 which relates to Energy Facility Siting Council's – or EFSC - jurisdictional authority for utility-scale standby generators.

EFSC statutes define standby generators as those that can generate 25 MW of electricity or more, and that are incapable of interconnecting to the grid. In other words, these are generators that operate for short-duration, emergency purposes such as a power outage. Based on coordination with Oregon Department of Environmental Quality (DEQ), we know that standby generators in Oregon that meet this definition are those that predominately operate in support of regional data centers and the semiconductor industry and are located in industrial zoned areas.

Standby generators are exempt from site certificate requirements. However, statute currently obligates developers, owners, and operators of these standby generators to seek a formal site certificate exemption determination from EFSC.

These standby generators must be constructed and operated under the requirements of a DEQ-issued air permit, which regulate and enforce operating and emission limits, the primary environmental impact from this type of facility. An air permit issued by DEQ also requires a

Land Use Compatibility Statement from the affected local government, which incorporates an evaluation of consistency and compliance with applicable local requirements.

The statutory requirement for developers, owners and operators to seek an exemption from EFSC is viewed as a procedural step that offers minimal, if any, value from a process, public, or environmental perspective. This is because the public process and environmental impacts associated with a standby generator are provided and addressed through DEQ's air permitting program and the applicable local land use process.

The purpose of the bill is to eliminate this redundancy in permitting. Standby generators already must receive Air Contaminant Discharge permits from DEQ, which limit operational hours to minimize air pollution emissions, and applicable local government permits; it is unlikely that there are other environmental issues that would be addressed via the EFSC review process given the type and location of these projects in industrial zoned areas.

The change would support both efficiency and cost savings goals. Costs savings are to the developers of standby generators, which are required to pay a flat fee at the time of a request for exemption plus any additional costs borne by the Siting Division and EFSC in reviewing and processing. It would also eliminate the need for staff to spend time processing applications for exemption, where little if any substantive evaluation would result.

That concludes my testimony and I would be happy to answer any questions.