

Chair Lieber & Members of the Senate Energy & Environment Committee
900 Court Street NE
Salem, OR 97301

RE: Opposition to SB 1518

Good afternoon, Chair Lieber, Vice-Chair Findley, and members of the Committee. My name is Nels Johnson. I'm the State and Federal Affairs Manager at NW Natural. Unfortunately, we are here today in opposition to SB 1518. We agree with proponents of the need to continue pushing towards net zero, but believe this bill is not only complicated and convoluted but could end up slowing down the work to reach net zero.

Oregon should be proud of how efficient our energy code is. In a recent report to the Legislature updating progress on implementing Governor Brown's EO 20-04, the Building Codes Division (BCD) said that it, "has worked with its advisory boards to adopt some of the most energy efficient building codes in the country." Governor Brown has issued two executive orders in the past few years directing BCD to increase the energy efficiency in the baseline code. That work, though ongoing, isn't scheduled for completion until 2030. Oregon is leading the way on getting the best energy efficiency requirements into its building codes. Unfortunately, SB 1518 could undo a lot of that work. Because Oregon already has one of the most efficient codes in the country, at some point BCD could need to slow down the development of the baseline code to ensure there is enough headroom for a reach code. That means all Oregonians could bear the burden of slowing down the development of the baseline building code so that some jurisdictions can adopt a reach code as mandatory.

According to the PUC, SB 1518 will likely increase utility rates for all customers of PGE and PacifiCorp to pay for additional energy efficiency measures required in cities that adopt the Reach Code. Currently, the Energy Trust of Oregon (ETO) does not provide these energy incentives to help meet standards mandated by code. This bill would be a policy shift, in requiring the same incentives even though compliance with the code would be mandatory. That means if Portland were to adopt a mandatory reach, utility customers in places like The Dalles and Pendleton would likely see their rates increase. This raises a question about equitable distribution of funds by the ETO across entire IOU service territories.

Finally, creating a dual track system for building codes would fundamentally shift the way both the reach and baseline codes are developed. It would also require the creation of another tier of licensing, inspection, training, bonding and insuring among other things. The more precise way to

get to a net zero building code is simply to write a bill to that effect, rather than setting up an unnecessarily complex dual code system.

For those reasons we believe SB 1518 isn't ready and is still filled with too many unintended consequences. We urge you to oppose the bill and instead direct stakeholders to form a work group in the interim and come to consensus around how to get to net zero.

Thank you for your time.

Respectfully,

Nels Johnson
State & Federal Affairs Manager
NW Natural