



Oregon Citizens' Utility Board

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To: House Committee on Environment and Natural Resources
From: Bob Jenks, Executive Director & Jennifer Hill-Hart, Policy Manager
Oregon Citizens' Utility Board (CUB)
Re: Support for SB 1518 (Reach Code bill)

The Oregon Citizens' Utility Board (CUB) represents ratepayers in utility regulation and policy matters. CUB ensures utilities' rates and investments are fair to residential customers. We believe energy efficiency is key to protecting ratepayers from high utility bills because the cheapest kilowatt hour is the one you do not have to produce in the first place. SB 1518 will reduce energy costs for all customers and leave communities better prepared for extreme weather events. CUB submits this written testimony supporting SB 1518.

SB 1518's energy efficiency measures reduce energy costs for all utility customers, now and in the future. The Reach code will reduce energy generation required to heat, cool, and power buildings, which lowers ratepayers' monthly bills. Buildings are the largest users of peak energy, particularly in winters and summers when consumer demand is greatest. With increasing incidents of extreme temperatures, peak loads are growing in frequency and intensity. Reducing peak demand yields less sudden changes in energy consumption and puts less strain on utilities to meet their needs, which decreases customer costs. Many buildings built without higher efficiency standards will need to be retrofitted later. This can be very expensive. SB 1518 would reduce energy costs for all customers and leave communities better prepared for extreme weather events.

SB 1518 will not increase rates for all customers of Portland General Electric (PGE) and PacifiCorp. Yesterday, NW Natural (NWN) testified that the Oregon Public Utility Commission (PUC) claims SB 1518 will likely increase utility rates for all customers of PGE and PacifiCorp. We disagree. We think NWN is misrepresenting the PUC's position. The PUC's letter states that the budget for new building energy efficiency incentives will go up under SB 1518. We agree, but notably, the PUC also clearly states that "the increased incentives would help reduce overall energy usage and benefit all customers" and that passage "of SB 1518 will increase the amount of energy efficiency these measures would obtain, thus providing value to all utility customers that pay for these incentives."

The costs for energy efficiency incentives are charged to customers, but the primary cost that drives utility rates higher is acquiring resources to meet peak summer and winter loads. Utility planning focuses on ensuring the utility has adequate supply to meet its peak load which is driven by the need to heat buildings in the winter and cool buildings in the summer. By focusing on buildings before they are constructed, the Reach code is designed to cost-effectively reduce the need for the utilities to invest in new resources. This puts downward pressure on rates.

CUB supports this bill. We believe it will lead to the acquisition of additional cost-effective efficiency which will benefit utilities and their customers. CUB believes that it is likely that overall costs will be lower if SB 1518 passes than if it does not pass. CUB urges this Committee to vote "Yes" on SB 1518.