



NORTHERN WASCO COUNTY PEOPLE'S UTILITY DISTRICT

Testimony of Kurt J. Conger

Before Oregon State Legislature

House Committee On Climate, Energy, And Environment

On the Matter of Measure HB 2816

Hearing Date: February 22, 2023

Chair Marsh and members of the House Committee On Climate, Energy, And Environment.

I am Kurt Conger, Assistant General Manager and Director of Power Resources at Northern Wasco County People's Utility District – a consumer-owned utility that serves more than 10,000 customers in Wasco County, OR. The District is a nonprofit utility, but unlike many other utilities, it does not develop generating resources for sale in wholesale power markets.

I have worked in power policy and planning since graduating from engineering school in 1982, holding positions at the Federal Energy Regulatory Commission and on American Public Power Association staff and North American Electric Reliability Corporation technical committees. As a member of the GridWest Coordinating Team, I developed and ran power system simulations of the western interconnection to test market structures and identify grid vulnerabilities.

I have personal and professional concerns for the environment and mitigation of the causes and effects of climate change. We face unprecedented challenges in this century.

That said, electric utilities also have an obligation to provide **affordable** and **reliable** electric power to all customers – and for Northern Wasco that includes data centers and other industries that are critical to the local, regional and global economy.

In the future our consumer-owned utility faces growing demands from electrification of transportation, building heating and air conditioning, and other facets of the economy being transformed to clean energy. This requires that the District find power generating resources that are available and reliable to serve these growing needs – 24 hours per day, 7 days per week, all year long.

Demand for electrical energy is increasing while supply sources have been decreasing – particularly for winter peaking and nighttime loads. While this region is endowed with world-class, carbon-free hydroelectric resources, some parties have cast doubt on the future of these resources. I acknowledge that there are significant discussions about new types of carbon-free resources, but today, regional reliability depends heavily on natural gas fired generation during many hours of every year. No provision is made in the proposed legislation to ensure regional reliability if the industry must rely on emitting resources beyond the compliance deadlines in HB 2816.

The proposed legislation is entirely contrary to good utility planning practices and processes. Utilities must consider the possibility for unintended consequences – we must look before we leap. Hope cannot be the plan.

Against this supply and demand planning backdrop, the legislation proposes arbitrary and severe penalties (\$12,000/MWh) that are over 150 times the current cost of energy in Northwest markets. The proposed penalties have no relationship to any cost metric that I am aware of.

Even more concerning, the proposed penalties do nothing to help Oregon transition away from fossil fuels. This bill contains severe penalties while offering affected businesses no commercially mature pathways for compliance, or solutions to tackle the significant barriers that prevent more clean energy from powering the grid.

I have very serious concerns about the impact this will have on local economic development. If we implement harsh financial penalties while providing those impacted with no way to avoid them what will happen? Will they leave? And does this expose utilities to extraordinary stranded cost risks?

People's Utility Districts object to taking away local control from their elected governing boards, thereby limiting the ability of the community to make its own

decisions about future power supply resources needed for low-cost, reliable service that is ideally, carbon free.

And for the “persons” directly affected by this legislation – our customers – the proposed legislation represents undue discrimination against Consumer Owned Utilities and their customer classes. Should we speculate what industries will be targeted next?

Members of the Committee, I urge you to please oppose HB 2816 because it is bad energy policy for nonprofit utilities, it raises significant reliability concerns, and it will hurt economic development in communities that need it most.

Thank you for this opportunity to testify. Let me know if you have any questions.