



March 1, 2023

TO: Members of the House Committee on Climate, Energy and Environment

FR: Sharla Moffett, Oregon Business & Industry

RE: HB 3152

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI opposes HB 3152, which would have several negative impacts to state energy policy.

The basic problem is that HB 3152 moves away from a long history of the Public Utilities Commission being an economic regulator while also taking a fuel neutral approach. The state currently has multiple agencies tasked with environmental policy and regulation. It is unclear what regulatory gaps remain that have not already been filled by the Department of Environmental Quality and the Department of Energy. Policy implementation works best when agency directives are clearly defined and agencies work together in harmony. By changing the PUC's mission, there is real concern that no agency will be focused on the economic impacts on ratepayers.

Moreover, the bill would eliminate incentives supported by ratepayers to upgrade to high efficiency natural gas appliances. Many households, especially low-income households, need incentives to maximize the value of their existing natural gas infrastructure to increase energy efficiency. Providing incentives for low-income customers means they use less energy, and therefore is a way to reduce their utility bills. This bill would take away that choice, since it would prohibit the use of ratepayer funds to incentivize or subsidize the purchase or installation of gas appliances by residential customers.

HB 3152 would also eliminate natural gas line extensions utilizing ratepayer funds. Gas line extensions are an extraordinarily complex issue, the Public Utilities Commission possesses the expertise necessary for carrying out this work. The Legislature should leave these determinations to the agency with the technical expertise needed to do this.

The bill would place the Public Utilities Commission in a position of acting as environmental regulator rather than economic regulator. Oregon has robust regulatory requirements, but we're finding increasingly that the layering of rules can create regulatory conflicts for both regulators and regulated entities during implementation, which results in delays and added costs. The roles of the PUC and DEQ should be clearly defined, so each agency stays in its lane. Jurisdictional overlap rarely results in positive outcomes.

We urge the committee to oppose HB 3152 as written.