



March 17, 2023

Chair Janeen Sollman
Vice Chair Lynn Findley
Senate Committee on Energy & Environment
900 Court Street NW
Salem, Oregon 97301

RE: Concerns with SB 868, Relating to resilient efficient buildings.

Dear Chair Sollman, Vice Chair Findley, and Members of the Committee:

Oregon Municipal Electric Utilities Association (OMEU) is made up of eleven municipally owned and operated electric utilities. The Oregon People's Utility District Association (OPUDA) includes all of Oregon's six PUDs. The Oregon Rural Electric Cooperative Association (ORECA) represents 18 electric cooperatives. As consumer-owned utilities (COUs) we are directly accountable to the people we serve through our city councils and local governing boards. Our rates are not-for-profit and set to cover the costs of service, not to earn a rate of return for investors.

COUs appreciate the sponsors' interest in ensuring that Oregon is poised to take advantage of the new funding coming from the Federal Inflation Reduction Act (IRA), specifically the Homes Energy Performance-Based, Whole-House Rebates (HOMES) and the High Efficiency-Electric Home Rebate (HEEHR) programs.

However, Sec. 4 of the -1 amendment calling on the Oregon Department of Energy (ODOE) to work with other designated STATE agencies to create a program that serves as a one-stop resource related to energy efficiency upgrades, whole home renovations and heat pump technologies seems to ignore the effective channels that are currently used to deploy energy efficiency in Oregon today. We recommend an amendment to require collaboration with COUs and other entities currently delivering energy efficiency.

We are not convinced that a statewide program is the right solution, and it would be unfortunate to lock something into statute that is overly complex, duplicative, or may not work. However, we are committed to working with the sponsors to develop an approach that realizes the vast existing utility network that is already in place. We need to talk about how to leverage existing channels for deployment and consider how best to partner with the State—with our shared aim of enhancing deployment of Federal EE throughout the state of Oregon.

COUs get most of our power supply from the Bonneville Power Administration (BPA). As required by the Northwest Power Act, BPA must acquire all cost-effective conservation before buying the output of any new power plants. The Northwest Power & Conservation Council develops a 20-year, least-cost power plan which sets targets for energy efficiency. Based on this

plan, BPA establishes a public power conservation target that must be met through the implementation efforts of the region's COUs. Our ratepayers fund these conservation programs as part of our BPA power rates. Selecting from a menu of measures meeting specifications approved by BPA, each COU offers incentives tailored to local needs and designed to achieve the greatest energy savings.

COUs have successful and robust energy efficiency (EE) offerings. We make our existing EE programs very easy for customers to access. For low-income customers, often 100% of the costs are paid. We'd be concerned about a top-down approach that might impose new hurdles to take advantage of additional Federal incentives. We want to retain a simple, seamless process.

While we are awaiting Federal guidance from USDOE and considering how best to tap into these new funding opportunities, COUs want to ensure that whatever mechanisms are used can be easily layered with existing local programs. For example, in COU territories, we will need to ensure that there is bidirectional communication about the specifications for eligible efficiency measures so that IRA-funded measures can also count toward BPA's conservation target and, based on savings achieved, be factored into future calculations of the region's conservation target. As stewards of public and ratepayer funds, we will also want to avoid recipients being awarded more than 100% of total project costs through the combining of incentives. Based on Federal incentives, COUs may want to pivot our ratepayer-funded EE offerings to cover efficiency measures that may not be addressed by the Federal programs.

We are beginning conversations on this topic with our utility EE experts, BPA, the Energy Trust of Oregon, and others. At this stage of program implementation, there are many unknowns. However, COUs pledge to develop an approach that can work for all of Oregon.

In addition to ensuring collaboration with COUs, we are concerned about how the substantial new roles for ODOE in SB 868 and the other Resilient Efficient Buildings Task Force bills will be funded. The bulk of ODOE's funding comes from an energy supplier assessment (ESA), which all of Oregon's energy suppliers pay. ESA costs are then passed on to our electric ratepayers. We urge the committee to remember that ESA funding has a direct impact on energy burden and the affordability of electric rates. We want to ensure that appropriations to the Energy Efficient Technologies Information & Training fund is not funded with ESA dollars.

Thank you for your consideration.

Jennifer Joly, Director, Oregon Municipal Electric Utilities Association jenniferjoly@omeu.org

Ted Case, Executive Director, Oregon Rural Electric Cooperatives Association tcase@oreca.org

Danelle Romain & Mike Freese, Lobbyists, Oregon People's Utility District Association
dromain@RFlawlobby.com mfreese@RFlawlobby.com