



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: March 20, 2023

Chair Marsh and members of the House Committee On Climate, Energy, And Environment.
Thank you for this opportunity to testify.

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 electric utilities, it does not develop generating resources for sale in wholesale power markets. The District purchases energy for all of its customers ensuring reliable service 8,760 hours per year based on their actual power demand.

Electric utilities 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 contract for power producing resources that are available to serve these growing needs – 24 hours per day, 365 days per year – that is 8,760 hours for most years. Anything less can result in penalties by BPA and damages claimed by the receiving parties.

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 governmental and non-governmental parties have cast doubt on the future of these resources and advocate for their removal. Removing carbon-free energy from the region is inconsistent with decarbonization objectives.

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. The Dash 3 amendments give a nod to regional reliability if the industry must rely on emitting resources beyond the compliance deadlines in HB 2816. But two state

agencies charged with decarbonization of the industry are hardly the right choice for making regional reliability determinations.

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

I also have very serious concerns about the impact this will have on local economic development. If we implement harsh financial penalties on the “persons” served by the District while providing those persons impacted with no way to avoid them what will happen? They will leave and expose utilities to extraordinary stranded cost risks.

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? Modern industry relies on electrical energy 8,760 hours per year. Jobs are created by these industries.

Later this year, the District will welcome proposals by creditworthy sellers that offer electrical energy meeting the 8760 requirement. Proposals must address damages for seller defaults that may include penalties for failing to deliver energy during any hour of the year or State imposed fines contemplated by this legislation.

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 and legal 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.