

Oregon Regional Energy Market Update

Support for SB 1581-1

About SB 1581-1:

SB 1581-1 requires an investor-owned utility (IOU) that sells over 2 million MWh of electricity a year to provide an annual update to the Legislature on the steps, including any plans or preparation, that the IOU has taken or is taking towards joining a regional energy market.

Decisions about Oregon's participation in regional energy markets are in the hands of balancing authorities, regional utilities, and the Federal Government. While there is no formal role for the State Legislature in this process, it is important for the Legislature to stay apprised of ongoing discussions.

As many regional utilities in the West are already signaling their intent to join a market, a reporting requirement as described in SB 1581-1 will keep the Legislature informed on how the Oregon electric utilities are considering these developments and help inform where legislature support and action might be needed for these utilities in the future .

Background: What are Regional Energy Markets?

A regional energy market, such as a Regional Transmission Organization (RTO) or Independent System Operator (ISO) is a regional wholesale electricity market that operates as a single region-wide balancing authority, transmission operator, and interconnection and transmission service provider.

Regional energy markets provide opportunities that can maximize benefits to customers through energy cost savings and reliability, and allow Oregon to better prioritize decarbonization through access to geographically diverse, non-emitting energy resources.

Six states in the Western US, including Oregon, have passed 100% clean energy mandate laws. These laws require that by 2040-2045, 100% of the electricity used to serve customers comes from non-fossil fuel generating resources. The Western US has access to a number of non-emitting energy resources, with wind, solar and hydroelectricity making up the bulk of the clean generating resources. While these non-emitting energy resources are abundant in the West, they are not flexible in their geographic location. Currently, there are seven RTOs across the nation.

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To fully maximize these resources, the Pacific Northwest would greatly benefit from joining a regional energy market with one set of governance rules, one methodology for tracking and accounting for greenhouse gas emissions, and a single transmission tariff to accomplish this.

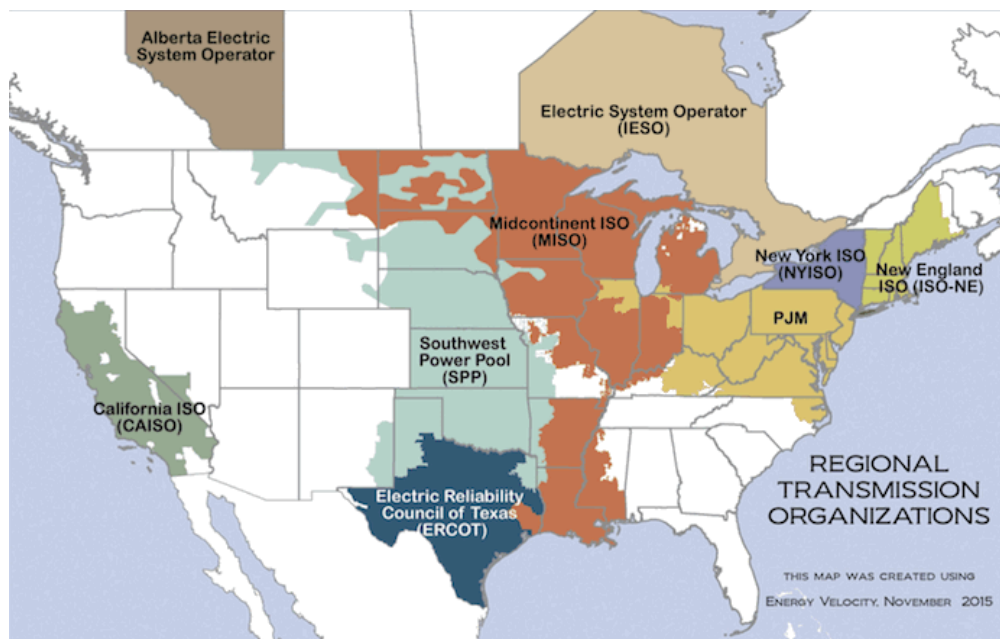


Figure 1. Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) in the US

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