PUBLIC POWER OMEU

OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION

November 17, 2025

Representative John Lively, Chair
House Committee Climate, Energy & Environment
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

RE: **Oregon Municipal Electric Utilities Association Testimony on ODOE Energy Strategy**

Dear Chair Lively, Vice-Chair Gamba, Vice-Chair Levy and Members of the House Committee on Climate, Energy & Environment:

Introduction.

My name is Jennifer Joly, and I'm the Director of the Oregon Municipal Electric Utilities Association (OMEU). OMEU is made up of eleven municipal electric utilities in communities throughout the state.

Because our utilities have no shareholders and are providing power at cost, we have priority access to federal power from the Columbia River Power System. While it can fluctuate depending on the water year or operations for fish mitigation, on average our power is 95% carbon free today.

I want to thank Chair Lively for his willingness to hear from a few of the stakeholders that participated in ODOE's Energy Strategy process.

ODOE Acknowledgement.

Additionally, I also thank Director Benner and Edith Bayer for their engagement with our utilities during the development of the strategy. Despite our dissatisfaction with the final strategy, we did have several opportunities to engage and provide feedback. I have attached public power's detailed comments to ODOE's initial draft with this testimony for those who may be interested.

Shortcomings in the Strategy Approach.

ODOE was given an assignment by the Legislature in HB 3630 to develop a comprehensive state energy strategy that identifies optimized pathways to achieving the state's energy policy objectives. ODOE took a pretty narrow view of their assignment—really focusing on how best to achieve objectives that the legislature and Governor—through Executive Order—have already set out. In our view, they did not really step outside and evaluate how those policies are working to solve not only for clean energy, but also for affordability and reliability. We need to ensure that our clean energy objectives stay in balance with affordability and reliability.

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ODOE may have felt that their hands were tied given their legislative directive, but we have a lot of concern with the static view of the state's policy objectives and timelines. Every credible load forecast points to extraordinary electricity demand growth over the next decade. The strategy, however, points to more electrification without enough meaningful discussion of some of the tough changes that will be required to get there as quickly as we need to. We are not going to meet the scope and scale of the challenges through tools like conservation, demand response, and microgrids.

Hydropower.

In performing modeling for the strategy, the consultant assumed existing Columbia River Power System operations. This is a significant acknowledgement that the federal hydro system is the backbone of Oregon's—and the Northwest's—clean energy future. Hydro is the cleanest, most reliable dispatchable generation resource – increasingly valuable to the state and our economic future.

Yet, the State of Oregon is systematically stripping away our most important clean energy resource. Without any consultation with COUs, ODOE's team informed us that Governor Kotek decided to return to federal court and lift a stay on hydropower litigation. The latest injunction filing calls for around-the-clock spill and severe reservoir operating restrictions at the Columbia and Snake River dams.

There is no mention of this litigation to hobble the hydro system in the Energy Strategy, but if Oregon succeeds:

- Natural gas will have to step in as BPA makes market purchases to replace clean hydro.
- Less hydro will be available for the integration of wind and solar generation—which the Governor recently issued an Executive Order to accelerate.
- The risk of reliability events will increase.
- And, in this time of growing concern about affordability of electric bills, it will add hundreds of millions in costs to ratepayers.
- And these are only some of the *energy* implications.

We sincerely hope Oregon wakes up. We encourage the committee to read the recent opinion piece by former Congressman Peter DeFazio about the importance of Oregon changing course. I have included it with my testimony. COUs deserve equitable access to decision making processes that impact our ability to keep the lights on.

We need to be adding resources, not subtracting. California is figuring this out and has developed a strategic reliability reserve to help cope with peak demand events. (See attached comments from the Public Power Council.)

Energy Supplier Assessment.

Finally, I would be remiss if I failed to mention that with pressure on the State General Fund, we are very concerned about potential fund shifts to the Energy Supplier Assessment, which must be passed on to our ratepayers.

Many elements of the strategy call for the state to assume funding for programs that the Federal government has declined to continue. Those suggestions seem pretty unrealistic. We suggested that the agency pick their top three priorities in the strategy for policymakers. Instead, they narrowed it down to thirteen but still think you should get to all forty-two within four years.

We are concerned with this huge laundry list of forty-two actions—largely ODOE assignments—without any identified revenue sources. Hopefully, the Legislature will step in and develop a more pragmatic and targeted approach.

Thank you.

/s/ Jennifer Joly
Jennifer Joly, Director
Oregon Municipal Electric Utilities Association

Attachments:

- Seattle Times Editorial by former Congressmen Peter DeFazio and Norm Dicks, *Future of Clean Energy and Salmon Depends on Collaboration, Not Courts*
- Joint COU Comments on ODOE's Draft Energy Strategy
- Public Power Council's Comments on ODOE's Draft Energy Strategy

The Seattle Times

Future of clean energy and salmon depends on collaboration, not courts

Nov. 14, 2025 at 8:00 am | *Updated Nov. 14, 2025 at 8:00 am*

Hydropower is a cornerstone of the Northwest's clean energy future, write the authors. Pictured is water flowing through the fish ladder at the Bonneville Lock and Dam on the Columbia River. (Erika Schultz / The Seattle Times, 2024)

By Peter DeFazio and Norm Dicks

Special to The Seattle Times

When President Franklin Roosevelt dedicated the Bonneville Dam in 1937, he called it a “yardstick for the future” — a promise that the Pacific Northwest could generate clean, affordable power for all. Nearly nine decades later, that promise endures. Hydropower remains the beating heart of our region’s clean energy system, providing reliable, carbon-free electricity to millions of homes and businesses.

It’s a legacy rooted in bipartisan support. Presidents, governors, and leaders of both parties have long recognized that hydropower is essential to the Northwest’s prosperity and remains the foundation of state climate policies. During our time in Congress, we were part of a bipartisan coalition strongly committed to policies and public investment to protect and grow our cherished salmon populations while supporting hydropower.

Today, we face a challenge that demands the same spirit of collaboration and balance: how to ensure salmon and a strong hydropower system can share healthy rivers. That challenge should be met through thoughtful, inclusive dialogue that brings our region together.

We’re making progress. Billions of dollars of electric customer investments in science-driven habitat restoration and fish passage, and partnership with federal, state and tribal governments are leading to meaningful results for fish, clean energy and communities. Salmon and steelhead returns are increasing. We need to continue to learn and build on our successes.

As former members of Congress representing Washington and Oregon, we’ve seen firsthand that lasting solutions emerge when states, tribes, farmers, utilities and conservationists work together. Yet despite clear progress, the conversation around salmon recovery has too often turned to litigation or decision-making behind closed doors rather than collaboration.

Having spent decades working in Pacific Northwest politics and policy, we know that fighting is sometimes the only option. Now is not that time.

As we confront the challenges of climate change and the energy transition required to address it, fractured decision-making wastes time, erodes trust and jeopardizes the future of this vital system that millions of people depend on every day.

Instead of channeling energy into lawsuits, we're calling on Washington Gov. Bob Ferguson, Oregon Gov. Tina Kotek and other leaders to channel their energies into pragmatic partnership rooted in science and progressive values.

Hydropower is a cornerstone of the Northwest's clean energy future. As our states strive to meet ambitious climate goals while serving dramatically increasing electric usage, we cannot afford to sideline the single largest source of renewable energy in our region. At the same time, we must remain steadfast in our commitment to healthy salmon runs — vital to tribal cultures, commercial and recreational fisheries and the ecological fabric of the Pacific Northwest.

Fortunately, this is not a zero-sum choice. Modern technologies and collaborative management are proving that we can support both fish populations and reliable, affordable hydropower. State-of-the-art fish passage technologies, science-driven hatchery programs and habitat restoration projects are yielding measurable results. We have more work to do together. Continued innovation and cooperation, not conflict, will drive the next chapter of progress.

We urge the governors of Washington and Oregon to lead together in that spirit, set aside costly litigation and instead convene an inclusive forum for science-based public policy and innovative solutions that address today's realities. This governance will build on decades of progress, help mitigate rising electricity costs and ensure the Columbia Basin remains a vital, connected landscape for all who depend on it.

Northwest families, workers and communities want leaders who can protect salmon and keep energy affordable. Endless litigation does neither. This moment calls for courage — the courage to unite rather than divide and to act not out of ideology but out of responsibility to future generations.

President Roosevelt envisioned a public power system that would empower the people of the Northwest for decades to come. Today, that vision depends on leaders willing to

honor both the power of the river and the life within it. The salmon and the people of our region deserve nothing less.

***Peter DeFazio**: a Democrat, represented Oregon's 4th Congressional District from 1987 to 2023.*

***Norm Dicks**: a Democrat, represented Washington's 6th Congressional District from 1977 to 2013.*

Latest in Opinion

September 22, 2025

Ms. Edith Bayer
Energy Policy Team Lead
Oregon Department of Energy
550 Capitol Street NE, 1st Floor
Salem, OR 97301

RE: Public Power Comments on Draft ODOE Energy Strategy

Dear Ms. Bayer:

The Oregon Rural Electric Cooperative Association (ORECA), Oregon People's Utility District Association (OPUDA), and the Oregon Municipal Electric Utilities Association (OMEU) represent the state's thirty-six not-for-profit consumer-owned electric utilities (COUs), whose governing boards are democratically elected. We serve roughly one million customers throughout the state and, in fact, are the geographic majority of Oregon. We provide power at cost for the benefit of our customers. Affordability, reliability, local control, and support for clean renewable hydro as our primary source for electricity are foundational elements of public power in Oregon and throughout the region. The Public Power Council (PPC) represents COUs in Oregon and throughout the Pacific Northwest.

We collectively submit these written comments on ODOE's recently released draft of the Oregon Energy Strategy.

<u>Oregon Consumer-Owned Utility Key Areas of Focus</u>

The State Energy Strategy must include:

1. Acknowledgement of the critical role that existing hydropower plays in ensuring grid reliability and affordability while also achieving clean energy goals.
2. Realization that with energy demand increasing upwards of 30% in the next decade, additional firm, dispatchable generation resources are mandatory to continue operating a reliable, affordable electricity grid—especially during system peaks.
3. Stronger recommendations to allow the development of Small Modular Reactors (SMRs) in Oregon where they make sense.
4. Prioritized recommendations and a commitment to ensuring any future ODOE work for strategy updates, surveys, studies, and reports are not funded by the Energy Supplier Assessment (ESA), which must be passed on to utility customers.

5. Recommendations reflecting the critical role energy plays in making Oregon an affordable and attractive place to live and do business.

Process

Oregon's COUs had only two seats on the Energy Strategy Advisory Group, despite serving the geographic majority of Oregon.[1] We were diligent in submitting comments at appropriate times and providing verbal feedback during Advisory Group meetings and throughout the strategy development process. Unfortunately, our concerns and suggestions have been largely ignored. Several of the comments below reflect previous joint comments submitted earlier this year.

Hydropower

Of all the feedback we have provided that has been omitted, most egregious has been our continual insistence that the State more strongly acknowledge that hydropower plays a vital role in electrifying the geographic majority of Oregon – including rural, low-income, Tribal, and underserved communities. In fact, rather than acknowledge this, the State of Oregon is doubling down and again filing suit to reopen longstanding litigation aimed at eliminating, or significantly curtailing, key portions of the Federal Columbia River Power System (FCRPS). This action risks the reliability and affordability of Oregon's electric grid and represents a total affront to the roughly one million Oregonians served by COUs.

While it is outside the scope of the energy strategy to delve into salmon and wildlife concerns, it is important to recognize that our hydropower system and fish can and do successfully co-exist. Bonneville ratepayers have funded state-of-the-art fish passage technology on the Lower Snake River dams. At Lower Granite Dam, average salmon and steelhead returns have more than quadrupled over the past 15 years compared to the dam's first year of operation (1975).[2](Lower Granite is the most upstream of the federal dams on the Lower Snake River.)

The State will never reach its clean energy goals without the dispatchable, base-load electricity from the FCRPS. Generation resources like solar and wind are useless if they are not supported by baseload generation like that provided by the dams of the FCRPS.

There is a passing reference in the strategy that one-third of Oregon's energy is provided by hydropower. However, there is no context to explain the significance of the FCRPS in comparison to the amount of power provided by intermittent renewables like wind and solar. Nor is there an explanation that for COUs, over 90% of our energy is provided by hydropower.

[1] See attached BPA map.

[2] According to fish counts compiled by the University of Washington's Data Access in Real Time (DART)

Significantly, the modeling for the Strategy assumes the future existence of all of the federal hydroelectric dams on the Columbia and Snake Rivers – a de facto admission that **without those hydroelectric dams, the strategy is unachievable** – even as the state actively litigates to dramatically reduce the hydroelectric benefits of those same dams. Legislators receiving the draft strategy need to understand these assumptions are at odds with the State of Oregon's efforts to breach the Lower Snake River dams—which is never mentioned.

Pathways

The draft Strategy outlines five pathways that readers are advised are not independent areas of activity, but interrelated components of a cohesive strategy. Those pathways provided guidance to ODOE as it developed policy recommendations. Oregon's COUs find the pathways to be lacking two important components:

> **Reliability:** Given its central importance, reliability must be its own pathway rather than a concept that merely is "supported" by other pathways. As increasing electricity demand threatens to outpace the development of new generation, severe droughts and winter storms become more common, and wildfire continues to ravage the state, the reliability of the electric grid has never been more at risk. The strategy must include policy recommendations that pave the way for new generation resources – like SMRs – to be developed to ensure Oregonians' electricity needs are being met.
>
> As noted in previous comments, reliability must be our paramount concern. This requires baseload generation. To avoid blackouts, the State of California has developed a "Strategic Reliability Reserve," consisting of three separate programs meant to serve as an insurance policy safeguarding the electric grid during extreme weather events driven by climate change (e.g. – heat events, wildfires). While this reserve system includes some diesel and natural gas generation to meet short-term emergency needs, it is also "hydrogen ready." The Oregon draft strategy lacks any meaningful discussion about reliability as we work to meet our clean energy future and could benefit from a similar approach. The California approach acknowledges imminent threats to reliability by supporting emergency generation but also provides a glide path to a cleaner future for these resources. Our neighbor has already realized that they cannot sacrifice reliability in pursuit of clean energy ambitions and have taken steps to address both goals in the near and longer term - Oregon must do the same.
>
> **Clean Electricity:** While the draft strategy incorporates a Clean Electricity pathway, this pathway fails to clearly articulate the critical role that existing hydropower resources play in Oregon meeting our clean energy goals. The pathway points to rooftop solar, microgrids, demand flexibility, batteries, and even water heaters as core to the

strategy's clean energy goals. Even when considered cumulatively, these renewable resources are miniscule compared to hydropower. Additionally, many would not be consistently viable without the existing clean energy provided by the FCRPS. Accordingly, the first sentence in the Clean Electricity pathway needs to be advocating for the preservation of existing federal hydropower resources.

Policy Recommendations

The draft strategy recommends several policy actions for consideration by the Oregon Legislative Assembly. Broadly speaking, we appreciate ODOE acknowledging that we can no longer ignore technologies like SMRs if we expect to meet the growing demand for electricity while reducing our overall carbon emissions. However, the lack of robust support for existing hydropower is unacceptable, and we believe the strategy is overly prescriptive and aggressive in inserting state agencies into critical utility decision-making around grid design and operation, and energy efficiency rebates.

Given the most recent State Revenue Forecast and pressures on the General Fund, as well as alarm about increasing utility rates, we were very surprised to see so many recommendations that will rely on significantly more funding from either taxpayers or utility customers. While we appreciate the strategy is meant to be comprehensive, where additional funding will be necessary, ODOE should prioritize their top three proposals rather than simply providing a huge laundry list for the Governor and the Legislature. It would also be useful to have a sense of the relative cost of implementing each recommendation.

Building Actions 2, 3, and 4 and Cross-Cutting Action 2 – Energy Efficiency and Demand Response: These sections make various recommendations around the state's role, primarily through ODOE, in expanding energy efficiency programs and managing growing electricity demand, without robust coordination with Oregon's COUs. This is unfortunate considering our success in this arena and our institutional expertise in effectively deploying such programs. **For the 2024-2025 biennium alone, the Bonneville Power Administration (BPA) expects Oregon's COUs to provide roughly $23,000,000 in energy efficiency rebates to their customers**.

The inclusion of these policy recommendations also comes without clearly defined revenue sources – meaning they may fall on utilities to fund through the Energy Supplier Assessment (ESA). This is effectively a rate increase on our electric utility customers. Given policymakers' concerns about rising utility rates, the recommendations should include a caveat that they are not to be funded by the ESA, which is ultimately passed on to customers.

Additionally, the strategy should not be a vehicle by which ODOE replaces or duplicates energy efficiency programs that are already effectively administered.

Buildings Action 6 – Higher Administrative Costs for Energy Programs to Serve Environmental Justice Communities.

This recommendation may merit consideration, but more context is needed. There is no discussion of current limits on costs for the administration of grants and programs. A recommendation to raise the amount must have some justification and an evaluation of existing levels of reimbursement. Benchmarks with other states should also be considered.

As COUs our highest priority is ensuring we can serve the most low-income customers at the least cost. Generally, we try to keep our administrative overhead as low as possible in service of this goal.

Clean Electricity Action 1 – Transmission Authority: HB 2638, which did not pass out of committee during the 2025 Legislative Session, would have established a State Transmission Authority. ODOE did not take a position on that bill but is now making it a priority in the draft Energy Strategy despite acknowledging "risks of this approach include complicating an already complex process and using taxpayer dollars for projects that may not provide direct value statewide."

During the strategy working group process there were no meaningful conversations about key details or risks of an Oregon Transmission Authority, nor any discussions of concrete outcomes to be achieved. We agree that Oregon and the region need more transmission and there is no time to waste in developing it. However, the strategy lacks enough detail to support creation of a Transmission Authority. For example, what does "partial siting and permitting authority" refer to? Or the direction that the new authority would need "clear authority to undertake the necessary work to expedite transmission development . . ."? Some proponents have cited the need to grant the Transmission Authority the power of eminent domain. Is that embodied in these vague descriptions? Does the State Treasurer support the provision of state bonding for a Transmission Authority?

Without more details, we fear the Transmission Authority may just add bureaucracy and actually slow down development efforts. We'd like to see more focus on existing process bottlenecks. To that end, we are encouraged that the Bonneville Power Administration (BPA) is working to undertake needed reforms via the Grid Access Transformation (GAT) Project. GAT aims to speed up transmission builds by shifting to a

"first ready, first served" queue for transmission service rather than "first in, first out." Today, there are a number of speculative renewable developments clogging up the transmission service queue. GAT reforms, like requiring that a site be secured and scrutiny of project financing, are expected to shrink the queue from 65 GW to 10 GW. At a minimum, we encourage ODOE in any transmission-focused endeavor to coordinate closely with BPA's Transmission organization to maximize select and specific areas of opportunity, such as helping to fast-track permitting processes for projects BPA plans for its Oregon service territory.

The State of Oregon can and should work to streamline existing state and local permitting and public engagement requirements for siting renewable projects.

The draft report states that the work for the Transmission Authority would include "***…taking a hard look at transmission asset utilization practices and potential business reforms to maximize the efficient usage of the existing grid.***" What does this mean? What is it seeking to accomplish? Would the Transmission Authority seek to dictate how existing transmission – owned and operated either by BPA or by utilities – is to be used moving forward? Would the Transmission Authority seek to dictate business practices of existing transmission owners? Rather than stand up a new agency, the state should be informed by good-faith conversations with the industry to address state and local transmission siting. A focus on existing bottlenecks will avoid more ratepayer or taxpayer expense than creating a new quasi-state agency.

Clean Electricity Action 3 – Role of Nuclear Power: In April of this year, the Pacific Northwest Utilities Conference Committee (PNUCC) released their latest 10-year electricity demand forecast, which showed a 31,600 aMW increase in demand by 2035. This represents a 30% increase in demand over the coming decade. This means Oregon needs <u>more</u> electricity generating resources.

Oregon's COUs applaud ODOE's acknowledgement that the state must consider nuclear power as a vital resource in helping Oregon meet our clean energy goals. With substantially increasing demand for additional firm, base-load generation, we encourage the strategy to go one step further and recommend that lawmakers remove the ban on siting nuclear power in Oregon.

Clean Electricity Action 4 – Microgrid Development: This recommendation asks the legislature to commission a study on the development of microgrids without contemplating the role of utility coordination in deploying microgrids. Any consideration of microgrids – even if only in an agency-led study – must prioritize coordination with electric utilities to understand the complexities of interconnecting with the grid. How

will this study be paid for? Given state revenue concerns and recognizing that the Legislature just passed and funded House Bills 2064 and 2066, which provide significant new direction to the Oregon Public Utility Commission concerning microgrid development, we recommend removing any further study of microgrid development entirely until the impacts of HB 2064 and 2066 are better understood.

Cross-Cutting Action 1 – Data Centers: The draft Oregon Energy Strategy Cross-Cutting Action 1 would direct the DEQ to adopt rules imposing registration and reporting requirements on all new large electric loads. Oregon needs less regulation, not more.

In 2023, the legislature authorized the Oregon CHIPS Fund, which allocated up to $240 million in direct incentives meant to enhance the competitiveness of the state's semiconductor industry and maximize the opportunity of the federal CHIPS for America Act. This proposal does the opposite.

Given their strategic importance for national security, many states are competing to attract data centers by leveraging strong energy resources, a skilled workforce from state universities, and substantial private sector investment. The artificial intelligence (AI) boom and demand for data centers brings the large investments, infrastructure advancements, and economic growth that Oregon needs.

Oregon ranked #39 out of fifty states in CNBC's 2025 America's Top States for Business ranking. This was a significant drop from the previous year's 28th place. The decline is attributed to factors like high cost of living, an unfavorable business tax structure, and a deteriorating business climate. New large electric loads bring jobs to the economy. Adding new reporting requirements and policies will discourage businesses and decrease the competitiveness of high energy use businesses from siting their businesses in Oregon. This Cross-Cutting action takes Oregon in the wrong direction.

Cross-Cutting Action 6 – Coordination of Energy Providers: As the recommendation itself acknowledges, energy providers across the state are already engaged in emergency coordination and planning. Any enhanced coordination is best placed with the Oregon Public Utilities Commission, which manages state emergency support functions and has several existing forums for coordination between electric and gas utilities. The PUC has the necessary operational expertise and emergency responsibilities, not ODOE. It should be noted that several after-action meetings were convened following the 2024 winter storm. These were convened by both the PUC and the utility sector. We would be concerned with any recommendation to add reporting requirements for small utilities as part of this effort, particularly those that receive all their power from BPA. BPA is in the best position to provide necessary coordination

regarding resource adequacy. Again, we are not convinced that this recommendation is necessary. This work is already happening without ODOE telling us to do it. As utilities, planning for reliability and system resilience is a core obligation that we take very seriously.

Cross-Cutting Action 8 – Federal Advocacy: This recommendation deserves significantly more detail and explanation than it is given. What specific federal advocacy is contemplated? Is this advocacy directed at federal power supply (e.g., breach of the Lower Snake River dams) or transmission resources? Would it be directed at siting and permitting processes? This policy recommendation is less than half a page in length but could have significant ramifications. Any such advocacy should be informed by utilities who rely on federal agencies to source and deliver power. We recommend striking this recommendation entirely.

Cross-Cutting Action 9 – Coordination to Advance Consumer Education: We recommend striking this recommendation. While consumer education about incentives is important, this is a function that is already being effectively performed by local consumer-owned utilities and the Energy Trust of Oregon. In an era of declining state revenues and federal support for incentive programs, this recommendation is not supported by fiscal or political reality. In fact, the Legislature declined to support it during their most recent legislative session.

Conclusion

It has never been more critical that ODOE get these recommendations right. The challenges facing the energy industry are monumental, and unnecessary regulatory burdens and policy changes will only add to those burdens. While we see some positive developments in the strategy, we think more work is needed to develop policy recommendations that support the industry as we adapt to these challenges and at the state pursues ambitious clean energy goals.

Thank you for your consideration. We are all happy to elaborate on or discuss any of these suggestions.

Sincerely,

Scott Simms, CEO & Executive Director, Public Power Council ssimms@ppcpdx.org

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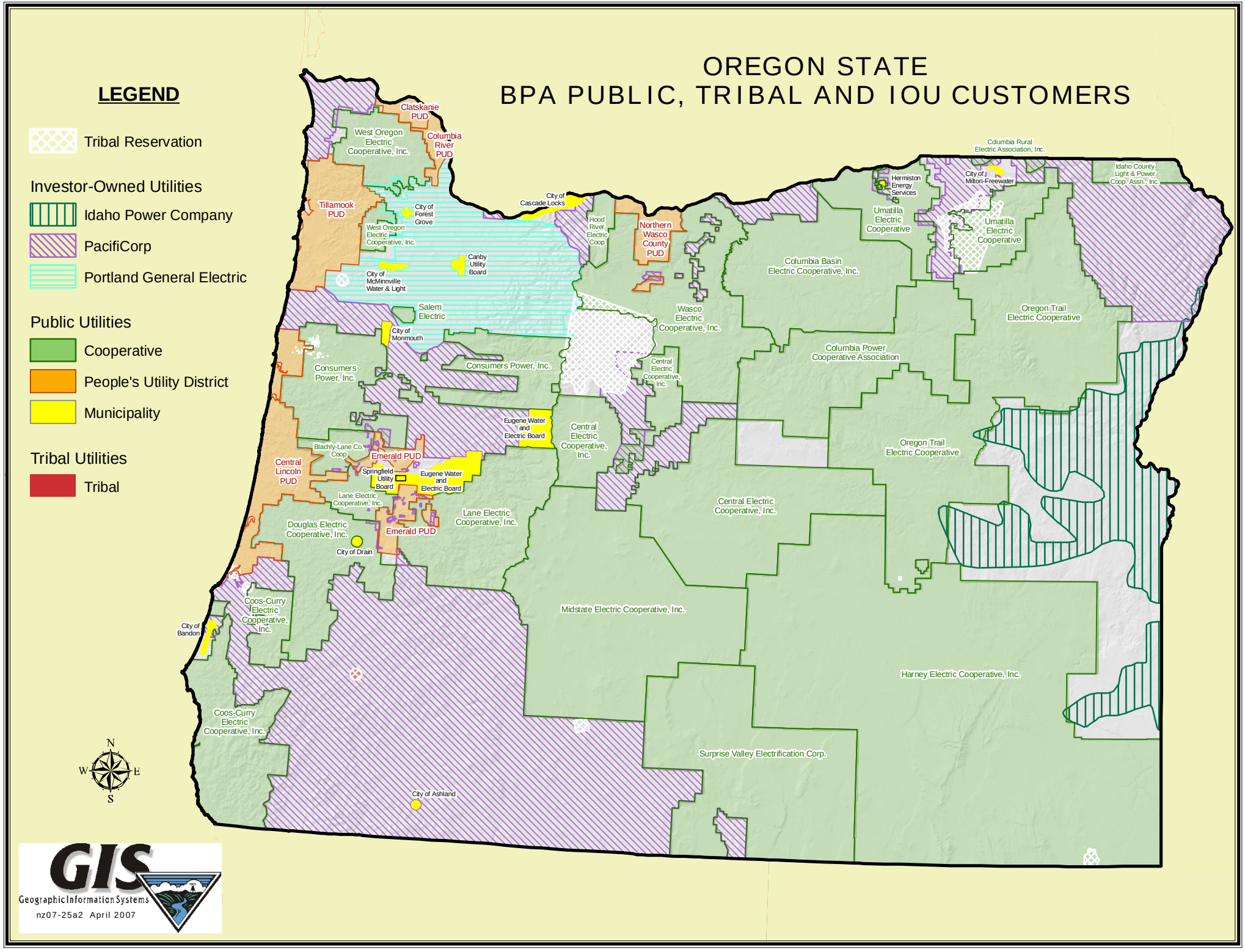
OREGON STATE
BPA PUBLIC, TRIBAL AND IOU CUSTOMERS



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September 22, 2025

Ms. Edith Bayer
Energy Policy Team Lead
Oregon Department of Energy
550 Capitol Street NE, 1st Floor
Salem, OR 97301

RE: Public Power Council Supplementary Comments on Draft ODOE Energy Strategy

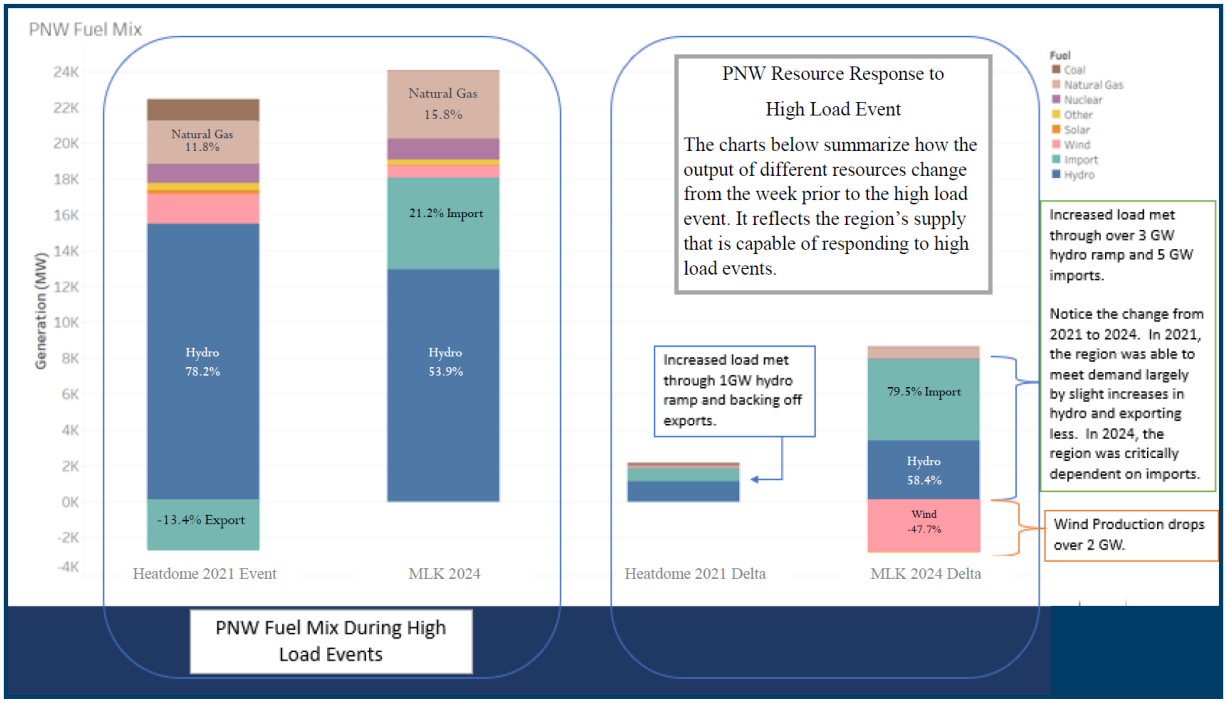
Dear Ms. Bayer:

The Public Power Council (PPC) proudly supports the written comments jointly submitted September 22 to the Oregon Department of Energy (ODOE) from the Oregon Rural Electric Cooperative Association (ORECA), Oregon People's Utility District Association (OPUDA), the Oregon Municipal Electric Utilities Association (OMEU) and PPC regarding the state's draft Energy Strategy. PPC respectfully submits these supplementary comments not only as a regional trade association representing more than 80 consumer-owned utilities in the Pacific Northwest – including those in Oregon – but also as a member of the Advisory Group convened by ODOE to provide input into the draft strategy.

We at PPC are concerned about an impending inability to reliably and affordably meet the electricity needs of Oregon's citizens and businesses given Oregon's restrictive policies that do not allow for the development of dispatchable capacity resources such as baseload and peaking natural gas plants and small modular nuclear reactors.

PPC submits for the record a presentation slide we are sharing publicly regarding the leading capacity resources the region – including the state of Oregon – is increasingly relying upon in extreme events, such as the 2021 heat dome and 2024 extreme cold weather period. Overwhelmingly, it should be noted, hydropower – by a long shot – is the leading resource keeping the power flowing when consumption (load) and capacity needs spike, followed by natural gas-powered generation resources. (See slide on following page).

PNW High Load Events



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Given Oregon's history in clean energy and renewables development and corresponding policies – and the continued push for such development as well as reduced emissions standards for electricity generation in this state – it would be unproductive to suggest a complete 180 degree turn from these policies given the state's political climate and will of certain vocal stakeholders. At the same time, the region is facing an unprecedented growth trajectory of 30 percent more electricity consumption over the next decade that energy providers in Oregon are not prepared to handle given the limited options we have in place today (e.g., a prohibition on the construction of new natural gas plants, for instance).

So what's an appropriate step for Oregon? Directly to our south, the state of California and its policymakers have already wrestled with this same challenge – and addressed it with a comprehensive set of actions. California, known and respected by many in Oregon in developing energy policies that were frontrunners to many of ours, confronted the same harsh reliability quandary a few years ago that we are now just beginning to experience in Oregon.

Specifically, California over a period of years developed and instituted policies that embraced and prioritized intermittent renewable policies and energy resource development over traditional dispatchable capacity investments in resources such as hydro, natural gas and nuclear power. Then, the reality of these policy preferences hit home: **California went too far, too fast.**

As Oregon crafts its energy strategy, it stands to gain invaluable lessons from California's recent experience in building a more resilient and reliable grid under pressure – which also came at a cost. In July 2021, California Governor Newsom's emergency proclamation eliminated permitting hurdles and accelerated deployment of battery storage, long-duration energy resources, and demand-response programs to bolster system flexibility during extreme heat and drought. Shortly thereafter, California's legislature enacted groundbreaking measure – such as establishing a Strategic Reliability Reserve under the Department of Water Resources along with the Strategic Reliability Reserve Fund, extending life for critical generation facilities including Diablo Canyon, and funding distributed backup assets – that together fortify reliability across summer peak periods.

Further cementing this shift, California Senate Bills 846 and 1020 institutionalized quarterly and annual joint reliability assessments across the Energy Commission, the Public Utilities Commission, and the Air Resources Board, enabling sustained planning and accountability. Integrating analogous reliability frameworks into Oregon's energy policy would not only future-proof its grid against escalating climate disturbances but would also ensure the state pursues a cleaner energy transition without compromising the continuity and resilience its citizens expect.

Several times in the ODOE energy strategy development process, we at PPC have advocated that Oregon "not recreate the wheel," and that the state – with its similar policy approaches to California – should look to the example that has been heralded as a success in our neighbor state as it realized it had over-invested in intermittent resources and under-invested in dispatchable capacity. Below are details pulled directly from the public-facing websites of these critical programs run by the California Energy Commission and Department of Water Resources that Oregon should study and consider adopting in policy changes and legislation, which can be propelled through ODOEs energy strategy.

To avoid blackouts, the State of California has developed a "Strategic Reliability Reserve," consisting of three separate programs meant to serve as an insurance policy safeguarding the electric grid during extreme weather events driven by climate change (e.g. – heat events, wildfires). While this reserve system includes some diesel and natural gas generation to meet short-term emergency needs, it is also "hydrogen ready." While the

Oregon draft strategy lacks any meaningful discussion about reliability as we work to meet our clean energy future, and could benefit from an approach developed and embraced by California that both acknowledges the imminent threat to reliability but then addresses it through the support of emergency generation while also providing a glide path to a cleaner future for these resources. California has already realized that they cannot sacrifice reliability in pursuit of clean energy ambitions and has taken steps to address both goals in the near and longer term – Oregon can and must do the same.

California Strategic Reliability Reserve

Extreme heat events and wildfires remain a threat to grid reliability and can strain the grid for days or weeks. The Strategic Reliability Reserve (SRR) was developed in 2022 as part of Assembly Bill 205 (Committee on Budget, Chapter 61, Statutes of 2022) to expand the resources capable of managing or reducing net-peak demand during extreme events. The SRR provides funding to secure conventional generation, efficiency upgrades at existing natural gas plants, demand response, distributed generation, and long-duration storage. The SRR is consists of three programs, two of which are administered by the CEC and one is administered by the Department of Water Resources.

1) **Distributed Electricity Backup Assets Program (CEC)**

The Distributed Electricity Backup Assets (DEBA) Program incentivizes the construction of cleaner and more efficient distributed energy assets that serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. Projects that may be eligible for incentives include efficiency upgrades, maintenance, and capacity additions to existing power generators, as well as new zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities. All funding recipients under the program shall participate as an on-call emergency resource for the state during extreme events.

2) **Demand Side Grid Support Program (CEC)**

The California Energy Commission (CEC) Demand Side Grid Support (DSGS) Program is part of California's Strategic Reliability Reserve, a suite of programs to alleviate tight energy supplies on the grid caused by heatwaves, wildfires, and other ongoing impacts of climate change. DSGS offers incentives to electric customers that provide load reduction and backup generation to support the state's electrical grid during extreme events from May to October, reducing the risk of rotating power outages. The DSGS Program is open to eligible DSGS providers and participants and has four incentive structure options to choose from.

3) Electricity Supply Reliability Reserve Fund (DWR)

The Statewide Energy Office oversees programs funded by the Electricity Supply Reliability Reserve Fund and the Diablo Canyon Extension Fund. Both funds were established in 2022 by legislation that directs the Department of Water Resources (DWR), with its expertise as one of the largest power producers in California and prior experience with emergency power procurement, to be a backstop to the State's traditional electricity supply planning and procurement.

The Legislature created this role for DWR as California transitions to clean energy and leads the nation in electrification while climate change-induced extreme weather and emergencies are negatively impacting electric reliability.

The program's responsibilities include:

- Developing, owning, or contracting for new emergency and temporary generation to provide incremental power during extreme events
- Extending the operations of existing resources that would have otherwise retired to ensure a reliable and equitable transition to the clean energy future
- Interim procurement such as imported energy while California expands its clean generation fleet.

The Statewide Energy Office works closely and collaboratively with the California Air Resources Board (CARB), California Energy Commission (CEC), California Independent System Operator (CAISO), California Natural Resources Agency (CNRA), and California Public Utilities Commission (CPUC).

Emergency & Temporary Power Generation

Beginning with Governor Newsom's 2021 emergency proclamation following the devastating Bootleg Fire, the Statewide Energy Office worked with the CEC and CAISO to develop emergency and temporary power generation projects to address extreme heat and an unusually high demand for electricity. The 2021 work resulted in 120 megawatts of additional generation capacity brought online in under two months.

Since then, the Statewide Energy Office expanded the number of emergency and temporary generators under the Electricity Supply Reliability Reserve Fund to address extreme events that impact electric reliability.

Small Power Plant Exemption

The CEC Small Power Plant Exemption (SPPE) process allows applicants proposing thermal power plants between 50 and 100 MW to obtain an exemption from the CEC's jurisdiction and proceed with local permitting rather than requiring CEC certification. The CEC can grant an exemption if it finds that the proposed facility will not create a substantial adverse

impact on the environment or energy resources. These facilities were exempted from the CEC's jurisdiction.

Distributed Electricity Backup Assets Program

The Distributed Electricity Backup Assets (DEBA) Program incentivizes the construction of cleaner and more efficient distributed energy assets that serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. Projects that may be eligible for incentives include efficiency upgrades, maintenance, and capacity additions to existing power generators, as well as new zero- or low-emission technologies, including, but not limited to, fuel cells or energy storage, at existing or new facilities. All funding recipients under the program shall participate as an on-call emergency resource for the state during extreme events.

As well, in anticipation of push-back from a number of stakeholders that may balk at an Oregon reliability emergency reserve program or other measures that, even if only used in emergency situations, rely on natural gas, diesel, gasoline or other "burned" fuels producing emissions, it must be noted that Oregonians – like many Americans – are taking matters into their own hands with record-breaking purchases of standby emergency and portable generators. This not only contributes heavily to the state's emissions profile, one could argue it also further drives an energy equity disparity between those Oregon citizens with disposable incomes and those who are economically disadvantaged.

Recent market analyses show that the U.S. portable generator industry was valued at nearly $3.8 billion in 2024, with steady growth expected over the next decade. California's experience offers a cautionary lesson: when centralized emergency backup is unavailable, consumers fill the gap themselves. In just a few years, the population of diesel backup generators in the Bay Area and Southern California surged by more than 30 percent, creating a "hidden grid" of small, unregulated machines that together represent gigawatts of capacity. Nearly 90 percent of these units run on diesel fuel, a resource with a particularly high emissions profile.

From an environmental standpoint, small gasoline and diesel generators are far less efficient than utility-scale resources. Studies from the National Renewable Energy Laboratory show that per unit of electricity, portable units emit significantly more CO_2, NO_x, and fine particulate matter (PM2.5) than modern natural gas turbines. Worse, these emissions occur in residential neighborhoods, close to homes and businesses, where localized air quality impacts are greatest.

The equity implications are equally concerning. Standby home generators often cost several thousands of dollars, plus ongoing fuel and maintenance, which places them out of

reach for low-income households and most multi-family dwellings. As a result, backup power becomes a luxury good: families with means keep their lights and appliances on, while vulnerable communities face longer and more dangerous outages. Those without access to reliable backup resources risk losing refrigerated food and medications, facing unsafe indoor temperatures, or being unable to power critical medical devices.

By contrast, a centrally managed reliability reserve program that incorporates hydrogen-ready natural gas peaking plants or high efficiency/low emissions "latest generation" technology would provide backup in a more efficient, regulated, and equitable way. These units can be tightly limited to emergency use only, for instance, minimizing their operating hours and climate impact, while serving a broad population rather than a narrow slice of wealthier customers. Because they are subject to permitting and oversight, their emissions are more easily monitored and mitigated. And importantly, hydrogen-ready facilities create a pathway to transition toward cleaner fuels as technology and supply chains mature.

For these reasons, Oregon's energy strategy should carefully weigh not just the presence or absence of fossil fuels, but the real-world alternatives that households and businesses will inevitably pursue if the state prohibits any form of utility-scale backup or other viable options in an otherwise "anti-capacity" energy strategy. Without a balanced approach, Oregon risks a future where its emissions profile worsens and reliability is increasingly stratified by income – an outcome neither equitable nor sustainable.

Again, we offer these comments as a supplement to the other comments provided by the coalition of public power utility trade organizations described in the opening paragraph. We very much appreciate the opportunity to submit comments into this process and are grateful for the opportunity to serve on the Advisory Committee.

Regards,

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