



March 6, 2025

Representative John Lively, Chairman
House Committee on Climate, Energy and Environment
900 Court St, NE
Salem, OR 97301

Dear Chairman Lively and Members of the Committee:

On behalf of the Data Center Coalition (DCC), I write to you today in respectful opposition to House Bill 3546 as currently written. DCC is the national membership association for the data center industry. Our members include leading data center owners and operators, as well as companies that lease large amounts of data center capacity.

Data centers are the essential digital infrastructure behind every online purchase, every telehealth appointment, every online news article, and every digital classroom. Data centers enable the essential services and cutting-edge technologies that drive the 21st century economy and enhance our quality of life, ensuring that our homes, businesses, schools, hospitals, manufacturing facilities, and government units operate smoothly and efficiently. Digital infrastructure is a critical component of the United States' global economic competitiveness and keeping Oregonians' data safe and secure domestically.

By prioritizing investments in local communities, data centers catalyze supply chain and service ecosystems, creating jobs for thousands of construction professionals as facilities are built, and providing quality, high-wage jobs to support ongoing operations. Every data center comes with years of reliable support for local economies by promoting job creation at restaurants, hotels, car rental agencies, fiber and HVAC installers, steel fabricators, and many other businesses.

According to a recent PwC report, Oregon's data center industry supported 47,690 total jobs in 2023—including direct, indirect, and induced employment—and contributed \$4.38 billion in annual labor income. Over the 2022–2023 period, the industry cumulatively added \$15.91 billion to Oregon's Gross Domestic Product (GDP) and generated \$1.52 billion in state and local tax revenues.

After nearly two decades of relatively flat electricity consumption in the U.S., we are experiencing projections of increased power usage driven by 21st-century economic growth drivers, including the return of manufacturing to U.S. shores, electrification of buildings, industry and transportation, production of new fuel sources like hydrogen, and data center services. The growth and deployment of the essential digital infrastructure that data centers provide requires quality utility service, equitable rates, and sound electric utility regulation.

DCC supports the underlying intent of HB 3546, and the data center industry is committed to paying its full cost of service. DCC has been engaged in regulatory proceedings and similar discussions throughout the country regarding appropriate cost allocation among ratepayers. A recent study by Virginia's Joint Legislative Audit and Review Commission (JLARC) validated that in Virginia, the largest

data center market nationally, rates appropriately allocate costs to the customers responsible for incurring them, including data center customers.¹ Importantly, the study recognized that Virginia's State Corporation Commission is best positioned to ensure appropriate cost allocation given the complex and highly technical nature of utility cost allocation and rate design and that the practicality and legality of any changes require detailed analysis to be fully understood.

Aligned with sound ratemaking principles, no customer, industry, or class should be singled out for differential or disparate rate treatment unless that approach is backed by verifiable cost-based reasoning. Data centers are but one large end user of electric utilities and part of a larger portfolio of end users driving increased electricity demand. Any rate design that focuses on a single end use, without showing a measurable difference in service requirements or cost responsibility, risks creating unjustified distinctions among similar customers.

The OPUC has regulatory responsibility and authority, expertise, experience, and processes in place to ensure that cost allocation and rate design are fair and reasonable for all customers. The Commission is best positioned to ensure appropriate cost allocation given the complex and highly technical nature of utility cost allocation and rate design and that the practicality and legality of any changes require detailed analysis to be fully understood. They can ensure appropriate cost allocation through public proceedings that are evidence-based, transparent, carefully considered, and open to stakeholder participation.

DCC is committed to working with stakeholders to develop a balanced, data-driven utility regulatory framework that supports large-load customers and the broader rate-payer base. DCC recently submitted comments in an OPUC proceeding where PGE proposed a new framework for all large-load customers, featuring long contract terms, minimum billing demands, exit fees, and similar protections to shield other ratepayers from stranded costs. DCC also participated in PacifiCorp's recent rate case, where large load customer issues were also addressed. The data center industry will continue to lean in as a collaborative partner with utilities, policymakers, regulators, and other stakeholders at this transformative moment to advance and accelerate grid modernization and energy infrastructure to support economic growth and competitiveness.

DCC looks forward to continuing to work with Oregon legislators on HB 3546 to ensure sound cost allocation and rate-making policies that protect Oregonians while supporting economic development in the state.

Thank you for your consideration and attention to this important issue. Please do not hesitate to reach out to DCC for any additional information or questions.

Sincerely,

Dan Diorio
Senior Director, State Policy
Data Center Coalition
dan@datacentercoalition.org

¹ Joint Legislative Audit and Review Commission (JLARC), "Data Centers in Virginia," page v and 45, <https://jlarc.virginia.gov/pdfs/reports/Rpt598-2.pdf>.