

Testimony of John A. Charles, Jr.
Before the Senate Energy and Environment Committee
Regarding SB 1526
February 4, 2020

Members of the Committee, my name is John Charles and I am President of Cascade Policy Institute, a nonprofit policy research organization. I am writing with some concerns about SB 1526.

The first has to do with the mission of the nonprofit anticipated by this bill, identified on page 2, lines 16-22. There are probably hundreds of for-profit and nonprofit organizations addressing energy efficiency and greenhouse gas reductions. What is the value proposition of one more entity?

A second concern lies with the potential of the new organization to secure funding via OBDD's bonding authority. The defining feature of an NGO is that it is NOT a government entity. As a tax-exempt charity it should be supported by philanthropic gifts, not tax funding.

A final concern is the difficulty of shutting down state-sponsored entities after their mission has been fulfilled or become obsolete. Exhibit A in this regard is the Energy Trust of Oregon (ETO).

The Energy Trust is the product of SB 1149, passed by the legislature in 1999. ETO was created to administer 74% of the funding provided through the Public Purpose Charge (PPC), a 3% tax imposed on PGE and PacifiCorp customers (later broadened to include natural gas consumers as well).

The PPC was supposed to sunset at the end of 2012. But in 2007 the legislature extended the PPC through 2026, and then extended it again in 2021. In essence, the PPC is now a permanent tax on utility ratepayers.

As a result, total funding for ETO went from \$11 million in 2002 to \$191 million in 2018. The current budget is \$350 million and growing.

Unfortunately, as the revenue has gone up, the cost-effectiveness of ETO programs has declined, because all the easy projects were finished decades ago.

SB 1526 requires further due diligence. I suggest you carry this bill over to the 2027 session.

