



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: April 26th, 2019
SUBJECT: State Legislative Update

Issue

The 2019 State Legislative Session convened January 28, 2019. This memo is to apprise the Board of key issues of interest to EWEB, and the current status of these issues in the legislative process.

Background

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol, which guide the work of EWEB's lobbying activities. When political considerations test the applicability of those directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm its policy or direct staff to make necessary adjustments.

Discussion

The following is a summary of state legislative activity in April of interest to EWEB:

HB 2020 – Oregon Climate Action Program/Clean Jobs/Cap and Invest

The Joint Carbon Reduction Committee held several hearings in early April to discuss amendments to HB 2020. Chief among these was the Dash 31 (expressed as “-31”) Amendment. The -31 proposed few changes to the electric sector. The most significant change proposed in the -31 was a change in the allowance allocation for industries classified as Energy Intensive Trade Exposed (EITE). Instead of an initial 100 percent free allowance allocation, as proposed in HB 2020 as drafted, the -31 would award 95 percent free allowances to an EITE if they could demonstrate they were using the best available technology from a carbon intensity perspective. This determination on best available technology would be updated periodically.

In the electric sector, the design remained largely the same as proposed in HB 2020 as drafted. However, and notably, language was added in the -31 to provide the state authority to adopt by rule an alternative approach to electricity imported into Oregon via the Western Energy Imbalance Market (EIM) or any other future organized market. This was a key priority for EWEB and a central part of the advocacy agenda during the EWEB Board's March 14th meetings with legislators in

Salem. This authority should prove useful to keep the program adaptable to future changes in wholesale power markets, as well as mitigate any unexpected hurdles in linking Oregon's program to California's program and/or the Western Climate Initiative.

Additionally, EWEB has been partnering with other Oregon BPA customers to advocate for a provision in the bill that would provide direction to Oregon DEQ or the Carbon Policy Office to use the last 15 years of greenhouse gas reporting data from BPA for the purposes of calculating BPA's allowance allocation, rather than the shorter time frame that will be used for other sectors. Using the longest time frame possible would best address the year to year variability of hydropower production and result in the most accurate projection of BPA's future exposure to carbon liability.

The Joint Carbon Reduction has met only infrequently in the 2nd half of April. It is thought that the committee will resume work on HB 2020 when a rumored -84 amendment is completed, likely the week of May 6th. One issue the -84 may address is an alternate allowance allocation for natural gas utilities, a topic which has been the subject of much discussion and concern.

SB 408 – Flexibility in Siting Utility Infrastructure in Exclusive Farm Use (EFU) Zone

SB 408 was approved on March 14th by the Senate on a 30-0 unanimous vote and was heard by the House Energy and Environment Committee on April 16th and received positively by the committee members. After a small technical amendment is complete, SB 408 is expected to be scheduled for a work session and is expected to advance.

EWEB has submitted testimony twice in support of SB 408, co-sponsored by Senator Bill Hansell of Pendleton and Senator James Manning of Eugene and has actively lobbied legislators on behalf of this legislation. This bill will help utility providers reduce their footprints on farm land by allowing the creation of parcels based on the amount of land actually needed for a utility facility, rather than based on the larger minimum lot sizes associated with the Exclusive Farm Use zone. Because of these large minimum lot sizes, properties in the Exclusive Farm Use zone are often larger than what would otherwise be needed for a utility facility.

HB 2769 – Flexibility to consider price in Qualifications Based Selection (QBS) Public Contracting

This legislation, championed by Representative Susan McClain of Hillsboro, was approved by the House 55-0 on March 21st and approved in the Senate by unanimous consent on April 24th, carried on the Senate floor by Senator James Manning of Eugene. EWEB and several other local governments, over multiple legislative sessions, have advocated for restoring some ability for public agencies to consider price in the procurement of professional services such as architects, engineers and land surveyors.

HB 2769 allows local public contracting agencies to evaluate and score price as part of a two-step process. Agencies would issue a request for qualifications as step one and select up to three (3) of the highest ranked firms based solely on qualifications. After the initial qualifications-based selection, local public contracting agencies must then provide a detailed statement of work and request pricing information from the three most qualified firms as part of a second evaluation step. To retain a focus on qualifications, the local contracting agency may use pricing information for up to 15 percent of the points used during this second evaluation step.

HB 2769 was negotiated as a compromise between local governments and professional associations representing architects, engineers and land surveyors. The bill is expected to be signed by the Governor soon.

SB 935 – Scope of Work for Landscape Contracting Limited License

SB 935 expands what work can be done under a newly established landscape contracting “limited license”. The new limited license was created via rulemaking that the governor’s office initiated last year. That limited license does not include irrigation (largely due to intervention from water suppliers during the rules adoption process to make sure irrigation and backflow were not included).

SB 935 allows for irrigation work to be done by holders of the new limited license, with a limit to 4 zones and 12 gallons per minute. There is a monetary cap (that was adopted through the rulemaking process) of \$5,000 per customer – so that cap (in the rules) would apply to irrigation work under SB 935.

While the bill prohibits actually connecting an irrigation system to an electrical source or water supply, there are concerns that in practice unqualified individuals will connect to the public system rather than paying a licensed plumber or backflow installer to do that work. A backflow assembly is an important health protection for water supply. Furthermore, the limited license is not subject to required training on water conservation. Water efficiency training in landscape irrigation is a critical component of managing peak summer water demand when water supplies are at their lowest.

EWEB is actively working with other water utilities and meeting with legislators to press for changes in the bill to meet our concerns about water conservation and health and safety. The bill was approved in the Senate on a 25-4 vote and now awaits consideration in the House.

Recommendation/Requested Board Action

This memo is for informational purposes. No board action is requested.



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TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Sue Fahey, Assistant General Manager/CFO; Rene Gonzalez, Customer Solutions Manager; Juan Serpa Munoz, Business Line Manager
DATE: April 26, 2019
SUBJECT: Transportation Electrification Program Update
OBJECTIVE: Information Only

Issue

One of EWEB's organizational goals is to equitably and cost-effectively reduce community/regional carbon emissions, in part by encouraging smart electrification. This memo provides an update of EWEB's transportation electrification efforts towards this goal.

Background

Electrification of the transportation sector is a major element of global "deep decarbonization" and an important factor to achieving community carbon reduction goals. About 36% of greenhouse gases (GHG) in Oregon come from transportation. Although much of the region's electric power comes from carbon-free sources, the time electric vehicles (EV) charge impacts the carbon content of the electricity used for charging. The ability to charge EVs outside of peak consumption periods brings benefits to the region by reducing carbon, to EWEB by not increasing peak load, and with the right price signals in place, to customers. Creating new products and services and evaluating ongoing ones to effectively increase the adoption of electric vehicles while encouraging charging when clean power is available supports EWEB's smart electrification goals. The 2019 budget includes \$500,000 for smart electrification efforts.

Discussion

Through new products and the evaluation and updating of current ones, EWEB looks to encourage EV adoption, maximize its benefits and address potential challenges, including peak issues from unmanaged charging. The following EV programs are being updated and/or created:

- **Discontinue \$300 Clean Ride Rebate** for the purchase of a new, leased or qualifying used EV. The Clean Ride Rebate supports the already-purchased EV, but it does not effectively influence the purchasing decision or create an actual incentive to buy one. Although the Clean Ride Rebate is being discontinued, the following new programs will more effectively support its original intent.
- **New \$500 Clean Charge Rebate** for level 2 residential electric vehicle supply equipment (EVSE). This rebate will effectively encourage the purchase and installation of residential

level 2 EVSE. The average installation cost of a residential level 2 EVSE, including parts and labor is approximately \$1,200. A level 2 EVSE at home offers the convenience of home charging that is faster than a level 1 unit and can be programmed to always charge during off peak hours. Charging an EV is new behavior EWEB can help cultivate through ongoing education, leveraging an existing value in EV purchases, and through the ease with which a customer can implement this approach. The environmental component in choosing to own an EV is a consideration for many customers. With multiple education approaches on the various benefits (including environmental) of when to charge as part of the Clean Charge Rebate program, customers will be encouraged to schedule charging during off-peak times. Data on program participants would also provide EWEB an opportunity for ongoing targeted-education, information, and implementation of potential future related products, such as time of use and demand response programs.

- **New \$1,000 Workplace and Public EVSE Rebate** for level 2 commercial grade infrastructure. Range anxiety is one of the biggest barriers to transportation electrification. Having more workplace and public charging can help provide efficient charging and relieve range anxiety to increase EV adoption. For the utility, the convenience of workplace charging will also provide customer flexibility in charging during off-peak times. Level 2 commercial grade charging equipment costs range between \$750 and \$5000, and installation costs vary depending on the equipment.
- **Electric Car Guest Drive (ECGD) Ride and Drive Event.** Education and awareness are critical components in increasing EV adoption. Emerald People's Utility District, the City of Eugene and EWEB have partnered to host an electric vehicle ride and drive event on June 22, 2019. The set up and management of the event will be completed by ECGD. ECGD will provide electric vehicles and EV experts to support almost 400 test-drives. ECGD data indicates a 25% purchase rate from event participants. EV education workshops will also be provided during the event.

In addition to the above, EWEB will continue to provide a Dealer Referral Program that provides education and incentives for the sale of electric vehicles, a loan program for commercial Level 2 EVSE and education services such as the rEV UP Eugene! partnership, ride and drive events and website tools to help guide our customers on purchasing an EV. Staff will continue to assess transportation electrification programs and make changes as necessary to ensure effectiveness and alignment with EWEB's strategic plan and organizational goals. Marketing materials are being developed and updates will take effect June 2019.

Requested Board Action

None, for informational purposes only.



MEMORANDUM

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TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Michael McCann, Generation Manager, and Susan Ackerman, Chief Energy Officer
DATE: April 26, 2019
SUBJECT: Walterville canal flow restrictions for summer 2019
OBJECTIVE: Information Only

Issue:

In a Record of Decision implemented on January 10, 2018, General Manager Frank Lawson formalized an operational decision regarding summer flows in the Walterville Canal, which is part of the Leaburg/Walterville Hydroelectric Project (FERC #2496). The decision states that, “In years with below median expected summer stream flows/snowpack, from May 20th through October 31st, EWEB will voluntarily adjust the power canal intake in order to maintain at least 10% more flow in the McKenzie bypass reach of the Walterville hydroelectric project than flows exiting the tailrace of the project.”

Background

EWEB owns and operates the Walterville hydroelectric project, with a nameplate capacity of 8 MW, on the lower McKenzie River under a license issued by the Federal Energy Regulatory Commission on April 27, 2000. Up to 2,577 cubic feet per second (cfs) can be diverted into the Walterville canal at the Walterville diversion under normal operations. Under the terms of the operating license, EWEB is required to maintain minimum instream flows in the bypassed reach of the McKenzie River of 1,000 cfs at all times.

In accordance with the Record of Decision, in low flow years EWEB will adjust the flow going into the Walterville canal in such a way as to maintain 10% more flow in the river than in the canal during the summer. Low flow years are defined as having below median streamflow forecasts and April snowpack data. Maintaining more flow in the river than in the canal will improve fish migration as well as enhancing water quality and recreational use during the summer months in the bypassed reach. The primary impact to EWEB will be financial through lost generation.

Discussion

Based upon snowpack data and summer stream forecasts available in mid-April 2019, the McKenzie Basin is projected to experience a near average summer. NRCS SnoTel data indicates that current snowpack in the basin is roughly 111% of median. McKenzie River streamflow forecasts for the April to September period at Vida (the closest forecast station) are for flows at 94% of average, but

those projections were made before the April high flow event. Staff expect that summer flow projections will increase to at or above 100% when the May streamflow forecast is released.

Accordingly, EWEB Generation will not implement the Walterville Canal flow restrictions as identified in the January 2018 Record of Decision in 2019. Staff will continue to monitor data as it becomes available and notify the Board should conditions change our operational plans.