



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Carlson, Mital, Helgeson, Schlossberg and Brown
FROM: Susan Ackerman, Chief Energy Officer/Jason Heuser, Policy/Government Affairs Program Manager
DATE: December 3, 2019
SUBJECT: EWEB's 2020 State Legislative Agenda
OBJECTIVE: Approval of Resolution No. 1938, EWEB's 2020 Legislative Agenda

Issue Statement:

The Oregon Legislature convenes annually – for approximately six months in odd numbered years and almost two months in even numbered years – to enact laws and to set and adjust the biennial budget for the State of Oregon. EWEB has an active advocacy presence during legislative sessions to protect the interests of EWEB and its customers. The 2020 Oregon Legislative Session will begin Feb. 3, preceded by an orientation period and informational hearings in January.

Background:

Prior to the start of each legislative session, the Board adopts general policy directives for advocacy at the Capitol. These directives are approved by a resolution, after a presentation and discussion with the Board. The adopted directives are approved by a resolution, after a presentation and discussion with the Board. The adopted directives guide the work of EWEB's lobbying activities. When political considerations test the applicability of these directives, the General Manager makes a determination as to whether a fundamental shift in direction is required. The Board may be asked to reaffirm their policy or direct staff to make necessary adjustments. This practice is derived from Board Policy GP-13 – Board Role in Legislative Session. EWEB staff will prepare monthly "legislative update" memos to the Board throughout the legislative session that will apprise the Board of the bills or issues that EWEB staff is devoting time and resources toward in support or opposition, the implications of these bills for the utility, and prognostications on the likelihood of these bills advancing in the legislative process.

Discussion:

The accompanying resolution provides high level direction and principles for EWEB's advocacy efforts on the variety of legislative proposals that typically emerge over the course of the session. At this time, a tentative picture is developing of what stands a good chance of occupying the bulk of bill reviewing and advocacy for EWEB staff. However, it is very early in the process, and staff has not yet seen actual legislative language or details on most of these issues. These legislative issues may look very different in February, or they may not materialize at all. At the time of this memo, EWEB staff is tracking the following issues:

State Cap and Trade Legislation

It is expected that legislators will re-introduce carbon pricing legislation that will likely adhere closely to the final version of HB 2020 that was passed by the House in the 2019 session but then blocked by the walkout of 11 Senate Republicans that prevented the necessary quorum requirement for final passage of the bill.

In addition to a successor to HB 2020, there will be other variants of climate legislation proposed as amendments although they have not been released publicly at the time of this memo. These alternative variants may be comprised of the following elements:

- Directing more carbon allowance revenue to support resilient working lands.
- Directing more carbon allowance revenue to support wildfire mitigation.
- Raising the fuel blend ceiling in the Oregon Clean Fuels Program to 20 percent.
- Phasing in transportation fuels at a later date.
- Exempting transportation and agricultural fuels outside of urban metropolitan areas.
- A state program that is less stringent and not linked to existing regional programs.

Generally, EWEB staff recommends a position supportive of the use of funds for measures to assist rural areas and other impacted communities transition successfully through carbon pricing. EWEB recognizes revenue recycling and the allocation of free allowances in a carbon pricing program as valid strategies to accomplish carbon reduction certainty while mitigating negative impacts on vulnerable Oregonians, including considerations for specific geographical areas and sectors of the economy.

EWEB staff recommends a position that the state refrain from exemptions that would fall short of meeting Oregon's statutory GHG reduction targets and imperil linkage or equivalency to existing regional carbon pricing programs. Exemptions would unfairly task sectors of the economy not exempted with disproportionate responsibility for emission reductions. Failure to link to existing programs could increase compliance costs and also impact wholesale electricity markets, potentially segmenting future wholesale power products and hindering liquidity.

Wildfire Mitigation Standards and Oversight

On January 30, 2019, Governor Brown signed an executive order creating the Governor's Council on Wildfire Response. The Council was tasked to review Oregon's current model for wildfire prevention, preparedness and response, analyzing whether or not the current model is sustainable given increasing wildfire risks.

Council Recommendations include:

- New legislation requiring utilities to prepare risk-based, wildfire standards and procedures inclusive of criteria for initiating power outages.
- The Oregon Public Utilities Commission (OPUC) conducting workshops to develop these risk-based standards and procedures.
 - All utilities and transmission and distribution system owners participate in these workshops.

EWEB staff recommend a position that workshops be conducted first prior to the drafting of legislation and that EWEB actively participate. Workshops could take place in 2020 to inform legislation for the 2021 legislative session.

EWEB staff recommend a position that the standards be risk-based using mapping tools, not one-size-fits-all, and be implemented for consumer-owned utilities by their governing boards rather than expanding PUC oversight to include COU wildfire mitigation standards.

Statewide Mandates/Directives to support EV Charging Infrastructure

There has been discussion in Salem of new mandates and directives applicable to all electric utilities, to support the statewide expansion of electric vehicle charging infrastructure.

EWEB staff recommends a position opposing the applicability of these mandates and directives to consumer-owned utilities, as EV infrastructure investment is a decision that should remain in the hands of the governing boards of consumer-owned utilities.

Recommendation and Requested Board Action

Management recommends that the Board adopt the accompanying resolution as provided.

If you have any questions prior to the Dec. 3 Board Meeting, please contact Jason Heuser at 541-685-7425 or jason.heuser@eweb.org.

**RESOLUTION NO. 1938
DECEMBER 2019**

**EUGENE WATER & ELECTRIC BOARD
2020 LEGISLATIVE SESSION**

WHEREAS, the 2020 Oregon Legislative Session will convene on February 3rd, 2020;
and

WHEREAS, the Eugene Water & Electric Board (EWEB) will continue to participate in the legislative process on behalf of its customers; and

WHEREAS, the Board has traditionally adopted positions and guidelines which provide general direction for purposes of supporting or opposing specific legislation; and

WHEREAS, the Board again desires to set forth such legislative directives.

BE IT RESOLVED that the Eugene Water & Electric Board adopts the attached legislative agenda, which includes the following issue and goal:

1. Support a Carbon Pricing Policy to meet Oregon's adopted greenhouse gas reduction goals that is direct, efficient, economy-wide; technology-neutral; market-based, upstream, and regionally-linked/consistent.
2. Support a risk-based update and modernization of state standards for wildfire mitigation using existing governance and oversight roles of the Public Utility Commission and Governing Boards of consumer-owned utilities, respectively.
3. Maintain authority for governing boards of consumer-owned utilities to make their own utility-specific decisions about investment in electric vehicle charging infrastructure.

WHEREAS, new and unanticipated legislation can emerge each legislative session.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board goes on record supporting legislation which generally:

1. Preserves and enhances local control;
2. Complements or improves programs that are cost-effective to our customers; and
3. Preserves, conserves, and restores our natural environment in an equitable and cost-effective manner.

BE IT FURTHER RESOLVED that the Eugene Water & Electric Board will oppose legislation which generally:

1. Withdraws the capability of the Board to best serve EWEB's customers;
2. Duplicates existing laws, therefore complicating the execution of the Board's duties by state or federal mandate;
3. Imposes fees, assessments or procedures that impede the Board's ability to provide high-quality and cost effective service.

DATED this 3rd day of December 2019.

THE CITY OF EUGENE, OREGON
Acting by and through the
Eugene Water & Electric Board

President

I, ANNE M. KAH, the duly appointed, qualified, and acting Assistant Secretary of the Eugene Water & Electric Board, do hereby certify that the above is a true and exact copy of the Resolution adopted by the Board at its December 3rd, 2019 Regular Board Meeting.

Assistant Secretary