



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Schlossberg, Helgeson, Brown and Carlson
FROM: Jason Heuser, Public Policy and Government Affairs Program Manager
DATE: September 1st, 2020
SUBJECT: Legislative and Regional Policy Update
OBJECTIVE: Information

Issue

EWEB monitors, influences, and strategically plans around legislative and regional policy issues.

Background

The Board adopts general policy directives for advocacy on legislation and other public policy matters, 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 policy directives or direct staff to make necessary adjustments.

Discussion

The following is a summary of key legislative and regional policy issues of interest to EWEB thus far in 2020:

Governor Brown's Executive Order 20-04 on Climate

Governor Kate Brown issued EO 20-04 on March 10th. The order updates the state's carbon reduction goals, setting targets of a 45% reduction below 1990 levels by 2035, and an 80% reduction by 2050.

EO 20-04 issues several directives to accomplish these statewide carbon reduction goals and take effect by the beginning of 2022, including:

- carbon polluters in the industrial, transportation and natural gas sectors would have their emissions capped and reduced over time by the state's Environmental Quality Commission and Department of Environmental Quality (DEQ).
- Brown is directing DEQ to ratchet up restrictions in the existing Clean Fuels Program (CFP) for how emissions intensive fuel can be. She has set a new CFP goal of reducing emissions "per unit of fuel energy" to 20% below 2015 levels by 2030, and 25% by 2035.
- directs state agencies to alter building codes to prioritize energy efficiency.
- provisions for updated state energy efficiency standards for appliances and directives for reducing food waste.

- a plan to swap out the state’s existing automobile fleet with zero-emissions vehicles and add charging stations at state buildings, a statewide analysis of what infrastructure Oregon needs to expand use of EVs, mandatory evaluation of GHG impacts in state planning of transportation projects.

Pre-Rulemaking Advisory Meetings on these topics are now underway this summer. EWEB staff are participating, particularly on the rulemaking to update and ratchet up the goals of the Clean Fuels Program. Both electricity and renewable hydrogen are eligible low carbon fuels for the generation of CFP “credits” that can be sold to entities with a compliance obligation to reduce or offset GHG emissions from transportation fuels. EWEB is a registered CFP credit generator and sells CFP credits.

Initially it was expected that the electricity sector would be almost wholly unregulated in the executive order, however at the advisory workgroup meeting in August, it was suggested that the rulemaking could consider regulating emissions from in-state electric generating units. While that question may be up for consideration now in the upcoming rulemaking, it is not believed that the Governor or DEQ has existing authority to regulate emissions from electricity imported into Oregon.

Federal Covid-19 Relief Measures – Enhanced LIHEAP Funding

Congress approved the CARES act in March, which provided \$900 million of supplemental LIHEAP funding to help "prevent, prepare for, or respond to" home energy needs surrounding the national emergency created by the Coronavirus Disease 2019 (COVID-19). OCS has awarded 100% of the LIHEAP funding available to grantees under the CARES Act. In Oregon these funds are administered through Community Action Agencies (i.e. Lane County Human Services Division).

State Covid-19 Relief Measures – Oregon Allocates Discretionary CARES act funds to Energy Assistance

In response to testimony and lobbying from community action agencies and utilities, the Oregon Legislature’s Emergency Board in June allocated an additional \$15 million from the states discretionary share of CARES act funds towards bill assistance. This allocation was accompanied by the authorization of “categorical eligibility” (i.e. automatic approval if an applicant has been approved for government assistance such as TANF/SNAP/LIHEAP/etc.) which will reduce overhead and will facilitate processing assistance more quickly.

State declines to issue utility shutoff moratorium

Governor Brown and the Legislature have thus far held off on issuing a utility shutoff moratorium like ones issued in Washington state (through October) and California (only for Investor-Owned Utilities). Oregon utilities, including EWEB, had voluntarily suspended shutoffs at the start of the Covid-19 outbreak. Oregon consumer-owned utilities have begun resuming shutoffs this summer in conjunction with payment plans, customer assistance programs, and relaxed reconnection policies. In the estimation of EWEB staff and recent data, resuming shutoffs may be an important tool to incent customer-utility interactions for those customers that have proven difficult to reach and could also prove crucial in connecting those remaining customers with utility or government funded bill assistance options.

Emerging 2021 State Legislative Session Issues

Cap and Invest Redux

Given the near passage of carbon cap and trade legislation in Oregon's 2019 legislative session, and the high level of grassroots citizen advocacy throughout 2019-20 in support of this legislation, it is expected that cap and trade legislation will be reintroduced in the upcoming 2021 Legislative Session. Given the denial of quorum through walkouts by legislators in both 2019 and 2020, the success of climate legislation could well rest primarily on the post-election makeup of the legislature.

100 Percent Clean Energy Legislation

Oregon has not adjusted statutory clean energy targets in the electric sector since 2016. While that is not a long period, California and Washington have since that time instituted 100 percent clean energy standards for the electric sector. In the wake of economy wide market based climate legislation being blocked in the legislature, and the lack of existing authority to fully regulate the electric sector in Governor Brown's Executive Order, it is expected that legislation imposing more stringent clean energy standards in the electric sector will be introduced in the 2021 session, details are not known at this time.

Columbia River System Operation Environmental Impact Statement (CRSO-EIS)

The U.S. Army Corps of Engineers, Bureau of Reclamation and Bonneville Power Administration in February released the Columbia River System Operations draft environmental impact statement for a 45-day public review and comment period, and subsequently adjusted and issued the final EIS on Jul 31st. The final Record of Decision is expected in September. The final EIS selects the "Preferred Alternative" for the operations, maintenance and configuration of the 14 federal dam and reservoir projects that comprise the Columbia River System. The Preferred Alternative documented in the final EIS includes implementation of innovative dam operations that balance fish benefits and energy goals by spilling more water in the spring for juvenile fish passage, with flexibility to spill strategically during hours when market energy in the region is cleaner and cheaper instead of 24 hour spill.

These measures are anticipated to result in benefits to juvenile and adult Endangered Species Act-listed anadromous and resident fish and Pacific lamprey, while providing reliable flood risk management and flexibility for variability in climate conditions, water supply for irrigation, municipal and industry use, water, and flexibility in hydropower generation, minimizing adverse effects to the human and natural environment. It is the result of three years of regional collaboration between the lead federal agencies and more than 30 Tribes and state, federal and local agencies in the National Environmental Policy Act (NEPA) process and responds to a U.S. District Court of Oregon Court Opinion and Order regarding the need to review and update management of the Columbia River System and evaluate impacts to resources in the context of new information and changed conditions in the Columbia River Basin over the last two decades.

The EIS process that selected the Preferred Alternative included consideration of a no-action alternative and five alternatives, one of which included breaching the four lower Snake River federal

dams, with detailed analyses of environmental, social and economic benefits and consequences to affected resources of each of the alternatives considered for improved integrated operations..

The final EIS may be subjected to legal challenge. Whether legal challenges materialize, and which parties make or join them, may be dependent on the emergence of a regional post-EIS process/venue to evaluate longer term decisions about Columbia River Systems Operations, including dam removal, that are beyond the scope of what could be evaluated properly in an EIS or accomplished through legal challenge. Discussion has begun between the state governments of Oregon, Washington, Idaho and Montana on what could constitute a post-EIS process.

Recommendation/Requested Board Action

These are informational updates and no action is required at this time.