



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD



TO: Commissioners Mital, Schlossberg, Helgeson, Brown and Carlson
FROM: Susan Ackerman, Chief Energy Officer and Jason Heuser, Policy/Government Affairs Program Manager
DATE: December 1, 2020
SUBJECT: EWEB's 2021 State Legislative Agenda
OBJECTIVE: Approval of Resolution No. 2031, EWEB's 2021 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 represent the interests of EWEB and its customers. The 2021 Oregon Legislative Session will begin Feb. 1, 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 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. Currently, 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:

Increasing Oregon Clean Energy Targets

Oregon has long advanced ambitious renewable energy goals. The Oregon Renewable Portfolio Standard (passed in 2007) set a 25 percent renewable goal by 2025 target for large utilities. Legacy hydropower built prior to 1995 does not qualify. In 2016 the Oregon RPS was expanded to a 50 percent target for large investor-owned utilities. Since 2016, California and Washington have enacted variants of 100 percent clean energy standards, and Climate and Clean Energy advocates have called for Oregon to follow suit.

EWEB has participated in regional studies on how the region can reliably and affordably achieve greenhouse gas reductions in the electric sector. Our analysis has consistently shown that economy-wide technology-neutral market-based carbon pricing that can link to other regional programs is the most effective policy choice to reduce carbon emissions. Efforts to accomplish decarbonization through clean energy standards or other indirect approaches without pricing carbon have higher costs and are less effective at reducing emissions.

It is unlikely that there is a path to carbon pricing legislation in 2021. However, if the legislature pivots to an increase in statutory clean energy targets, EWEB staff recommends drawing from lessons learned on least cost approaches to reducing carbon and applying that knowledge to Oregon's RPS. The centerpiece of adapting Oregon's RPS would be expanding the definition of qualifying renewable electricity to include pre-1995 legacy hydropower and any other non-carbon emitting electric sources as renewable energy credit (REC) generating resources. Shifting to a truly technology-neutral approach would incentivize the use of surplus hydropower in the region instead of exporting it out of the region and would avoid overbuilding of generation sources not needed in the region on energy basis (new capacity is needed, but the region is energy surplus) and built primarily for RPS compliance purposes. These would both be outcomes necessary to accomplishing the goals of the RPS in a manner resulting in the lowest average electric bills in the region and ensuring fair competition between clean energy sources.

EWEB staff recommend that the existing definitions of "bundled" renewable energy in the Oregon RPS be maintained. Presently, the "bundled" characteristic of a REC is determined based on whether an entity procures both qualifying electricity AND associated environmental attributes (RECs) TOGETHER at the generation source, within any transmission system that encompasses a part of Oregon. No further tracking of the qualifying electricity is required. Proposed changes to the RPS could require instead flow-based accounting, which focuses on tracking the electricity flows and delivered energy to end-use customers instead of procurement at the source. A flow-based approach that requires matching generation and delivery to retail load and "use" would reduce compliance flexibility and cost-effectiveness with little or no discernible environmental benefit and may not even be feasible with the evolution of market structures for wholesale electricity transactions.

Finally, any revision of Oregon's RPS should include flexibility provisions for electric system operators to continue to capably maintain electricity resource adequacy and system reliability.

Wildfire Mitigation Plans

Legislation is expected that will require electric utilities to have and operate in compliance with a risk-based wildfire mitigation plan approved by the governing body of the utility using a wildfire risk assessment of utility facilities. The plan must be designed to protect public safety, reduce risk to utility customers and promote electrical system resilience to wildfire damage.

Utilities would be required to regularly update the risk-based wildfire mitigation plan and review and revise the utility facilities risk assessment on a schedule the governing body deems consistent with prudent utility practices. Utilities would be required to submit the first risk-based wildfire mitigation plan to the utility governing body no later than December 31, 2021 and would be directed to provide their plan to a statewide inventory maintained by the Oregon Public Utility Commission.

Covid-19/Wildfire Relief and Recovery

Pandemic and Wildfire have impacted many EWEB Customers and Residents of Lane County and the McKenzie Valley. EWEB will be working in consultation with local intergovernmental partners, community agencies, and affected individuals and businesses, to communicate to the legislature unmet needs crucial to community relief and recovery and will advocate for necessary state assistance or endorsement of federal assistance.

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. 1 Board Meeting, please contact Jason Heuser at 541-685-7425 or jason.heuser@eweb.org.

**RESOLUTION NO. 2031
DECEMBER 2020**

**EUGENE WATER & ELECTRIC BOARD
2021 LEGISLATIVE SESSION**

WHEREAS, the 2021 Oregon Legislative Session will convene on February 1st, 2021; 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 goals:

1. Influence policies designed to meet Oregon's adopted greenhouse gas reduction goals to be to the greatest extent possible: direct; efficient; economy-wide; technology-neutral; market-based; upstream; and regionally linked or consistent.
2. Support requirement that utilities adopt risk-based plans designed to reduce wildfire, using existing governance and oversight roles of the Public Utility Commission and Governing Boards of consumer-owned utilities, respectively.
3. Advocate for state assistance necessary to address Pandemic and Wildfire relief and recovery in our community.

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 1st day of December 2020.

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 1st, 2020 Regular Board Meeting.

Assistant Secretary