

## Oregon Electric Cooperative Utilities' Climate Change Principles

Oregon's electric cooperative utilities are private, non-profit utilities governed by locally elected Boards of Directors. We serve an average of less than six customers per mile of line. We are full requirements preference customers of the Bonneville Power Administration. The hydro system provides emission free renewable power to co-op members across the state.

Co-ops support clean air initiatives that achieve the desired results and are fiscally responsible. Climate change is a global issue and Oregon's co-ops support a national approach that considers the importance of new technology, the need to be very deliberative in imposing mandates, the need to recognize the potential burden on small distribution utilities, the need to avoid unintended consequences and market manipulation and the need to carefully consider the cost vs. benefit.

**Building on Our Success** Oregon's carbon footprint is the third lowest in the country, in part because of our tremendous investment in emission-free resources, specifically conservation, hydroelectricity, wind and nuclear power. Sixty-four percent of our electricity comes from hydro – the original renewable energy. With aggressive conservation programs, we've reduced consumption by 3,100 MW, and advanced solar, wind, wave and geothermal energy with large-scale demonstration projects. We have mitigated the environmental effects of hydropower with \$9 million spent on protecting endangered species – this represents 1/3 of a customer's electric bill at cooperative utilities.

**Climate Change Principles** There is a growing political consensus about reducing greenhouse gas emissions from human activity and a discussion about the various options. Oregon's electric cooperative utilities pledge to continue to do our part in reducing greenhouse gas emissions (GHG).

- Any national program needs to recognize the Northwest's history of carbon-free resources. The region should not be penalized for our early success in conservation and renewable energy programs or our heavy reliance on hydroelectric dams. The Northwest hydro system needs to be protected.
- Hydroelectricity needs to be recognized as a renewable resource with no GHG emissions.
- Electric utilities should not be responsible for a larger portion of emissions than is attributed to their power supply.
- Regulation needs to be as far upstream as possible. If generators reduce as many emissions as possible, there will be fewer emissions to mitigate for downstream.
- Because of our small size, there will be some program elements that we will be unable to participate in. We support a federal program that includes different threshold levels for small utilities, phased-in participation, credits, exemptions or adjustments based on size and our ability to meet program goals.

**Considerations** Electric cooperative utilities understand that new federal initiatives to curb carbon emissions may take the form of either a carbon tax or a Cap and Trade Program.

- Oregon cooperative utilities do not support either a mandated Cap and Trade or a mandated carbon tax. We believe these options are unnecessary, expensive and unduly complicated and may not achieve the desired results.
- However, if there is a national program, we need a program that is based on 100% allocations. Because the total number of allocations are reduced each year, this gives utilities the incentive to reduce emissions through technology, efficiency and carbon-free resource development.
- If allocations are used, distribution should be based on retail sales (i.e., our current resource portfolio), and not on weighted-emissions, which would unfairly penalize Northwest utilities for our base resource, hydro, and decades of investment in that resource, and conservation. An important element of this program is that some allocations be set aside for non-emitters to promote fuel efficiencies and technological advances in reducing carbon emissions.
- Oregon cooperative utilities do not support an auction as part of any national, regional or state program. An auction is inherently unfair to small utilities. We do not have the capital or staff expertise to compete with large, multi-state corporations, generating public utilities and market speculators.
- Utilities should receive the proceeds from the sale of allocations, offsets and credits to reduce the higher cost of development and to mitigate the financial effect of higher rates on low-income customers.