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Summary:

The “coal-to-clean bill” (SB 1547) is “long on symbolism, short on results, and really expensive for ratepayers.” Virtually every claim made by its proponents was false, and it should be repealed.

Word Count 573

“Under SB 1547, the highest costs are back-loaded. Advocates know that when the program blows up a decade from now, it will be someone else’s problem.”

Get Ready for High-Cost Electricity

By John A. Charles, Jr.

In the recently concluded session of the Oregon legislature, the big environmental “win” was Senate Bill 1547, a bill that was hatched in secret by two large utilities and a group of environmental activists. The bill promises to rid the Oregon electricity grid of coal-fired power and to double the required levels of “renewable energy” from 25 percent to 50 percent by 2040.

When the legislature was debating SB 1547, members were calmly assured by proponents that the cost of these requirements would be minimal. They were reminded that the existing standard of 25 percent (by 2025) had always included an “off-ramp” if the cost of compliance reached 4 percent of utility revenue—and the costs had never come close to 4 percent.

Indeed, compliance costs for PGE in 2014 were only 0.24 percent of revenue (or \$4.2 million in dollar terms). Obviously, ratepayers had nothing to worry about.

This storyline was especially soothing when it was repeated by Sen. Lee Beyer, former member and chair of the Oregon Public Utilities Commission. In his grandfatherly way, he told his colleagues that everything was under control.

The problem with this narrative was that it’s highly misleading. What the advocates didn’t say was that the reason the cost of compliance so far has been low is that utilities only needed to get 10 percent of their power from designated renewable energy sources through 2014. However, from 2015 to 2019, the requirement jumps to 15 percent, and rises steadily after 2020.

No one actually knows how much it will cost to get 50 percent of the power from “green energy” sources by 2040, but it’s going to be expensive.

We get a hint of this in the PGE forecast for 2017-2021. For those five years, PGE predicts that compliance costs will total \$335 million, or 3.46 percent of revenue. Those costs will have to be paid for by ratepayers, and they will get nothing in return.

Under SB 1547, the highest costs are back-loaded. Advocates know that when the program blows up a decade from now, it will be someone else’s problem. Many of the legislators who voted for it will be sitting poolside collecting their PERS checks.

Senate Bill 1547 is a fraud. Virtually every claim made by proponents is false. Instead of increasing our “energy security” by making the Oregon grid



“coal-free,” it will dramatically increase the risk of power failure by force-feeding huge amounts of intermittent sources like wind and solar into the grid. In engineering terms, the electrical distribution system requires stability; SB 1547 mandates volatility.

System costs have to rise because consumers will be paying twice for the same power—once for the subsidized wind farms and again for the adult power sources used to back up the wind farms that sit idle most of the time.

The advocates also claim that SB 1547 will get coal out of the system by 2030; but Oregon’s only coal-fired power plant will be shut down in 2020 anyway. The notion that this bill will affect coal used in other states is laughable.

In his floor speech, Rep. Cliff Bentz summarized his criticism of SB 1547 by saying it was “long on symbolism, short on results, and really expensive for ratepayers.” Nonetheless, a majority of legislators voted for it, and the governor signed it.

Ratepayers deserved so much better. In 2017, repealing SB 1547 should be at the top of the legislative “to-do” list.

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