

Chair Marsh & Members of the House Energy & Environment Committee  
900 Court Street NE  
Salem, OR 97301

**RE: Opposition to HB 2398**

Good afternoon Chair Marsh, members of the Committee. My name is Nels Johnson. I'm the State and Federal Affairs Manager at NW Natural. NW Natural believes that climate change is real, and the existential crisis of our time. That's why we're doing our part by working to decarbonize our pipeline as quickly and prudently as we can. It's also why we support climate change policy that reduces carbon emissions, and does so in a prudent way. Unfortunately, HB 2398 does not do that, and unfortunately, I'm here testifying in opposition.

In Oregon, we're already towards the forefront of policy when it comes to building codes development. In 2020 the American Council for an Energy Efficient Economy (ACEEE), ranked Oregon in the top 9 of the most energy efficient states in the country. In her Cap and Reduce Executive Order, Governor Brown called for even more work to be done on building codes. We aren't behind in Oregon, we're ahead. Part of the reason why we're ahead of the nation when it comes to energy efficient building codes is because of how our current system works. Baseline codes are developed every three years. The process is rigorous, and the assumptions are challenged through a rigorous process of stakeholder engagement. Additionally, the Northwest Energy Efficiency Alliance, or NEEA, conducts energy modeling and content review to assess the proposed code for energy savings every code cycle. They also conduct field studies to verify savings compliance. Beyond that NEEA forecasts savings for future code cycles to meet legislative goals. This robust process ensures not only that all stakeholders get an opportunity to provide input, but that the assumptions built into the code are tested, and verified because the baseline code becomes mandatory. Because Reach Codes are voluntary, the process for development is much less stringent. To allow a Reach Code to become mandatory without going through such a rigorous process could lead into unnecessary increased costs and confusion of compliance.

NW Natural supports the development of a fair and equitable Reach Code. Both the purpose and the design of a Reach Code is to be voluntary. A voluntary Reach Code actually drives greater innovation in energy efficiency, because it sends a signal to the market what the next three-year baseline code is likely to look like. That time allows for greater technological innovation, as well as supply chain development and everything else that goes into getting greater energy efficiency into new homes.

Additionally, if the aim of making a Reach Code mandatory is to reduce GHG emissions in new buildings, then this bill again misses the mark. Power is only as clean as the source that it comes from. In Oregon, though we are on a transition away from coal and other fossil fuels, our energy mix today is still dirty. This means electrifying a large share of Oregon natural gas customers would actually increase emissions and make energy bills higher for at least the next decade under current laws – the exact opposite result that the bill aims to achieve. We should not equate on site energy reduction with emissions reduction or cost savings in all cases.

Moreover, it is unclear on how this bill would work with Energy Trust of Oregon energy efficiency incentives. Currently, ETO incentives line up with Reach Codes, in an effort to incent builders to build to the standard. If the Reach Code becomes mandatory, does that mean the ETO will need to incent builders to do something that is mandatory? If so, is that really the highest and best use of ratepayer dollars? This bill would add to the confusion about how to best use ETO dollars.

Proponents are frustrated by the current system, that the current system takes too long, is too onerous, too uncertain. Rather than do away with the valuable process, the better and more prudent option would be to reform the process, rather than to do away with the process, which will make housing, which is already unaffordable to too many Oregonians even more unaffordable, while failing to achieve any meaningful reduction in carbon emissions.

For these reasons we respectfully ask the committee to vote “no” on HB 2398.

Thank you for your time.

Respectfully,

Nels Johnson

State & Federal Affairs Manager

NW Natural