

June 21, 2023

Senate Rules Committee
State Capitol
Salem, OR 97301

Re: HB 3409-B

Dear Committee members:

The headliner provision of this bill – Section 1, which establishes a goal of 500,000 electric heat pumps installed by 2030 – is ***not likely to work***, because technology mandates almost always fail.

Example 1: Smart meters

In the years following the passage of the American Recovery and Reinvestment Act (ARRA) in 2009, the United States Department of Energy disbursed \$3 billion to electric utilities for projects involving advanced metering infrastructure (AMI), known informally as smart meters.

However, according to an analysis by Mission:data, a think tank dedicated to energy conservation through technology, a decade after ARRA funded the installation of 17.38 million advanced meters nationwide, data access benefits ***promised to customers have been deactivated in 97% of the meters***. Author Michael Murray stated:

Utilities used federal and state funds to deploy smart meters and many explicitly promised to empower customers to lower bills and earn rewards for supporting system peak demand reductions. The public policy failure is that utilities benefited from returns on capital expenditures and reduced operational costs but did not deliver those customer benefits.

Example 2: Compact Fluorescent Lights

The Northwest Energy Efficiency Alliance (NEEA), which is funded largely with ratepayer money, began backing the development of CFLs in 1997. NEEA believed CFLs were the future of lighting despite the fact that CFLs claimed less than 1% share of the market that year.

NEEA worked with BPA and utilities in the region to develop a CFL campaign. The campaign included handing out CFL coupons, in-store promotions, and consumer education. Despite NEEA's \$24 million direct expenditure and \$93 million of local program investments into the CFL campaign, the market share of CFLs in the Northwest only climbed to 24% during the campaign. By 2019 the Northwest CFL market share had dropped to less than 10%.

LED lights were rapidly becoming the top choice of consumers, and there was a growing backlash against CFLs based on concerns about hazardous waste. That concern culminated in the passage of HB 2531 by the Oregon House just a few months ago, which would ***outlaw CFLs in 2024.***

It now appears that more than \$100 million of ratepayer money was wasted by the various campaigns to get CFLs into homes and businesses.

Example 3: Oregon's Green Energy Technology mandate

The Green Energy Technology (GET) mandate was written into HB 2620, passed by the Oregon legislature in 2007. The GET program requires that any public building undergoing construction or renovation with a contract price of over \$5,000,000 (originally \$1,000,000, with the minimum price being raised in 2019) that is deemed to have potential for generating renewable energy must also invest the equivalent of 1.5% of the contract price into "green energy technologies," to be integrated into the building to generate a portion of the building's power.

Over time, the program's definition of "green energy technology" has expanded, going from a solar-only requirement in 2007 to now including solar, woody biomass, geothermal, battery storage, and other methods of energy production.

Annual reports on the efficacy of the GET are published by ODOE every year. In 2014 the ***average payback*** period for GET projects was 64 years, far exceeding the expected useful life of the installed technology.

In 2017 the average cost per GET project was \$979,342, and the longest payback period was 492 years for the project installed at the new Multnomah County Central Courthouse.

In 2021 the average cost per GET project was \$485,810, the average payback period was 69 years, and the longest payback period on any project was 127 years at Howard Elementary School.

Notwithstanding this dismal track record, the GET mandate is still in effect.

Conclusion: The electric heat pump goal of 500,000 installations is just one of many problems with HB 3409-B. Other flawed sections include the community green infrastructure grant program, building performance standards, extension of subsidies for solar and storage systems.

We urge the Senate Rules committee to table this bill.

Sincerely,

John A. Charles, Jr.
President & CEO
Cascade Policy Institute