

**HOUSE COMMITTEE ON ENVIRONMENT**

**April 14, 2005 Hearing Room D**

**1:00 P.M. Tapes 39 - 40**

**Corrected 09/22/05**

**MEMBERS PRESENT:           Rep. Gordon Anderson, Chair**

**Rep. Bob Jenson, Vice-Chair**

**Rep. Mary Nolan, Vice-Chair**

**Rep. Phil Barnhart**

**Rep. Bill Garrard**

**Rep. Diane Rosenbaum**

**MEMBER EXCUSED:           Rep. John Lim**

**STAFF PRESENT:             John Houser, Committee Administrator**

**Mike Reiley, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**Northern Lights Transmission – Informational Meeting**

**HB 3030 – Public Hearing**

**HB 3031 – Public Hearing**

**HB 3032 – Public Hearing**

**HB 3033 – Public Hearing**

**HB 3034 – Public Hearing**

**HB 3035 – Public Hearing**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

**TAPE/#      Speaker                      Comments**

**TAPE 39, A**

003              Chair Anderson              Calls the meeting to order at 1:12 p.m. Opens an informational meeting on Northern Lights Transmission.

**NORTHERN LIGHTS TRANSMISSION – INFORMATIONAL MEETING**

006              Scott Farris                      Senior Consultant, Government Relations, TransCanada. Describes TransCanada business operations. Introduces Mike Hogan.

021              Mike Hogan                      Vice President, TransCanada. Submits a PowerPoint presentation and begins summarizing the Northern Lights agenda, overview and assets **(EXHIBIT A, Pages 1-3)**.

046              Chair Anderson              Asks where the power generation in the Northeastern U.S. is coming from.

048              Hogan                              Explains the power generation in the Northeast.

050              Chair Anderson              Asks if nuclear is being used.

052              Hogan                              Explains that nuclear generation is in Ontario, Canada. Summarizes the slide “Best Generation Resources are Tied to Natural Resources” **(EXHIBIT A, Page 4)**.

068              Hogan                              Summarizes the slides “Hydro Resources West of the Rockies are Well Connected” and “New Resources Further East are Constrained” **(EXHIBIT A, Pages 5, 6)**. Explains that Montana has the highest level of coal resources in the U.S.

087              Hogan                              Summarizes the slide “We need a Long Term Regional Transmission Solution” **(EXHIBIT A, Page 7)**.

102              Hogan

		Summarizes the slide “Primary Target Markets” ( <b>EXHIBIT A, Page 8</b> ).
125	Chair Anderson	Asks about the number of power producing sites necessary to meet energy needs.
128	Hogan	Explains power generation facilities and the demand for energy. Continues the summary ( <b>EXHIBIT A, Page 8</b> ).
144	Chair Anderson	Clarifies the issue of power facilities being sited in British Columbia.
147	Hogan	Explains regulations regarding greenhouse gas emissions.
153	Chair Anderson	Asks if the production should be where the load is the highest.
156	Hogan	Answers yes and explains the economics of transmission.
160	Chair Anderson	Notes that Gov. Kulongoski announced his intent to reduce carbon dioxide emissions that may result in plants not being built in Oregon.
167	Hogan	Concurs. Summarizes the slide “Providing Market Access for Constrained Generation” ( <b>EXHIBIT A, Page 9</b> ).
195	Hogan	Summarizes the slide “Celilo Project” ( <b>EXHIBIT A, Page 10</b> ).
223	Hogan	Summarizes the slide “Route Advantages” ( <b>EXHIBIT A, Page 11</b> ).
237	Hogan	Summarizes the slide “Alberta’s Oil Sands” ( <b>EXHIBIT A, Page 12</b> ).
282	Rep. Nolan	Asks about power lost during transmission from production to market.
288	Hogan	Answers that 20% is lost under AC transmission by the time it gets to the Alberta/British Columbia border. With DC transmission, the loss would be only 11% from Alberta to Northern Oregon.
297	Rep. Nolan	Asks if safety and cost are the downsides of DC transmission.
300	Hogan	Answers that it is the higher cost, but with increased transmission, the economies of scale make the process more economical.

305 Chair Anderson Asks for an explanation of the coal being used.

307 Hogan Offers a clarification of the coal.

318 Hogan Summarizes the slides “Alberta Oil Sands Recoverable Reserves” and “Advantages of Alberta Oil Sands Cogen” (**EXHIBIT A, Pages 13, 14**).

353 Hogan Summarizes the “Unit Costs at Celilo” charts (**EXHIBIT A, Pages 15, 16**).

405 Hogan Summarizes the chart “CO2 Effects” (**EXHIBIT A, Page 17**).

422 Hogan Summarizes the slides “Why HVDC?”, “AC Transmission Corridor” and “DC Transmission Line Corridor” (**EXHIBIT A, Pages 18-20**).

#### **TAPE 40, A**

008 Hogan Summarizes the slides “Capital Costs” and “What is Needed?” (**EXHIBIT A, Pages 21, 22**).

038 Chair Anderson Asks why Canada is moving ahead with hydropower and the U.S. is not.

044 Hogan Explains that the hydropower site in Alberta is remote and the economics have made it more feasible with an emphasis on cogeneration.

055 Chair Anderson Asks about Canada burning gas and creating carbon dioxide and its effect on the global air shed.

060 Hogan Answers that carbon dioxide is a global air shed issue. Notes that generating at higher efficiency would offset less efficient generation.

065 Rep. Garrard Asks what makes DC transmission more efficient.

069 Hogan Explains that DC is like a pipeline where the amount sent through can be determined and AC lines will lose power along the way.

080	Rep. Garrard	Clarifies that heat and resistance are the problems.
081	Hogan	Concurs and notes the loss of power along the transmission lines.
084	Rep. Barnhart	Notes the debate between AC and DC power systems.
094	Hogan	Explains that AC lines require a substation every 100 miles and DC allows for longer transmission. Argues that converter stations are needed for transmission.
105	Farris	Notes that Oregon will host the annual Council of State Governments West conference in Portland and TransCanada will provide an update on the power generation situation.
111	Chair Anderson	Closes the informational meeting. Opens a public hearing on HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035.

#### **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, & HB 3035 – PUBLIC HEARING**

127	Rep. Jackie Dingfelder	House District 45. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Notes the environmental and economic benefits of biofuel production.
169	Rep. Chuck Burley	House District 54. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Describes the public/private group Business Alliance for Sustainable Energy formed in central Oregon. Notes the Healthy Forests Restoration Act of 2003 that requires woody debris to come off of public lands. Argues that biomass is an important part of renewable fuels.
238	Rep. Dave Hunt	House District 40. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Notes that biofuel production it is not a question of if, but where. Argues that petroleum production will never be an economic driver in Oregon's economy, but biomass can be.
272	Rep. Dingfelder	Notes that Rep. Jeff Kropf is a co-sponsor of the legislation. Points out that there are legitimate concerns with the legislation that are being addressed.
289	Sen. David Nelson	

Senate District 29. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Declares a potential conflict of interest.

- 313 Sen. Ben Westlund Senate District 27. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Notes that the legislation creates jobs and benefits both the economy and the environment.
- 351 Chair Anderson Notes that the focus of the bills is agricultural and asks about biomass.
- 353 Sen. Westlund Notes the danger of forest fires and the maintained Weyerhaeuser lands that saved Black Butte from wildfire. Expresses concerns about high energy costs for industrial customers. Promotes the use of the energy trust.
- 429 Rep. Barnhart Clarifies that the good forest management practices of Weyerhaeuser are more effective than those of the federal government.
- 436 Sen. Westlund Answers yes and clarifies the effects of the wildfire around Black Butte in central Oregon.
- 440 Rep. Barnhart Clarifies that the properly managed land acted as a fire break to keep it from Black Butte.
- 442 Sen. Westlund Answers yes and notes that it is where biomass fuels would come from.
- 445 Chair Anderson Notes the fire near Sunriver and the debate about removing biomass from forest lands.

#### **TAPE 39, B**

- 014 Rep. Brian Boquist House District 23. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Displays for the committee a container of biofuel. Discusses foreign dependence on oil and the economic benefits of biofuels and notes that Oregon has the ideal environment to develop biofuels.
- 059 Sen. Westlund Recognizes the concern about high gas prices, but notes that it is “the second cheapest fluid we buy.”

- 081 Chris Hagerbaumer Program Director, Oregon Environmental Council. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035 (**EXHIBIT B**). Summarizes each bill and the benefit of each (**EXHIBIT B, Pages 2, 3**).
- 197 Chair Anderson Asks about helping corporations with tax credits.
- 200 Hagerbaumer Notes that the property tax credit in HB 3030 is optional. Explains that HB 3032 creates a new tax credit, but it is for long term benefit.
- 231 Larry Dawley Senior Vice President, Oregon Ethanol, LLC. Submits and reads prepared testimony in support of HB 3030 (**EXHIBIT C**).
- 330 Rep. Nolan Asks what the projected start up date is.
- 334 Dawley Answers that they hope to break ground in Fall 2005 and begin generation in the fourth quarter of 2006.
- 343 Lisa Mittelsdorf Economic Development Director, Port of Morrow. Describes the port and the benefit of biofuels.
- 385 Rep. Jenson Notes that the Port of Morrow is an example of what economic development is possible and describes the development of the city of Boardman. Explains that the support of the port lends credence to the economic benefit of the legislation.

#### **TAPE 40, B**

- 020 Chair Anderson Notes that the biofuels bills will be heard next week.
- 030 Dawley Submits and summarizes prepared testimony in support of HB 3033 (**EXHIBIT D**).
- 151 Jim Gilbert Owner, Northwoods Nursery, Molalla and Canby. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Describes his experiences using biodiesel. Explains the reasons for his use of biodiesel including the dependence on foreign oil, decreased air pollution, spill problems, and safety, and supporting Oregon's agricultural community.
- 209 Gilbert

Explains the differences in cost of off-road diesel is 20 cents more for a B-20 blend than petrodiesel and 63 cents more for a B-100 blend.

- 236 Rep. Barnhart Asks why P100 is a problem to use in the winter.
- 239 Gilbert Answers that it smokes in the machinery and the viscosity is a problem.
- 243 Chair Anderson Closes the public hearing HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, and HB 3035. Adjourns the meeting at 2:56 p.m.

### **EXHIBIT SUMMARY**

- A. Northern Lights Transmission presentation, Mike Hogan, 34 pp**
- B. HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, prepared testimony, Chris Hagerbaumer, 3 pp**
- C. HB 3030, prepared testimony, Larry Dawley, 3 pp**
- D. HB 3033, prepared testimony, Larry Dawley, 4 pp**