



April 13, 2015

Representative Jessica Vega Pederson, Chair
Members of the House Committee on Energy and Environment
Oregon State Capitol
Salem, OR 97301

Re: House Bills 3470, 3252 and 3250

Dear Chair Vega Pederson and Members of the Committee,

We write in support of HB 3470, 3252, and 3250 as economically sound and scientifically based approaches to managing carbon pollution in Oregon. Climate Solutions is a regional non-profit working to accelerate practical and profitable solutions to global warming. For more than 15 years, we have been working to implement energy efficiency, renewable energy, and carbon reduction policies that demonstrate that clean energy and broadly shared economic prosperity go hand-in-hand.

To fully transition from fossil fuels to a clean energy economy, Oregon needs a comprehensive policy that accounts for the true costs of carbon pollution. Oregon has legislated targets for reducing greenhouse gas emissions, but we are not on track to meeting our goals. This is true, despite the progress Oregon has made in recent years to address its shared carbon footprint. Oregon has innovative land use policies alongside good investments in statewide energy efficiency and public transit. Oregon is now leading on clean transportation fuels but will need to more rapidly transition from coal to renewables. A carbon price can drive additional investment to our clean energy transition and enhance existing clean energy initiatives, by telling the truth about the costs of pollution and letting these policies compete on a fair and even playing field.

By accounting for the price of carbon in our economy, we can encourage further investment in solar, wind, and biofuels; grow middle class jobs; improve public health; and move away from polluting fossil fuels. A price on carbon incentivizes more of what we do want – efficiency, conservation, and renewables - and discourages what we don't want – pollution. It corrects for market failures and rationalizes our energy use. For those who favor market mechanisms, it is one of the most potent, cost-effective, and flexible tools in the carbon control toolbox.

Carbon pricing programs can take the form of carbon fee or tax, as in HB 3252, or a carbon cap, as in HB 3470 and 3250. According to the World Bank, there are more than 60 different national and sub-national carbon-pricing programs around the world.¹ We have successful working models to the north – British Columbia's carbon tax – and to the south – California's cap-and-trade program which has recently expanded to include Quebec and Ontario. The world's emissions trading programs are currently valued at about \$30 billion.²

¹ World Bank, 2014. *State & Trends of Carbon Pricing Report: 2014*. Available at: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/05/27/000456286_20140527095323/Rendered/PDF/882840AR0REPLA00EPI2102680Box385232.pdf

² Ibid.


Many major companies, including Fortune 500 companies, use an internal carbon price as an incentive and strategic planning tool.³ Forward looking businesses want to be ahead of the curve, making business decisions that account for the true cost of carbon. By pricing carbon, the Legislature can provide Oregon businesses with the certainty they need for long term planning and investment and position those businesses on the leading edge of innovation. It will send a strong price signal to clean energy businesses that Oregon is ready to receive their investment and their jobs. Years of worldwide experience, and recent modeling by Portland State University, demonstrate that we can hold polluters accountable in Oregon and continue to grow our economy and grow jobs.⁴ Oregon households and businesses can thrive while the major polluters in our state account for the costs of their emissions.

Oregon is already paying the price for carbon pollution, whether we're fighting record-breaking forest fires and longer droughts, or watching our shellfish, recreation and tourism industries struggle to survive, while facing more destructive storms all across the state. And the impacts are fundamentally unequal; rural and urban low-income communities and communities of color are more acutely experiencing the effects of pollution and global warming. This is why any policy we enact to price carbon – either a fee or cap – must also invest in the people and communities in Oregon who are most vulnerable.

We support a science-based, equitable approach to carbon management that delivers broadly shared benefits for all Oregonians. HB 3470, 3252 and 3250 provide workable models for pricing and limiting carbon in Oregon that meet this criteria. We need to seize these opportunities and chart Oregon on a new course from pollution to prosperity.

Thank you for your consideration of these comments.

Sincerely,



Kristen Sheeran, Ph.D.
Oregon Director, Climate Solutions

³ CDP, 2013. *Use of Internal Carbon Price by Companies as Investment and Strategic Planning Tool: Review of Findings*.
<https://www.cdp.net/CDPResults/companies-carbon-pricing-2013.pdf>

⁴ Northwest Economic Research Center, Portland State University, 2014. *Economic and Emissions Impacts of a Carbon Tax or Fee in Oregon*.
Available at: <https://www.pdx.edu/nerc/sites/www.pdx.edu/nerc/files/carbontax2014.pdf>.