

Testimony Before the House Energy & Environment Committee

April 14, 2015

Chair Pederson and Committee Members:

My name is Dan Thorndike, General Counsel for, and an owner of, Medford Fabrication, a family-owned business providing precision metal fabrication and design services locally, regionally, nationally and internationally for over 70 years.

I have also served on both the Oregon Water Resource Commission and on the Oregon Watershed Enhancement Board for over 11 years, going back to 1997, and have received countless presentations from our scientist friends at O.S.U. and elsewhere, graphically demonstrating the impact of climate change on Oregon, as well as the direct impact of increasing levels of atmospheric CO₂ – from invasive weeds such as cheatgrass and medusa head in Eastern Oregon to catastrophic ocean acidification affecting oyster farms and other shellfish on the coast.

Like it or not, there will be increasing regulation of carbon, which will affect all of us doing business. In Oregon, we see that such regulation has already begun. Frankly – and I know this won't come as a shock to many of you- many of us in the business community really don't care for regulation, particularly when it interferes with our best economic judgment as to how to respond to a problem or an opportunity.

That is why we support revenue-neutral carbon pricing, implemented as soon as possible so that it can be phased in gradually, giving the market time to work before we fall off or run into the "carbon cliff". What might make sense to us in Medford to reduce our carbon impact is not necessarily what might make sense in Metro Portland, on the coast or out in Hermiston or Ontario. Let businesses decide, rather than subjecting us to "command & control", top-down regulation telling us what to do and how to do it.

Why revenue-neutral? First, it avoids the traditionally unsuccessful approach of having the government choosing winners and losers. We'd rather compete on our own merits. Second, it avoids the "boom-bust" scenarios accompanying most subsidies, whether direct or tax-based. I recall the media hoopla accompanying the construction of a facility to construct components for wind turbines. I also recall receiving the advertising flyer from the industrial auctioneer liquidating the assets of the now-closed facility, a victim of changing, inconsistent and unpredictable state and federal tax policies. Thirdly, we believe that growing the market for products serving the "reduced carbon" economy – a market we already benefit from as utilities in Oregon and around the world seek to increase their efficiency and switch away from coal- is best supported by the market and its pricing signals, rather than via regulation or subsidies.

For these reasons, there is a strong business case to act sooner rather than later, and to enact simple, revenue-neutral carbon pricing in Oregon. Thank you.