

April 5, 2017

Representative Ken Helm, Chair
House Energy and Environment Committee
Oregon State Capitol
Salem, OR 97301

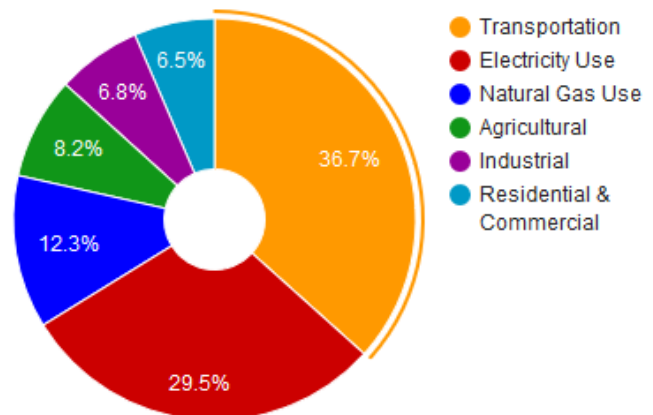
RE: House Bill 3386 and -6 and House Bill 2481 and -3

Dear Chair Helm and Members of the Committee,

We write in strong opposition to House Bill 3386 and its -6 amendment and House Bill 2481 and its -3 amendment, and urge you to reject these bills. Climate Solutions is a regional non-profit working to accelerate practical and profitable solutions to global warming. Maintaining a strong Clean Fuels Program is exactly the kind of solution we seek: one that signals to clean energy businesses that Oregon is ready for their investment and jobs, while improving our air quality and reducing greenhouse gas emissions. HB 3386-6 would erode the Clean Fuels Program until it is unrecognizable, significantly limiting demand for clean fuels and hamstringing its ability to reduce greenhouse gases – in addition to raising serious questions about the amendment’s implementation and legality.

Over one-third of Oregon’s climate pollution (36.7%) comes from the transportation sector.¹ The Oregon Global Warming Commission’s key takeaway of its 2017 report to the legislature is that the “majority of this increase (60%) [in greenhouse gas emissions] was due to increased emissions from the transportation sector, specifically the use of gasoline and diesel.”² The Clean Fuels program, targeted to reduce transportation pollution, plays an essential part in achieving needed greenhouse gas reductions.

Oregon's Greenhouse Gas Emissions (2015)



This flexible, innovative program has only been implemented for one year and has already reduced over 580,000 tons of pollution and created new jobs and opportunities for Oregon, working faster and better than predicted. To fully realize the benefits of more clean fuels in Oregon, the legislature must not stifle innovation and erode demand for clean fuels. Additionally, the paper

¹ Department of Environmental Quality, GHG Inventory Data, <https://www.oregon.gov/deq/FilterDocs/GHGInventory.pdf>

² Oregon Global Warming Report, 2017 Biennial Report to the Legislature, p. 8, http://www.keeporegoncool.org/sites/default/files/ogwc-standard-documents/OGWC%202017%20Biennial%20Report%20to%20the%20Legislature_final.pdf

credit fund proposed in the -6 amendment to HB 3386 does not guarantee that greenhouse gases will be reduced.

In 2015, when the sunset for the Clean Fuels Program was lifted and it was finally able to be implemented, Oregonians were sending \$6 billion every year out of state for oil, with no protection from the wild fluctuations and frequent price spikes of gas prices. The Clean Fuels Program is providing us with a chance to keep some of our energy dollars closer to home, investing in a growing clean fuels industry in Oregon.

The Pacific Northwest has significant resources to meet rising demand for cleaner fuels. The current law does not specify which fuels must be used to comply, offering a range of options including biodiesel and ethanol, natural gas, propane and electricity. Sources of clean fuels are available throughout the state, from farms and forests, as well as dairies, waste disposal facilities and low-carbon electricity. Threatening these opportunities, HB 3386 and its -6 amendment allow regulated parties to bypass the credit market to buy “unlimited” paper credits at a discounted rate. A paper credit price of \$75/ton in Oregon will guarantee that the lowest-carbon and most innovative fuels and investment will go elsewhere (likely to California or British Columbia, where the de facto credit ceiling is \$200/ton).

Additionally, HB 2481-3 would be onerous and costly to small business gas stations around the state to implement. It would also mislead the public by only disclosing part of the whole picture on gas receipts: costs of the Clean Fuels Program to fossil fuel companies that they choose to pass on to customers. It would not include program benefits to public health, environment, and the climate, nor the costs of inaction if the program did not reduce carbon in our fuels.

Oregon can play its part in making the transition from exclusive reliance on fossil fuels to clean energy. We believe this transition is not only possible but economically attractive. We also know – as underscored by the Trump administration’s recent actions to roll back climate progress on a national level – that our state must now step up as a leader and accelerate this transition. The science and the physical impacts of climate disruption are reality here in Oregon. Protecting our innovative Clean Fuels Program from these attempts to roll back climate progress at a state level is essential to reducing our carbon footprint and growing clean fuels jobs around our state.

Thank you for your consideration of these comments.

Sincerely,



Meredith Connolly
Oregon Policy Manager
Climate Solutions