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Senate Committee on Environment and Natural Resources
Senator Michael Dembrow, Chair
senr.exhibits@oregonlegislature.gov

Re: SB 1007-1, Climate Test - SUPPORT

Dear Senators Dembrow, Olson, Baertschiger, Prozanski, and Roblan:

Climate change poses unprecedented threats to human civilization. During your term in Salem you've given voice to the urgency of those threats and have taken important steps to address greenhouse gas pollution. But we and the global community haven't yet done enough to prevent greenhouse gas emissions from reaching record levels and accelerating the world toward climate catastrophe. In December of 2015, 195 nations came together in Paris and pledged to limit global warming to 2 degrees C or less. In light of that global commitment to take action to curb fossil fuel use, we urge you to demonstrate strong climate leadership by enacting a "Climate Test" for proposed large-scale fossil fuel infrastructure projects.

The Pacific Northwest stands squarely between Asian energy markets and large fossil fuel deposits in the interior of North America. In order to reach these markets, energy companies have attempted to build a range of large fossil fuel infrastructure projects in Oregon and other PNW states. Between 2009 and 2014, at least four new facilities were proposed whose sum total of fuel CO_2 emissions, when burned, would equal 69.1 million metric tons per year. In contrast, the Oregon DEQ estimates that the sum total of CO_2 emissions generated by the entire state of Oregon in 2014 amounted to approximately 60.0 million metric tons per year.

Oregon regulations do not currently consider climate when reviewing permit applications for fossil fuel mega projects - that needs to change. Under the Climate Test, the Oregon Dept. of Energy would coordinate all environmental permit processes, which currently are handled individually with no communication between agencies. Additional considerations like health impacts on environmental justice communities and impacts on indigenous Tribes are part of the Climate Test. Lastly, the Climate Test will examine the economic viability of a fossil fuel mega-project in a global energy economy that will limit global warming to well below 2 degrees C. If the likely economic benefits under the "2 degree C scenario" do not outweigh the cumulative negative impacts, the permit will not be issued.

As noted above, In December of 2015, 195 countries convened in Paris and signed what has become known as the Paris Climate Accord, in which the signatories pledged to limit climate change to well below 2 degrees C by the year 2100. This pledge means that jurisdictions all over the world will take the steps needed to decarbonize the global economy, which will drastically alter the demand, and thus the price of fossil fuels. Here in Oregon, we need to base our fossil fuel infrastructure policy on what we expect the global energy economy will be based on the Paris accord, not what the fossil fuel industry would like business as usual to continue.

Oregon as a state has relatively low GHG emissions, especially compared to larger economies like our neighbor to the south. However, our geographic location between the large fossil fuel reserves in the interior of the continent and potential markets in Asia means that our deep-water ports are highly desirable for the shipment of fossil fuels across the world. The evidence of this is manifested in the numerous large-scale fossil fuel infrastructure projects, such as pipelines and export terminals that have been proposed over the last several years. We are a vital link in a global supply network, and as such

should make our fossil fuel infrastructure policy decisions in the context of global energy markets.

The Climate Test is a powerful, inexpensive, and efficient tool for evaluating whether a large-scale fossil fuel infrastructure project would be a good fit for Oregon. The key element of the Climate Test is the requirement for an economic viability analysis under a 'well below 2 degree C' scenario. This will determine whether the risks to our air, water, wildlife, and climate posed by fossil fuel mega-projects are justified by the promise of jobs that accompany them.

The standard approach for fossil fuel companies to justify the construction of their infrastructure mega-projects is that the facilities will provide a large number of long-term jobs to the communities in which they are situated. However, these economic projections are always developed under what is known as a "business as usual" scenario. This scenario assumes that there will never be any future regulation on fossil fuels than what is in place at the time of the analysis. As a result, the business as usual analysis predicts that the infrastructure facility will be highly profitable for a long time.

However, we know that business as usual will not continue, that actions will be taken by jurisdictions around the world to limit climate change to well below 2 degrees C, and that those actions will have enormous impact on energy markets and fossil fuel prices. Thus, the 2 degree C scenario is a more realistic outcome. Under this scenario, fossil fuel infrastructure projects will not be as profitable and will likely not be economically viable. They would then go out of business, closing their doors and laying off workers. The facility would become, in technical parlance, a "stranded asset." Furthermore, the land on which the facility would be situated would likely have valuable deep-water port access. In order for the land to be made available for a different facility which would be economically viable, a costly de-commissioning, demolition, and toxic waste remediation process would be necessary; the cost of this would be borne by the owner of the land, which is nearly always a public entity.

If we have reason to believe that the price of fossil fuels will drop to the point where a given infrastructure project will not be profitable and will instead go out of business in relatively short order, we should not allow them to be constructed. This is especially true if the project brings with it harmful impacts to our air, water, natural resources, human health, and/or our ability to honor treaty obligations to indigenous tribes. The Climate Test will provide us the information we need to make that determination.

Please vote "Yes" on SB 1007, the Climate Test.