

April 11, 2017

The Honorable Michael Dembrow  
Chair, Senate Committee on Environment and Natural Resources  
Oregon State Capitol  
Salem, Oregon 97301

**RE: SB 557 (Beyer)—SUPPORT**

Dear Chair Dembrow,

I am writing on behalf of the Union of Concerned Scientists (UCS) and our 13,000 supporters in Oregon in support of Senate Bill 557 (Beyer), a measure to establish a cap-and-trade program for global warming pollution in Oregon.

Since 2007, Oregon has had aspirational targets for reducing global warming emissions. While these targets have provided focus to Oregon's efforts to reduce carbon pollution, Oregon must establish enforceable limits on pollution if it is to succeed in meeting its goals. In addition, Oregon ought to establish an effective price on global warming pollution to ensure that the costs of fossil fuel pollution are better reflected in the decisions businesses and consumers make. We support SB 557 because the cap-and-trade program it establishes will place enforceable limits on most of the state's global warming emissions, and will effectively price those emissions.

A cap and trade program is not a hypothetical policy tool; it is a proven tool to reduce emissions. In fact, by the end of this year a quarter of global emissions could be covered either a cap-and-trade program or carbon tax. Oregon has the chance to build on these successful examples to create a program that reduces pollution and meets the unique needs of Oregonians.

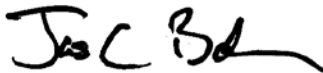
While refinements to SB 557 should be considered, the bill as introduced is a thorough and well-vetted policy proposal. In particular, UCS appreciates the following details of the bill:

- **Covered sectors**—The program will include all of the major emitting sectors in Oregon: transportation fuels, electricity production, natural gas use, and the industrial sector.
- **Level of emission reductions**—The bill will establish emission levels of 20 percent below 1990 levels by 2025, 45 percent below 1990 levels by 2035, and 75 percent below 1990 levels by 2050. We believe that the near-term reduction limits will spur investments and deployment of clean energy technologies that can put Oregon on a pathway to feasibly decarbonize the economy in mid-century.

- **Ensuring rigorous emissions accounting and limiting offsets**— The bill requires reductions achieved in the cap-and-trade program to be “real, permanent, quantifiable, verifiable, and enforceable.” The bill will also require stringent criteria for offset projects to ensure they represent actual emission reductions beyond business as usual, and would limit their use in the program.
- **Allowance allocation and price floor**—The bill auctions allowances after addressing leakage risks and distributing allowances to electric and natural gas utilities for the benefit of ratepayers. In addition, the bill requires an auction price floor to ensure that a minimum price is achieved to help provide a market signal to encourage a shift to low carbon energy.
- **Uses of revenue and equity considerations**—UCS appreciates that the bill utilizes revenues to fund a transition to a clean energy economy, protect low-income families and impacted workers, and improve the livelihoods of underserved and rural communities. The bill also wisely will ensure that investment decisions are rooted in analyses that include stakeholder involvement.
- **Addressing competitiveness concerns**—The bill prudently includes provisions to minimize risks to emissions-intensive, trade-exposed industries and to reassess these risks over time.
- **Allowing for linkage with other jurisdictions**—The bill would allow Oregon to link its cap-and-trade program with other states or countries. This will create a more liquid market and allow greater opportunities for covered entities to pursue low-cost emission reductions.

With all signs pointing to a drawback of federal policies to reduce climate pollution, ambitious actions by the Oregon Legislature to reduce carbon emissions and accelerate a clean energy transition have never been more necessary. We hope you will seize the opportunity in 2017 to craft practical, science-based solutions to put Oregon on a pathway to decarbonizing the economy and building a clean energy economy. Please let us know if we can be of additional assistance to your efforts.

Sincerely,



Jason Barbose  
Western States Policy Manager



Jamesine Rogers Gibson  
Western States Senior Climate Analyst