

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

April 12, 2017

Re: Support for House Bill 2135

Chair Helm and Members of the Committee,

We write in support of House Bill 2135 as an urgently needed approach to capping our climate pollution and furthering equitable climate leadership in Oregon. Our state is poised to reap the rewards of more jobs, clean air, and local, renewable energy if we place a limit and price on the largest sources of climate pollution.

House Bill 2135 offers the opportunity for Oregon to adopt a flexible, market-based mechanism that can link with other jurisdictions, and drive low-cost reductions of climate pollution to benefit our residents, economy and environment. We also support the companion bill, Senate Bill 557. Both these bills are an Oregon Conservation Network 2017 Priority.

Climate change is already harming Oregon’s economy, people and places. We must act urgently and boldly to protect our state. To fully transition from fossil fuels to a clean energy economy, Oregon needs a comprehensive policy that accounts for the true costs of climate pollution. The Global Warming Commission confirmed in its recent 2017 report that we are far off track from meeting our legislated targets for reducing greenhouse gas emissions.¹

It is technically and economically achievable for Oregon to grow a clean energy economy and climate-resilient industries. The Department of Environmental Quality (DEQ) recently studied cap-and-trade and confirmed what years of worldwide experience have proven: a market-based cap-and-trade system in Oregon offers a “flexible, cost-effective mechanism” for assuring greenhouse gas reductions with minimal economic effects, and could grow our GDP.²

Reinvestment of the proceeds from pricing climate pollution (estimated to be \$700 million per year) is key to multiplying the success of a carbon pricing system: reducing pollution, creating clean energy jobs in local communities around the state, and empowering impacted communities. As DEQ’s study recommends, significant proceeds from the program should be directed to reinvestment opportunities that benefit communities of color, low income and rural communities. Examples of these reinvestment include training people to work in the clean energy sector, energy bill assistance, and weatherization in low-income housing.

Our organizations support carbon pricing policies that adhere to the following principles: science-based, creates long-term business and policy certainty, is comprehensive in scope, reinvests in addressing the problem and creating benefits for underserved communities, is

¹ Oregon Global Warming Commission, “Biennial Report to the Legislature 2017,” February 2017: <https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/95809>

² Department of Environmental Quality, “Considerations for Designing a Cap-and-Trade Program in Oregon,” February 14, 2017, <https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/98956> (DEQ Cap and Trade Study).

equitable for most impacted communities, supports workers, and is transparent and accountable. In particular, we believe ensuring HB 2135 has the following features would strengthen it:

- **An enforceable cap:** Oregon needs an enforceable cap, based on the best available science. A cap should go into force as quickly as possible, decline steadily, and be authorized through 2050. A cap should also cover all major sources of Oregon’s greenhouse gas emissions, including in-state and imported power; transportation; and industrial emissions.
- **Invests in solutions and a vibrant Oregon:** Pricing pollution creates opportunities for Oregon to invest in the transition to a clean energy economy. The program should invest in communities hit first and worst by climate pollution (as well as the negative health impacts of fossil fuel combustion), and create opportunities for economic development in rural parts of the state. A responsible policy will dedicate significant resources to these communities, and we support the allocations provided in SB 557.
- **Data-driven approach:** Flexibility features can be built in to accommodate “energy-intensive, trade-exposed” industries. However, we strongly support requirements for a data-driven approach to assess any leakage risk.
- **Job training and worker assistance:** Oregon’s labor pool should have the skills necessary and that workers in fossil fuel-intensive industries have the opportunity for retraining. We strongly support inclusion of a Just Transition fund and dedication of resources for apprenticeship and transition programs.
- **Transparent and accountable:** Our organizations strongly support the addition of an Oversight Committee with equitable representation. An Oversight Committee should help ensure that a program is achieving emissions reductions, that benefits are distributed throughout Oregon, that climate impacted communities (both urban and rural) are receiving support, and that proceeds are being leveraged for positive outcomes.

In summary, we support a science-based, equitable approach to carbon management that delivers broadly shared benefits for all Oregonians. We need to seize this opportunity to chart Oregon on a new course from pollution to prosperity.

We urge you to support this bill. Thank you for your consideration of these comments.

Sincerely,

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