

Agriculture, Forests,
Fisheries, Rural
Communities, and Tribes
Work Group

Clean Energy Jobs / Agriculture, Forests, Fisheries, Rural Communities, and Tribes Work Group

Homework Responses Bullet Points

Question 1: What aspects of a cap-and-invest policy as it is being discussed in Oregon are you most concerned about for your organization/industry/constituents/customers?

GENERAL COMMENTS

- Existing policies and programs within the state's Natural Resource budget can be considered as avenues for directing resources. Existing state level structures, such as the Forest Resource Trust, may be able to be used without a need to create new institutions.
- S.B. 1070 should where possible avoid creating conditions where accessing carbon payments/offsets and incentive programs is overly cumbersome for smaller forests and agricultural options.
- We are concerned that SB 1070 as it is currently drafted misses the opportunity to meaningfully engage rural communities by overlooking forests and other working lands.
- A well designed Oregon 'cap and invest' program should create significant new resources for small and mid-sized farms and ranches to adopt practices that promote soil health and soil carbon sequestration.
- The largest individual agricultural sources of greenhouse gas emissions in Oregon, like the very largest concentrated animal feeding operations (CAFOs) in the state, should not be exempt from the greenhouse gas emissions cap or reporting requirements.
- Oregon Association of Nurseries is profoundly concerned that yet another significant cost increase will make it very difficult for Oregon nurseries to compete in the national market.
- Concerned that a cap-and-invest policy will not account for the voluntary measures that nurseries have already taken to conserve resources.
- A forest carbon research facility based in the Elliott Forest will push the scientific boundaries of knowledge about the forest carbon cycle and establish new levels of certainty about carbon storage which will translate directly into higher value of forest carbon credits registered with higher stringency.

OFFSETS

- In theory, offset investment credits are a good concept; they must be closely monitored so as not to be abused. The credits should be progressive in nature to promote the move towards renewable energy and not as a crutch to keep doing "business as usual".
- Regulatory agency to provide a clear, transparent process for organizations with an interest in developing projects – either offset projects or projects that will increase the amount of renewable energy we generate here in Oregon.
- SB 1070 proposes several compliance pathways for manufacturers from purchasing allowances to obtaining offset credits. Depending on the number and access to offset credits, the costs to regulated entities differs. How many offset credits will be available under this program –meaning, will there be enough offsets for all regulated entities to cover up to 8% of their compliance obligation? Will regulated entities have the ability to generate offset credits?
- The existing market for "compliance offsets" is largely inaccessible for most family forest owners, municipal watersheds, and other non-industrial forest owners, as well as for small scale farm operations. An Oregon offset market should be designed to: (1) ensure that emission reductions are real, additional, and as permanent as possible, and (2) accessible for smaller scale non-industrial forest and farm properties.
- Ensures rigorous standards and limits for offsets (Sec 10(3))—The bill includes strong standards for offsets, including that offset projects must be "real, permanent, quantifiable, verifiable, and

enforceable” and that emissions reductions credited to the offset project “would not otherwise have occurred” if not for the project. The bill also places limits on the use of offsets, which is important to ensuring that significant reductions come from covered sources in the program. (We make recommendations on changes to the offset limit below.) We support the bill’s proposal to allow for tighter offset limits for entities located in impacted communities.

- One mechanism is the offset framework, which can provide incentives for landowners to adopt practices to store carbon and conserve habitat. We support efforts to ensure both offset goals and resilience/adaptation goals are advanced by the offset program.
- Because modern wood energy systems can provide a wide range of benefits to communities and businesses, including carbon benefits, we would like to see these systems be eligible as offset projects. New funding sources to design and install these systems will help in technology deployment, particularly in rural communities that can benefit most from these systems but tend to have the fewest resources. Our concern is that instead, modern wood energy systems will be excluded from eligibility due to misinformation and a lack of education about these systems, which will have a chilling effect on the industry and impede technically viable, environmentally responsible, and socially acceptable projects from being implemented.
- The present ceiling on offsets in SB 1070 is set at 8%. Under the California system, the percentage of compliance allowed to be met through offsets can be raised according to the stringency of those offsets. Higher stringency indicates an offset with a higher level of scientific verifiability and durability. By producing forest carbon credits of the highest stringency, Oregon can design a system in which forest carbon offsets can make up 30% or even more of compliance instruments.
- What types of projects can be used for offsets and how will this be determined? How many offset credits will be available and will offsets be restricted? How will the linked market dictate Oregon offset provisions? Can covered entities generate offsets?
- Most significant for our industry is the potential for small and mid-scale and organic farmers to be disadvantaged if incentives for cap-and-invest are designed to benefit large scale primarily conventional farms. A common concern among the agricultural community is that early adopters, already implementing one or more beneficial practices, such as organic farmers, are not rewarded while laggards who have resisted implementing progressive farming practices receive financial rewards and technical assistance. Indirect costs may come if other sectors pass through their increased costs for goods and services that are carbon intensive.
- Oregon should analyze and consider further limiting the use of offsets as well. We believe this will maintain opportunities for offset projects from – for example – the forestry sector to benefit rural economic development, while protecting the integrity of Oregon’s program.
- We also support the current limit of offset use in areas with pollution hotspots.
- We want to ensure the opportunity for organic practices to be part of a toolkit of solutions is both recognized and encouraged as a cap-and-invest policy is further discussed and developed.
- Maintaining a robust and certain role for offsets and development of Oregon specific protocols.
- Oregon’s offset program be fully compatible with the California market, especially with regard to the forest protocols, where the most utilized protocol is that for Improved Forest Management.

INVESTMENTS

- Oregon should adopt similar investment strategies in affordable and middle income housing, transit, and walking and bicycling facilities that meet several bottom lines: cleaning the air of unhealthy pollutants and helping communities of color and low-income neighborhoods hit hardest by climate change.

- Specifically, the Clean Energy Jobs bill can investment in aggregating existing biological information, soils type information, and power grid interconnect information so Oregon can comprehensively and sensibly plan out industrial solar siting by design, to be “shovel ready,” which can benefit in particular rural communities in eastern and central Oregon that have faced challenges from changing economies.
- 25% of the Oregon Climate Investment Fund goes toward the restoration and conservation of forests and watersheds.

Question 2: What changes would you suggest be made to cap-and-invest as it is currently being discussed to address the concerns you have?

GENERAL COMMENTS

- The food industry must be exempt or receive free allowances and these allowances or exemptions must be permanent and not expire or be reduced over time.
- Should be limited to energy combustion emissions and process emissions that are reasonably able to be reduced. Food company biogenic emissions should be excluded from coverage.
- Must account for the impact of higher fuel and utility prices on the agricultural sector and take steps to insulate agricultural businesses from this increasing cost.
- Section 14(4)(c) add a requirement for consideration of projects with multiple environmental and health co-benefits. This appears in Section 16 but probably belongs in both places. Co-benefits can include resistance to both drought and flooding and increased productivity.
- In Section 16(3)(d) it would be ideal to have representation of someone with experience in natural and working lands. If positions are established there must be representation of farms at all scales.
- Emissions (Energy) Intensive Trade Exposed Industries. The food industry must be exempt or receive free allowances and these allowances or exemptions must be permanent and not expire or be reduced over time. Oregon food companies face significant competition from imported food products as well as domestic food products from areas of the U.S. that lack strict environmental regulations like those in Oregon.
- If EITE standards are set, they should not be “one-size-fits-all” as there are significant differences among industry sectors and within industry sectors and subsectors. Sectors are not homogeneous. Standards should be guidelines and determinations should be facility specific.
- Transportation fuels that Oregon’s agricultural industries depend on to move products to market will not be exempted. Rising fuel prices will also increase the cost of fertilizer, and higher utility rates will raise the cost of energy used for irrigation. In order to avoid a significant cost burden that could jeopardize the competitiveness of Oregon’s nursery industry, any cap-and-invest policy must account for the impact of higher fuel and utility prices on the agricultural sector and take steps to insulate agricultural businesses from this increasing cost.
- In Section 16(3)(d) it would be ideal to have representation of someone with experience in natural and working lands. If positions are established there must be representation of farms at all scales.
- We also support additional review of the current regulatory framework for utility-scale renewable energy development so development is directed away from Oregon’s most productive farmland and onto less productive land, where it is the highest and best use of the land.
- In Section 16(3)(d): it would be ideal to have representation of someone with experience in natural and working lands. If positions are established there must be representation of both large and small farms.

- Oregon needs to ensure that early adopters are treated fairly. For instance, a grower who has already adopted no-till practices should be entitled to the same carbon credits as a grower who agrees to adopt the practice in the future. Early adopters and innovators also dominate leadership in many agricultural groups, so fair treatment for them in any program is critical to gaining our support.
- Representation from natural resource science and management should be required for both The Climate Investments Fund Grant Committee Section 16(3)(d)(I)(J) and Just Transition Fund Grant Committee. Section 20(2)(g)(h).
- Require members or expertise in both natural resources and economic development on The Climate Investments Fund Grant Committee Section 16(3)(d)(I)(J) and Just Transition Fund Grant Committee. Section 20(2)(g)(h).
- In order to preserve the surplus nature of voluntary renewable programs, Renewable Northwest strongly supports the additional of an allowance set-aside.
- Recognize an explicit role for working lands and natural infrastructure in greenhouse gas reduction, adaptation, and resilience as part of authorizing legislation.

OFFSETS

- Point for clarification: How do restrictions on offset credits in Section 10(3)(c) pertain to covered entities in the transportation sector?
- We advocate that the offset limit be maintained at 8%, as it currently stands in 1070. Certainty in significant, long-term demand for offsets will mobilize private capital in land-based GHG reduction projects. A reduced offset limit sends a signal of uncertainty to private investors, limiting interest in financing agricultural and forestry GHG reduction. The offset market can motivate agricultural and forestry GHG reductions at a faster pace and at greater scale than auction fund reinvestment because it sends a long-term price signal that can be depended upon, makes payments for verified reductions (outcomes) rather than anticipated reductions, and focuses on the most cost-effective reduction opportunities.
- Tighter offset limit in early years of the program (Sec 10(3)(c))—SB 1070 wisely limits the use offsets. In general, we believe that the proposal to limit offsets to 8% of an entity’s compliance obligation for a compliance period is a reasonable restriction. However, in the early years of the program, the 8% limit will represent the majority, if not all, of the required emissions reductions compared to baseline emissions. California had an 8% limit at the introduction of its program, and many stakeholders have been disappointed that emissions from large sources have not declined in the program’s early years. Oregon would be wise to improve on the experience in California by further reducing the use of offsets in the early years of the program.
- We recommend that biomass energy systems be included in the cap-and-invest discussion, in particular as potential offset projects, and that this discussion be grounded in a realistic, scientific, and nuanced approach towards different types of biomass systems.
- Offsets negate the urgency of acting on climate change and critically reduces the reinvestments our most impacted communities so urgently need to transition towards a clean energy job market. Other options are more viable, exist, and should be explored.
- Carbon sequestration (forest, agricultural, and others) must be recognized as activities that are eligible for offsets. Covered entities should be able to generate offsets.
- Create a process for drafting new offset protocols, like an Oregon forest protocol. In California, AB398 has created an Offsets Protocol Taskforce to this end.
- One potential way to compensate Oregon nurseries for higher fuels costs would be to reward the

nursery industry for the carbon offsets that its products provide.

- Providing free allowances or offsets to Oregon’s nursery industry as compensation for the emissions reductions its products achieve would go a long way towards negating the impact of the higher fuel prices and utility costs that a cap-and-invest program will produce.
- Prohibit use of offsets. Invest revenues directly into forest/agriculture projects in Oregon.
- Prohibit offsets
- Oregon offsets program should be designed to provide:
 - Designated economic credit for organic farming;
 - Credit for specific farm management practices proven to mitigate climate change and enhance carbon sequestration;
 - Expansion of funding for programs to support organic research and education, considering the proven carbon benefits of organic farming.
- The bill language should also ensure that funding is available and accessible to farms of all sizes
- The Port would like policy makers and stakeholders to have a deeper discussion about how offsets will be structured in an Oregon cap and invest program and how linkage with California will affect the use of offsets under Oregon’s program.
- Offsets. Covered entities should be able to generate offsets.
- Furthermore, the legislation is much too restrictive on the use of offsets for compliance.
- In addition the use of offsets as an identified cost containment mechanism of 8 % is an important component of the Cap and Invest program and offers alternative revenue sources and co-benefits to Oregon industries outside of the cap including the Timber and AG sectors.
- Prioritize small landowners that would otherwise be unable to participate in a formal offset program due to acreage limitations or excessive transaction costs.
- Designating offset project funds to support increased research on and adoption of organic practices. It would be great to see a program recognize the value of maintaining and enhancing soil health, while reducing use of high-emission agricultural inputs—like synthetic fertilizers and pesticides—and reward farmers who do so.
- Limiting any offsets to Oregon
- Instead of relying on offsets, we believe using allowance funds will better reduce the barriers for small businesses, family farms, or foresters to access valuable resources to capture or store carbon in soils and forests.
- Prohibit use of offset projects
- While, in principle, we support the notion of allowing polluters to meet their goals in part by investment carbon offsets, so long as these offset investments are certified to be activities that (a) reduce emissions or promote GHG sequestration, (b) would not have happened absent the offset investment, and (c) are preferentially (though not exclusively) distributed within Oregon to stimulate valuable projects in our state, we also urge that such an option be limited, as is currently the case, to a small proportion of the total emissions of any entity. We also appreciate the provision that such offsets may not be used in such a way as to maintain current behaviors (e.g. pollution emissions) that compromise specific communities.
- Examples of additional Oregon-specific offsets, or new offsets for agriculture, could include:
 - Certified organic farming operations
 - Cover crops and crop rotations
 - Conservation tillage
 - Rotational grazing

INVESTMENTS

- Identify a suite of eligible program investments in working lands for greenhouse gas reduction and sequestration benefits.
- Direct practice or performance payments to landowners for implementing actions that reduce and sequester greenhouse gases and achieve climate smart conservation. These could be termed lease agreements or practice specific actions similar to the California Healthy Soils Initiative or NRCS programs.
- Fund conservation easements to maintain working forests, farms, ranches, and the diverse conservation and habitat benefits they provide.
- For acres that are exiting federal NRCS conservation programs, enroll those existing acres into a new Oregon direct payment program to maintain sequestered carbon and climate benefits.
- Preference should be given to projects that can be aggregated and enrolled into long-term offset markets to ensure permanence of GHG reductions and leverage environmental credit markets.
- Identify a suite of eligible program investments in working lands for climate adaptation, resilience, and transition benefits. These investments may provide both direct carbon benefits, as well as mitigate the effects of climate change on the state's working lands, communities, and businesses. Sample investments could include:
 - Ecologically based forest restoration (thinning, prescribed fire, watershed improvements) to reduce wildfire risk to communities and carbon emissions.
 - Natural and mechanical water storage and delivery mechanisms (beaver dam analogs, transition from open canals to piping, wetlands) to respond to shifting precipitation patterns and impacts to ecosystems and agriculture.
 - We suggest that the bill specifically call out agricultural GHG mitigation as an item to be funded with targeted reinvestment revenue.
 - We would like to see greater clarity on the degree to which the policy will support investment in natural resources to assist with resilience to climate change. There is more work to do on specific changes to bill language
 - Provide funding from reinvestment revenue for GHG mitigation by the agriculture sector. Consider establishing an additional Fund, similar to California's Healthy Soils Program, which would provide grant or other funding to the agriculture sector for projects which mitigate greenhouse gas emissions. Ensure that this funding is available and accessible to farms of all sizes.
 - Provide funding from reinvestment revenue for GHG mitigation by the agriculture sector. Consider establishing an additional Fund, similar to California's Healthy Soils Program, which would provide grant or other funding to the agriculture sector for projects which mitigate greenhouse gas emissions. Ensure that this funding is available and accessible to farms of all sizes.
- Section 16(6)(c) allows for provision of technical assistance for women and minority businesses, which we fully support. It is important that small and mid-scale independently owned farms are able to access these investment dollars. We request that terminology related to scale and independently owned businesses be added and defined in regards to technical assistance as well, so that farms of all sizes can benefit. Without these explicit statements we are concerned that this funding will go mainly to large industrial-scale agricultural operations with the resources to write the grants and do the reporting.
- Allocate resources to a strong working lands incentive program to reward agricultural and forest landowners for engaging in practices that improve adaptive capacity, ecological health, and carbon sequestration levels on their land. Incentives should be included under the Climate Investments Fund Section 16(5)(h). Weave into implementation of an incentive program, science-based tools for

measuring the carbon/climate benefits of improved land management tactics.

- Agriculture and forestry incentives can be targeted to operations with: (1) greatest potential for net emission reductions, (e.g. via positive carbon sequestration and storage based over the long-term, or other methods) (2) additional criteria including--income, commitment to project term lengths (permanent vs. shorter-terms), ancillary benefits--e. g. Increasing adaptive capacity of the property and surrounding lands etc. Term lengths could include options of permanent easements or term easements akin to the Federal Healthy Forest Reserve program authorized in the Farm Bill.
- Include forest and agricultural projects that limit or sequester greenhouse gases as eligible projects to receive preference under the Climate Investments Fund Section 16(5)(h).
- Guiding considerations for investment of revenues in working lands projects should include: preferably, a determined percentage of program revenues would be set aside on an annual basis for these purposes, which would allow for greater certainty and the ability to enter into termed agreements with landowners. At a minimum, use of funds for working lands projects should be stated as an eligible purpose in the legislation.

Question 3: What opportunities do you believe exist for your organization/industry/constituents/customers from implementation of a cap-and-invest policy as it is currently being discussed in Oregon?

GENERAL COMMENTS

- A common concern among the agricultural community is that early adopters already implementing one or more of these good practices are not rewarded while laggards who have resisted implementing progressive practices receive financial rewards and technical assistance.
- More Oregon-specific research is needed on agriculture and climate change issues, specifically focused on the relationship of organic and biologically integrated agricultural practices to carbon sequestration, GHG emissions reductions, and risk reduction.
- Farmers need adequate outreach and technical expertise to translate the research findings into practice and to actualize real opportunities for GHG emission reductions on Oregon's farms and ranches.
- When there are costs or perceived risks of making the transition to climate-friendly practices, financial incentives for farmers and ranchers are essential. It requires time, skill building and money to transition to new production practices, and financial assistance must be available to growers who implement specific climate-friendly practices. Incentive programs must be accessible and user-friendly by minimizing complexity in the process and avoiding unnecessarily burdensome paperwork.
- The Pinchot Institute is also interested in supporting development of the incentive mechanisms discussed earlier in this document. We believe that the tools available (e.g. USDA National Resource Conservation Service methodology for "Quantifying Greenhouse Gas Fluxes in Agriculture and Forestry" via USDA's COMET-Planner tool) for quantifying the emission reductions of agricultural and forestry practices should be evaluated to inform the design of incentive programs. We believe that the ranking procedures now in use in California's Healthy Soils Initiative might be useful for informing the application here in Oregon.
- A cap-and-invest program would create challenges for the nursery industry, but it also creates potential opportunities to upgrade our state's transportation infrastructure in innovative ways.
- It is important that any cap-and-invest policy is designed in a way that recognizes the conservation measures that agricultural businesses have already undertaken, and that the policy encourages further innovation without being overly punitive.

OFFSETS

- Keeping the offset limit at 8% is important
- At the appropriate time Oregon will need to create a process for drafting new offset protocols for agriculture that are specific to Oregon.
- Incentives for practices that are known to sequester carbon in the soil, through farms already implementing best practices and those who are new to the methodologies.
- Ensure that Oregon-specific offsets can be established, we request that language be incorporated at this time. The bill language should also ensure that this opportunity is available and accessible to farms of all sizes.
- The Pinchot Institute is interested in convening a process for development of a framework for supporting the engagement of family forest and farm owner in the market for carbon offsets that would result from passage of S.B. 1070. This may entail development of aggregation methodologies or other mechanisms.
- Carbon offsets have created incentives for forest stewardship and conservation under the proven California model. The current language of SB 1070 allows for carbon offset projects, and we suggest that Oregon's program incorporates the successful Forest Protocols used in the California system.
- If modern wood energy systems are included as eligible offset projects, we believe this can create opportunities for our clients to access additional implementation funds. These systems have high capital costs relative to conventional energy systems, and despite feasible payback periods (and particularly with cheap fossil fuels), they can be difficult to capitalize in resource-strapped communities.
- The availability of funding from offsets is a great opportunity for Oregon's organic and sustainable agriculture communities. An offset program would allow "uncapped" sectors-like agriculture and forestry-to generate additional emissions reductions, or offsets, that can be sold to regulated parties.
- Oregon should allow offsets to be used to a much greater extent than California does.

Utilities and Transportation Work Group

Clean Energy Jobs / Utilities and Transportation Work Group

Homework Responses Bullet Points

Question 1: What aspects of a cap-and-invest policy as it is being discussed in Oregon are you most concerned about for your organization/industry/constituents/customers?

GENERAL

- Give businesses time to adapt but avoid undue delay.
- Recognition of Early Action- Each of the thermal independent power producers operating in Oregon has already offset, or paid to offset, a significant portion of its carbon emissions for the life of its facility, and should not be required to pay a second time for the same carbon emission reduction. These producers should receive a credit towards their emissions compliance obligations (in the form of free allowances or otherwise) calculated based on the percentage of carbon emissions previously subject to mitigation.
- Customer choice of lower GHG energy sources through utility programs or direct access should be attributed to buyer not to electric utility.
- ORECA will not support any legislation that undermines local control of our electric cooperatives.
- A cap-and-trade/invest approach, if used across multiple jurisdictions and many economic sectors of the economy, has the theoretical potential to result in the most cost effective GHG reductions and to allow the other economic and important physical reliability aspects of the grid to function properly.
- It is important that any Oregon-based policies applicable to the electric sector not conflict with other states.
- One key part of flexibility is to leave detailed implementation of decision-making to local governing boards where appropriate.
- Impact on rural areas, manufacturing and jobs: Oregon's electric cooperatives serve some of the most rural and remote parts of the state. As DEQ notes in their February 14, 2017, report on cap and trade, "rural areas of Oregon tend to be less economically diverse than urban areas, meaning impacts on industries in rural communities could be felt more acutely."
- As it relates to its application to Oregon's retail electricity sector, the policy may be vulnerable to constitutional challenges if it regulates out-of-state emissions through the regulation of imported power. The policy may also be vulnerable to challenge if it attempts to assess compliance costs to electricity customers outside of Oregon that are served by power plants located inside of Oregon. It is unclear if the program seeks to impose costs beyond Oregon electricity customers, in both the wholesale electricity market and to retail electricity customers in other states.
- The policy does not adequately address parity between private electric utilities and public electric utilities that receive the majority of their electricity generation from the federal government. This dynamic could lead to unfair and disparate compliance costs among Oregon electricity customers.

POINT OF REGULATION

- Oregon Should Impose a Single Point of Compliance for Electric Generation within the State
- Oregon should move the point of regulation downstream to the entity combusting natural gas and actually creating emissions, and specify there is no compliance obligation with respect to fuel delivered to a covered entity or for transmitting the power generated by such source.
- It appears that SB1070's structure is different than California's approach regarding the point of regulation of electric utilities, which is not to say one is better or worse. However, this is an area that needs more exploration because of the fact that electricity is bought and sold across state lines.

ALLOWANCES

- An auction or other mechanism should be used to generate program revenue when pollution allowances are distributed.
- Will certain entities be out-right exempt or conditionally exempt from regulation under this program (EITE, under 25,000 MtCO₂, biogenic emissions)? If so, please explain, including the process for seeking an exemption.
- Would industrial customer rates be influenced by allowance allocation to utilities? Would each utility have access to free allowances? If so, to what extent? How would utilities be regulated as it relates to the use of those allowance proceeds?
- Free Allowances: too many free allowances mean we won't have any revenue to reinvest.
- Allowance allocation and auctioning (Sec 10(1)(d))—The bill auctions allowances after addressing leakage risks and distributing allowances to electric and natural gas utilities for the benefit of ratepayers. Auctioning is an important best-practice to prevent windfall profits and ensure public benefits from the program.
- How would industrial customer rates be affected by allowance allocations to utilities? What customers will benefit and how will this be determined. How will utilities be regulated?

INVESTMENT

- Ensure a level playing field for all electricity sellers. One mechanism to do so would be for the legislature to direct the utility commission to implement this section in a manner that maintains equality among competing utility and non-utility service providers, such as specifying that all distribution customers of a given utility are eligible to receive bill assistance, regardless of whether they purchase their power directly from the utility or from an electricity service supplier through the competitive market.
- Allowing use of the Climate Investment Grant Program funds to reduce the upfront investment costs through a grant, low interest loan, or otherwise may allow a generator (or other industrial entity) to dramatically accelerate adoption of new technology to reduce emissions, benefitting Oregon and the planet a whole.
- Bill Reduction. Funding to reduce customer electric bills should not be too prescriptive, and should consider non-utility customer counsel and research, pricing options, direct access, and distributed energy resources (DER), including energy efficiency, demand and capacity management, renewables, storage, etc.
- Bill assistance should not be direct payments to customers.
- Rate Reduction. Policy should direct Public Utility Commission to focus on transmission and distribution utilization factors and losses, and promote planning, resource types and locations that improve T&D utilization factors and reduce energy losses.
- Policy should provide clear language that allows all energy efficiency and bill reduction operators (e.g., Energy Trust of Oregon) to promote beneficial electrification or fuel switching to lower GHG emitting sources.
- Section 35 regarding transportation electrification addresses only Investor owned electric utilities. This Policy should address and provide funding for transportation electrification at consumer owned utilities as well.
- Allowing use of the Climate Investment Grant Program funds to reduce the upfront investment costs through a grant, low interest loan, or otherwise may allow a generator (or other industrial entity) to dramatically accelerate adoption of new technology to reduce emissions, benefitting Oregon and the planet a whole.

- Our concern is the overall impact of any increase in utility rates without an offsetting increase in low-income funds.

COST CONTAINMENT

- We would like to see a public discussion of the costs to the utility sector and the costs to individual utilities within that sector.

HYDRO

- PGE does not see anything in the legislation that would specifically address the issue of annual hydroelectric variability.
- The policy may not adequately capture normal fluctuations in emissions levels that are not in the control of the utility e.g., varying hydro conditions.

Question 2: What changes would you suggest be made to cap-and-invest as it is currently being discussed to address the concerns you have?

GENERAL

- What GHG emissions are the result of industrial electricity use in Oregon? How do those emissions compare nationally and internationally with like processes and production? If nuclear power is taken out of the energy mix from other states, how does Oregon industrial energy use compare in terms of greenhouse gas emissions per unit of energy? Please forecast this comparison to the conclusion of the RPS requirements.
- The policy should consider whether the Public Utility Commission of Oregon needs any additional authorities to consider GHG emission reductions or the achievement of state GHG goals in order to ensure effective, least-cost implementation of the policy in the covered utility sector.
- Avoid One-size-fits all: Any new policies should recognize that not all utilities are in the same starting place. To the extent any policy allocates allowances to utilities with GHGs in their resource mix, it should reflect individual utilities needs and situations rather than be based on broad averages or generalizations.
- We believe it is appropriate to recognize both different historical starting points of utilities (i.e. different GHG emissions) as well as potential changes caused by policies and litigation positions of the state

SCOPE

- Under no circumstances should any GHG emitters covered in SB 1070 (2017) be determined to be exempted from the cap-and-invest program. Additionally, the allocation of free allowances should not be codified into legislation, and instead should be determined in rule and reconsidered on a regular basis based on a consistent methodology.
- Voluntary purchases of renewable energy by utility customers in green power programs or by other means, or voluntary purchases of Renewable Energy Certificates, must reduce CO2 emissions below the amount required under the cap. The possibility of double counting of renewable energy generation or its environmental benefits must be eliminated.
- Re-examine the point of regulation for utilities related to market customers, ensure that the regulatory burden falls on the entity that has decision-making authority to implement actions that will result in GHG emission reductions.
- The utilities should not be responsible for the GHG emissions of products that they do not sell, but only transport.
- Policies should be explored, including an updating baseline, which guard against an outcome the

rewards those with who currently have the highest emissions. Leaving these determinations to a future rulemaking leave too much risk on the table for utility customers and the utilities themselves.

- Capping GHG emissions and pollution: Ensure real reductions based on best available science; actively address local and global air quality concerns.
- Nevertheless, natural gas utilities should not be required to purchase allowances for compliance unless the emissions attributed to them exceed an assigned emissions cap, and in that event they should only be obligated to purchase allowances for net emissions that exceed the cap.
- Finally, emissions from a natural gas utility's "transportation" customers (commercial entities that purchase their own natural gas) should not be attributed to the utility but to the customer itself.

AUCTION/ALLOWANCES

- Free allowances must not be given to utilities. Instead, utilities should be consigned allowances for their sale back to the market, such that the proceeds are sufficient to provide ratepayer support to low and moderate income ratepayers and progressive energy investments in impacted communities.
- Limit free allowances to no more than 25% of all allowances
- No free alliances to utilities.
- A cap and invest system should incorporate the following principles regarding the distribution of allowances:
 - Ensure that the costs of addressing emissions rest with the emitter.
 - Decrease the allocation level over time in a manner that mitigates economic impacts.
 - Ensure that any economic benefits accrue to the utilities' customers.
 - Do not penalize investments in conservation and renewable resources.
 - Allocation formulas must take into account verified savings from energy efficiency investments by load serving entities or by non-profit entities acquiring energy efficiency on behalf of customers of load serving entities.
- How the consignment to the utility sector is allocated from the overall cap is not detailed in the bill and how the consignment to the utility sector is allocated amongst utilities is not laid out within the bill. These allocations determine much of what a cap and trade mean for utilities and therefore should be considered in the bill itself.
- Allowances: Significantly limit free allowances; ensure direct investment to support transition of workers in impacted industries.
- For instance, Section 10 of the bill states that the EQC's rule shall distribute allowances to electric companies and natural gas utilities but that the EQC may distribute allowances to consumer-owned utilities. This section must be amended to give consumer-owned utilities certainty.
- Section 11 of SB 1070 (pg. 10, line 30) states that the "department shall adopt rules governing the use of proceeds from the sale of allowances consigned to the state for auction under this paragraph by consumer-owned utilities." This language unnecessarily wrests local control away from consumer-owned utilities and hands it to the State.
- Section 10 of the bill states that the EQC's rule shall distribute allowances to electric companies and natural gas utilities but that the EQC may distribute allowances to consumer-owned utilities. This is no small distinction and puts electric cooperative such as Umatilla Electric at a significant disadvantage when it comes to compliance. This section must be amended to give consumer-owned utilities certainty. In addition, Section 11 of SB 1070 (pg. 10, line 30) states that the "department shall adopt rules governing the use of proceeds from the sale of allowances consigned to the state for auction under this paragraph by consumer-owned utilities." This language unnecessarily wrests local control away from consumer-owned utilities and hands it to the State. Existing governance

structures for consumer-owned utilities should be considered when determining how utilities can use the proceeds from the sale of allowances.

- Simply, CUB proposes that utility sector auction revenues (assuming consignment) offset any significant rate increases identified with emissions from those coal plants already scheduled to close.
- In short, allowances should be allocated to utilities for free without any requirement that utilities then purchase allowances in order to mitigate against cost impacts on utility customers and natural gas utilities should be able to maximize the use of allowance proceeds by expending them on measures to reduce emissions and promote economic growth.
- Carbon Pollution Market - Section 10:
Page 8, Line 31 – Modify (D) to read, “...to covered entities ~~that include, but are not limited to covered entities that are part of an emission-intensive, trade-exposed industry;~~
Rationale: Targets allowances to the entities most exposed to leakage.
Page 8, Line 36 – Strike ~~three~~ and replace with multi-.
Rationale: Adds flexibility in the legislation to allow the state to set/modify rules as needed through time.

COST CONTAINMENT

- Point for clarification: How do restrictions on offset credits in Section 10(3)(c) pertain to covered entities in the transportation sector?
- Furthermore, the legislation is much too restrictive on the use of offsets for compliance.

INVESTMENT

- We are supportive of reinvestment revenues that are currently beholden to the Highway Trust Fund be prioritized for the most impacted neighborhoods through a transparent and accountable process.
- We believe funds from consigned allowances should be returned to customers
- CUB advocates for greater flexibility in Section 13 – particularly as it relates to carbon emissions from coal resources that are being eliminated due to SB 1547.
- Broaden use of the Highway Trust Funds: We need flexibility to transition to a renewable economy; ensure transportation proceeds promote equity and climate resilience.
- Target transportation proceeds to most impacted communities and communities with high transportation cost burden.
- Look at the experience of Surprise Valley Electrification Corp. in Alturas, California as a model on how proceeds from the sale of allowances can benefit the environment and members of consumer-owned utilities.
- It is crucial to leave the final decision making on how revenue generated from the sale of allowances is spent to the locally-elected governing bodies of COUs, rather than having prescriptive or pre-determined formulas or allocation methods.
- Revenues should be used to provide incentives, tax credits and grants for companies to implement voluntary measures that reduce greenhouse gas emissions at their facilities.
- In order to achieve the greatest reductions, a natural gas utility should be able to use proceeds from its sale of allowances to measures to reduce emissions in the electricity and transportation sectors as well. In this regard, they can complement efforts undertaken within the sectors which contribute the most to the state’s aggregate emissions to make faster, more aggressive, and more cost-effective reductions.
- The legislation is much too restrictive in prescribing the purpose to which a natural gas utility can expend proceeds from the sale of allowances.

Question 3: What opportunities do you believe exist for your organization/industry/constituents/customers from implementation of a cap-and-invest policy as it is currently being discussed in Oregon?

ALLOWANCES

- Would free allowances for a covered entity include both process emissions and emissions that result from electricity/energy use?
- It is important that natural gas utilities be allowed broad options for offsetting emissions. It is well known that requiring electric and natural gas utilities to purchase allowances at auction or through a secondary market will translate into higher consumer costs.
- I think we need to offer credits to the consumer owned utilities so the savings can be passed to their owners, especially since they are primarily located in the rural areas.

INVESTMENT

- Increase the percentage of transportation funding generated for the Highway Trust Fund for local jurisdictions to invest in GHG emission reducing transportation projects that maximize health, safety, and community co-benefits for impacted communities.
- Invest in energy related programs using the proceeds of utility consigned allowance sales to both mitigate utility related cost impacts for impacted communities and support a just energy transition.
- We appreciate the sidebars around the use of utilities dollars. However, some level of local decision-making should be maintained depending on a utility's customer base.
- We believe that cap-and-invest could provide additional impetus to early action on renewables procurement by utilities in order to meet the least cost, least risk resource planning framework. We believe cap-and-invest could be complementary to policies that address these and other near-term renewable energy opportunities.
- Public transit infrastructure in the most impacted Portland neighborhoods, including sidewalks.
- Shipping more products by rail could help to alleviate these issues if some cap-and-invest revenue was invested in multimodal infrastructure.
- The state of Florida has instituted a policy that requires a certain number of trees and shrubs to be planted per lane mile of roadway as a method of offsetting carbon.
- With funding assistance from the program, opportunities to invest in additional technologies to further lower emissions and increase the pace at which emissions are lowered.
- A cap-and-invest program would create challenges for the nursery industry, but it also creates potential opportunities to upgrade our state's transportation infrastructure in innovative ways.
- Oregon needs to think creatively about ways to use that revenue to reduce GHG emissions. For example, the state of Florida has instituted a policy that requires a certain number of trees and shrubs to be planted per lane mile of roadway as a method of offsetting carbon. The Oregon Association of Nurseries would support Oregon instituting a similar policy for the cap-and-invest revenue that is used to build new roads in our state.
- We appreciate the sidebars around the use of utilities dollars through consignment--to be used to support low-income and electricity-intensive customers, but also to invest in additional solutions that decarbonize the electric sector. However, some level of local decision-making should be maintained depending on a utility's customer base.

Regulated Entities Work Group

Clean Energy Jobs / Regulated Entities Work Group

Homework Responses Bullet Points

Question 1: What aspects of a cap-and-invest policy as it is being discussed in Oregon are you most concerned about for your organization/industry/constituents/customers?

GENERAL

- How would industrial customer rates be affected by allowance allocations to utilities? What customers will benefit and how will this be determined. How will utilities be regulated?
- What recent or anticipated Oregon rules and regulations for manufacturers could influence available capital to do energy efficiency projects and otherwise compete with other states? For instance, the Cleaner Air Oregon rulemaking could consume immense capital from a number of regulated sources. It is important to understand what impact that rulemaking could have on regulated sources to better understand how that program could influence and/or interact with other state regulations and the ability for regulated entities to comply with this proposed program.
- Regulated entities often pay fees to cover the cost of regulatory programs. What are the anticipated fees to cover the cost of this program? What regulatory obligations will DEQ (or other state agency(ies)) apply to regulated entities above and beyond submitting the requisite number of allowances?
- How do California regulated entities interact with the California cap-and-trade program? If joining the California market is a goal, how will those California interactions above impact Oregon's program design, now and into the future?
- How will the clean fuels program and the cap-and-trade program interact together? What fees will OFA members be responsible for under both programs? Lastly, what will the impact be to fuel prices if both programs are implemented simultaneously? Do those fuel prices change for some retailers and not others? If so, please explain.
- Give businesses time to adapt but avoid undue delay.

SCOPE

- Will certain entities be out-right exempt or conditionally exempt from regulation under this program (EITE, under 25,000 MtCO₂, biogenic emissions)? If so, please explain, including the process for seeking an exemption.
- Based on our reading of the policy proposal, an entity that imports fuel from out-of-state and the amount of fuel as a GHG equivalent of over 25,000 MtCO₂, those importing entities will be covered entities and therefore regulated under the cap-and-trade program. This requirement will not apply to all importers and all retailers. Meaning, some fuel retailers and consumers will pay for these allowances through their fuel prices while others will not. This approach would be a marked departure from the California cap-and-trade system, which sets the point of regulation at the refiner/producer-level. Oregon does not have in-state refiners. Therefore, OFA members question whether this is an equitable approach to taxing and regulating greenhouse gas emissions.
- Apparent failure of the draft legislation to explicitly exempt waste and agriculture, even though this seems to be intended (per work group presentations and previous information).
- The policy should provide regulatory certainty to covered entities and ensure a direct relationship between covered entities and those entities with the ability to take action to reduce emissions.

ALLOWANCE/AUCTIONS

- Will certain entities compete for a limited number of free or discounted allowances? If so, please describe these entities and the process for seeking access to free/discounted allowances?
- We would like to know how the Chair envisions the distribution of allowances to the regulated

entities in the fuels sector.

- An auction or other mechanism should be used to generate program revenue when pollution allowances are distributed.
- The bill provides no reason for confidence that all of our customers will be protected from cost impacts through allowance allocation.
- Allowance allocation and auctioning (Sec 10(1)(d))—The bill auctions allowances after addressing leakage risks and distributing allowances to electric and natural gas utilities for the benefit of ratepayers. Auctioning is an important best-practice to prevent windfall profits and ensure public benefits from the program.

EMISSIONS-INTENSIVE, TRADE-EXPOSED INDUSTRIES (EITE)/LEAKAGE

- Special consideration for cases where an industry can easily avoid regulation by moving out of state.
- Addresses competitiveness concerns (Sec 10(2))—The bill prudently includes provisions to minimize risks to emissions-intensive, trade-exposed industries, and to reassess these risks over time.
- What is the definition of Emissions (Energy) Intensive Trade Exposed entities? How will EITEs be determined? Will there be an outright exemption for certain industries or will standards be set? Will there be an exemption process or a determination process? What are approaches that have been used in other markets? What are approaches that could be used in Oregon?
- Leakage does not involve only EITE companies.
- Flexibility to protect Oregon’s manufacturing sector against leakage;
- We are particularly concerned about the potential impacts of policies on energy intensive/trade sensitive businesses in Oregon.
- What is the definition of Emissions (Energy) Intensive Trade Exposed entities? How will EITEs be determined? Will there be an outright exemption for certain industries or will standards be set? Will there be an exemption process or a determination process? What are approaches that have been used in other markets? What are approaches that could be used in Oregon?
- Leakage does not involve only EITE companies. Increased energy costs that result from implementation of cap-and invest can adversely impact non-EITE companies and affect their competitiveness relative to foreign and domestic competitors, especially companies with extremely thin margins. Leakage impacts are not restricted to solely to emissions/environmental impacts but include loss of jobs, loss of tax revenue, loss of economic multiplier benefits, e.g., other businesses and jobs, community infrastructure and support.
- In terms of EITEs and treatment of regulated entities it is important to ensure that allowance allocations and the methodology applied to determining appropriate allocations and models are based on Oregon outputs while evaluating and learning from other program designs and methods specifically WCI programs. Furthermore it is important to factor in competitiveness and addressing leakage concerns when determining allocations specifically for industries that are in highly competitive trade exposed sectors with high emissions costs. Considering this it is also important to prevent over allocations or priming the market with too many free allowances which in turn can cause market dilution and also weaken the environmental integrity of the program.

COST CONTAINMENT

- SB 1070 proposes several compliance pathways for manufacturers from purchasing allowances to obtaining offset credits. Depending on the number and access to offset credits, the costs to regulated entities differs. How many offset credits will be available under this program –meaning, will there be enough offsets for all regulated entities to cover up to 8% of their compliance obligation? Will regulated entities have the ability to generate offset credits?

- It is critical that the price be imposed only once for a given emission issuance, and that regulated entities are not subject to multiple, pancaked compliance obligations. Oregon needs to ensure (1) that there is a clearly defined, single point of compliance for a given emission within the state; (2) compliance entities are not required to meet compliance obligations both in Oregon as well as in other states, like California; and (3) that appropriate recognition be given for early action payments made to mitigate carbon as part of other regulatory requirements.
- Multi-State pricing - Oregon must also ensure that entities subject to compliance obligations under Oregon's proposed Clean Energy Jobs Bill will not be required to pay a carbon price for the same emission under Oregon's program as well as that of other jurisdictions.
- Establishes an auction price floor (Sec 11(1)(d))—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. This is an important design element that should be retained.
- What are the cost control and containment measures that can be applied? What provisions can be included to guard against bidder collusion and market manipulation, that minimize the burden of complying with program requirements, that minimize fees and program administrative costs? What are the state's administrative costs and what is the cost to link to WCI or other markets?
- What are the cost control and containment measures that can be applied? What provisions can be included to guard against bidder collusion and market manipulation, that minimize the burden of complying with program requirements, that minimize fees and program administrative costs? What are the state's administrative costs and what is the cost to link to WCI or other markets?
- Oregon should analyze and consider further limiting the use of offsets as well. We believe this will maintain opportunities for offset projects from – for example – the forestry sector to benefit rural economic development, while protecting the integrity of Oregon's program.

INVESTMENTS

- Will regulated entities have access to or compete for revenues derived from program implementation. If so, please explain.
- Allowing use of the Climate Investment Grant Program funds to reduce the upfront investment costs through a grant, low interest loan, or otherwise may allow a generator (or other industrial entity) to dramatically accelerate adoption of new technology to reduce emissions, benefitting Oregon and the planet a whole.
- Allowing use of the Climate Investment Grant Program funds to reduce the upfront investment costs through a grant, low interest loan, or otherwise may allow a generator (or other industrial entity) to dramatically accelerate adoption of new technology to reduce emissions, benefitting Oregon and the planet a whole.

Question 2: What changes would you suggest be made to cap-and-invest as it is currently being discussed to address the concerns you have?

GENERAL

- For process emissions, how do Oregon manufacturers GHG emissions compare to out-of-state manufacturers (sector specific) – both nationally and internationally?
- What other states are experiencing capital investment for manufacturing, in particular similar manufacturing process as Oregon? Similarly, what other countries are experiencing capital investment for manufacturing products also produced in Oregon? What are the emissions profiles of the states receiving increasing capital investment, including the emissions profile of the electric sectors serving those industrial loads?

- The Port recommends that the cap-and-invest program design should include an economic analysis to demonstrate there will not be adverse economic impacts over other alternatives and to identify potential impacts to at-risk and trade-dependent industries and the mechanisms for monitoring and addressing those impacts. This should include a rigorous evaluation to tailor program design alternatives to ensure Oregon’s emission reduction goals are met, while ensuring the maximum achievable economic protections. Such an evaluation should identify optimum offset levels, amount of free allowances, price limits, surplus allowances, and identify the mechanism to monitor the program and make necessary adjustments once the program is implemented.

SCOPE

- Under no circumstances should any GHG emitters covered in SB 1070 (2017) be determined to be exempted from the cap-and-invest program. Additionally, the allocation of free allowances should not be codified into legislation, and instead should be determined in rule and reconsidered on a regular basis based on a consistent methodology.
- No greenhouse gas emitters within the bounds of SB 1070 can be allowed to be exempt from this program.
- The policy should consider whether there are structures that can be fairly put into place to incentivize actions by non-regulated entities that will promote overall GHG emission reductions in the state, such as through energy efficiency actions in non-regulated utility service territories. At the same time, we must be cautious of any transfer of economic benefits from customers of covered entities to customers of non-covered entities.
- Capping GHG emissions and pollution: Ensure real reductions based on best available science; actively address local and global air quality concerns.
- Covered Emissions. Should be limited to energy combustion emissions and process emissions that are reasonably able to be reduced. Food company biogenic emissions should be excluded from coverage.

EITE/LEAKAGE

- Please provide a definition for energy-intensive and trade-exposed entities. Does the definition include emissions-intensive trade exposed entities as well?
- How does California determine energy-intensive and trade-exposed businesses? In order to join the California market/program, would Oregon have the discretion to define EITE’s differently?
- If EITE standards are set, they should not be “one-size-fits-all” as there are significant differences among industry sectors and within industry sectors and subsectors.
- Carbon pricing and costs of compliance must be set at a level that does not result in competitively disadvantaging companies and that minimizes leakage. This applies to covered and non-covered entities.
- Provisions that address the need for flexibility (e.g. free allowances) are necessary to prevent leakage and job loss in our manufacturing sector, and the provisions currently in SB 1070 should be retained.
- Emissions (Energy) Intensive Trade Exposed Industries. The food industry must be exempt or receive free allowances and these allowances or exemptions must be permanent and not expire or be reduced over time. Oregon food companies face significant competition from imported food products as well as domestic food products from areas of the U.S. that lack strict environmental regulations like those in Oregon.

- If EITE standards are set, they should not be “one-size-fits-all” as there are significant differences among industry sectors and within industry sectors and subsectors. Sectors are not homogeneous. Standards should be guidelines and determinations should be facility specific.
- Leakage. Carbon pricing and costs of compliance must be set at a level that does not result in competitively disadvantaging companies and that minimizes leakage. This applies to covered and non-covered entities, which are both at risk when energy prices increase, margins are slim, and costs are not readily passed on to consumers.
- Carbon Pollution Market - Section 10:
Page 8, Line 31 – Modify (D) to read, “...to covered entities ~~that include, but are not limited to covered entities that are part of an emission intensive, trade-exposed industry;~~
Rationale: Targets allowances to the entities most exposed to leakage.
Page 8, Line 36 – Strike ~~three~~ and replace with multi.
Rationale: Adds flexibility in the legislation to allow the state to set/modify rules as needed through time.

AUCTIONS/ALLOWANCES

- We recommend reducing some of the prescriptive language in SB 1070 around how auctions are held.
- It is not completely clear in the language of the bill what entities can voluntarily join the auction and buy allowances. While it seems reasonable to allow greenhouse gas emitters who do not meet the 25,000 ton threshold to join voluntarily, and it seems beneficial to the goals of the program to allow entities to buy allowance who might retire them rather than use them for compliance purposes, it seems questionable to allow financial institutions to enter the auction and buy allowance for speculative purposes so they can ‘corner the market’ on allowance, drive up prices, and resell the allowances at higher prices, to the detriment of our economy.
- The food industry must be exempt or receive free allowances and these allowances or exemptions must be permanent and not expire or be reduced over time.
- Allowances: Significantly limit free allowances; ensure direct investment to support transition of workers in impacted industries.
- Significantly limit free allowances given to EITEs. Provision of free allowances must be based on consistent, rigorous methodology and the number given freely must be reduced over the life of the program. The burden to prove trade exposure should be on the entity. No qualified entity should be exempt from the program and, under no circumstances, should free allowances be codified in legislation.

INVESTMENT

- Revenues should be used to provide incentives, tax credits and grants for companies to implement voluntary measures that reduce greenhouse gas emissions at their facilities.
- Revenues should be used to provide incentives, tax credits and grants for companies to implement voluntary measures that reduce greenhouse gas emissions at their facilities.

Question 3: What opportunities do you believe exist for your organization/industry/constituents/customers from implementation of a cap-and-invest policy as it is currently being discussed in Oregon?

- Would free allowances for a covered entity include both process emissions and emissions that result from electricity/energy use?

- Can regulated entities offset their emissions using any other compliance mechanisms other than purchasing allowances?
- With funding assistance from the program, opportunities to invest in additional technologies to further lower emissions and increase the pace at which emissions are lowered.
- Further, California's cap-and-trade has earmarked money to boost alternative fuels development. There is a strong interest in the Pacific Northwest in sustainable aviation fuel but there remains a significant price gap with conventional fuels to be viable. We are intrigued by the possible opportunities created for clean fuels development by a cap and invest policy.

Environmental Justice
and Just Transition
Work Group

HW Comments that Pertain to Environmental Justice/ Just Transition Workgroup

Governance

Comments			
Concerns	Entity/Entities	Recommendations	Entity/Entities
A lack of a clear decision-making structure that includes meaningful participation and representation of impacted communities	Multnomah County, OHA	The decision making structure must be both simplified and clarified to ensure a clear oversight structure that includes meaningful representation of impacted communities. We define such representation as at least 40% of relevant parties representing impacted communities.	Multnomah County, The Nature Conservancy
Prevent hotspots of pollution and carbon emissions. Prohibit trading and carbon offsets by emitters in Environmental Justice (“EJ”) communities in Oregon and linked markets. Require minimum reduction standards from polluters, particularly in most impacted communities.	Coalition of Communities of Color	Rural communities and working lands should play an important role in carbon pricing policy. A significant amount of resources will need to be dedicated to emission reduction projects in agriculture, ranching, and forestry. This can and should be done in disadvantaged communities and can and should be guided by the best available science on best practices for climate smart natural resource management, with an eye to practices that both help mitigate greenhouse gas emissions and help working lands adapt to the effects of climate change.	Pinchot Institute for Conservation
Prevent and mitigate displacement. Recognize that as communities receive investments, particularly climate or environmental investments, increased desirability of neighborhoods can lead to displacement and gentrification. Consider and mitigate these potential impacts.	Coalition of Communities of Color, OHA	As should be the case with the treatment of other sectors, the legislative process and subsequent rule-making processes should clearly outline the role of working lands and rural communities in the Climate Investment Fund and Just Transition Fund created by S.B. 1070.	Pinchot Institute for Conservation

<p>We are strongly opposed to this legislation preempting local efforts and therefore it needs to state that it does not limit local communities' ability to set their own GHG emissions reductions goals that go beyond the minimum required at the state level.</p>	<p>Rogue Climate</p>	<p>Prevent any increase in and/or reduce the emissions of toxic air contaminants or criteria air pollutants. Consider the potential for direct, indirect, and cumulative emission impacts from market-based compliance mechanisms, including localized impacts in communities that are already adversely impacted by air pollution. The full impact of pollution upon a given area should be taken into account, even if all of the vehicles of pollution are not coalesced within the same regulatory category. Comprehensive air quality regulations like Cleaner Air Oregon are essential complements to Cap and Invest. Taking into account covered and non-covered entities is the most transparent pathway to ensure that the concerns regarding disproportionate impacts and a just transition are taken into account, even if all of those entities will not be covered within this program.</p>	<p>Coalition of Communities of Color</p>
<p>The role of government in a market-based system should be clear and defined in order for a market to perform rationally and fairly in response to the policy goal of government. Oregon's regulators should not regularly intervene in the market to create ordained outcomes.</p>	<p>Northwest Requirements Utilities (NRU) & Oregon People's Utility District Association (OPUDA)</p>	<p>Responsible State agencies will work with governments and communities statewide to identify vulnerabilities and strategies. Require inclusion of anti-displacement strategies when administering program proceeds, including sustainability plans.</p>	<p>Coalition of Communities of Color, OHA</p>

<p>General Process and Approach: One general comment we offer is less about specific changes and perhaps more about the process and approach. As we currently understand the SB1070 approach, it contemplates legislation followed by a 3-year rulemaking process. This is complex legislation that will affect small and large communities and nearly every economic sector in Oregon. It makes sense to invest more time upfront to ensure clarity on intent and effect of the statutory language with the possibility and goal of actually shortening the rule-making timeframe. If the legislation does not provide adequate and clear guidance and safeguards, the rulemaking will be fraught with issues.</p>	<p>Northwest Requirements Utilities (NRU) & Oregon People’s Utility District Association (OPUDA)</p>	<p>Create an adaptive management plan, including, but not limited to localized air quality impacts from cap-and-trade covered entities under the regulation, actualized benefits from program proceeds (also mapped online), and workforce/contractor diversity associated with project implementation. Ensure state and agencies have statutory duty to measure and publicly report on the equity of proceed use and to increase efficiency and efficacy of investments.</p>	<p>Coalition of Communities of Color</p>
		<p>A labor voice should be incorporated into advisory and oversight bodies associated with climate programs.</p>	<p>AFL-CIO</p>
		<p>On the economic development front, we are especially concerned that responsible contractor, apprenticeship, PLA and high road standards be made required, not just recommended. And we would like to see further thought given to how we might incentivize the use of domestically manufactured materials and equipment on Climate Investment funded projects.</p>	<p>AFL-CIO</p>
		<p>Include a mechanism to review and update methodologies based on new data. Building in the flexibility to consider new data and research will help to ensure that Oregon is making science-based decisions.</p>	<p>OHA</p>

		<p>The Port recommends that the cap-and-invest program design should include an economic analysis to demonstrate there will not be adverse economic impacts over other alternatives and to identify potential impacts to at-risk and trade-dependent industries and the mechanisms for monitoring and addressing those impacts. This should include a rigorous evaluation to tailor program design alternatives to ensure Oregon’s emission reduction goals are met, while ensuring the maximum achievable economic protections. Such an evaluation should identify optimum offset levels, amount of free allowances, price limits, surplus allowances, and identify the mechanism to monitor the program and make necessary adjustments once the program is implemented.</p>	<p>Port of Portland</p>
		<p>Meaningful representation on rule-making and grant committees by communities most impacted by climate change, Tribal members, and other underrepresented groups. The committee structure could be simplified as long as there is meaningful--and not tokenized--representation by communities and businesses most impacted by climate change. There should not be an over-representation of regulated industries.</p>	<p>Renew Oregon</p>
		<p>Providing technical assistance to businesses, non-profits, and community economic development entities composed of, or that serve, underrepresented communities. It is important that the transition to a clean economy is inclusive and this will help ensure broad participation in applying for investment opportunities.</p>	<p>Renew Oregon</p>

		Strengthen the purpose statement, priorities and principles to help guide rulemaking and implementation. Clear and consistent priorities and principles. We would like to see stronger direction to allow for investments of auction proceeds in natural and working lands to increase carbon sequestration and provide co-benefits for adaptation to climate change and ocean acidification.	The Nature Conservancy
		Local Decision Making and Authority: One key part of flexibility is to leave detailed implementation of decision-making to local governing boards where appropriate. This flexibility will allow regulated COUs to implement the broad intent of the "invest" part of SB1070 to meet local needs rather than requiring "one-size-fits-all" approaches.	Northwest Requirements Utilities (NRU) & Oregon People's Utility District Association (OPUDA)

Note: The "concerns" and "recommendations" columns do not correspond in each row and are independent columns. Also, we tried to capture as many comments for recommendations/concerns that relate to the Environmental Justice/Just Transition subcommittee and recognize that we may have missed a few that are related. Similarly, if any entity is seen as having similar concerns or recommendations we added it to a column as to not duplicate work but apologize if it is not the representation of any individual organization or if we missed an organization with similar concerns/recommendations.

HW Comments that Pertain to Environmental Justice/ Just Transition Workgroup Designation of Impacted Communities

Comments			
Concerns	Entity/Entities	Recommendations	Entity/Entities
What does a fair outcome look like? Is this defined in economic terms, environmental terms, social terms or some other metric?	Oregon Business & Industry (OBI)	Equity is the fair distribution of costs and benefits as our state transitions to a new clean, energy economy. Equitable policy prevents additional burdens on most impacted communities while reducing existing disparities and historical inequities. Research shows economic inequality undermines economic development, jobs, growth, and political stability. Promoting equity is also important to ensure durability of policy in a state with rapidly growing communities of color and growing inequality.	Coalition of Communities of Color, NW Energy Coalition
Impacts and costs to rural communities and natural resource related industries.	Sustainable Northwest, Rogue Climate	Such mechanisms include a way to reach households that do not file taxes, as well as monthly energy or fuel/transportation assistance for the lowest income households. A proportional reduction of personal income taxes is not sufficient, unless accompanied by other measures targeted at most impacted communities. We must reduce risks, enhance benefits and improve resilience in most impacted communities.	Coalition of Communities of Color

<p>We are concerned that SB 1070 as it is currently drafted misses the opportunity to meaningfully engage rural communities by overlooking forests and other working lands. Forests and other lands are often the backbone of rural economies. Leaving out investment in these essential lands – which also sequester enormous amounts of carbon, provide irreplaceable wildlife habitat, and are essential to climate change adaptation – would be a missed opportunity to both to harness the power of these natural systems for climate benefits and engage an often overlooked constituency which has a key role to play in Oregon’s emerging climate change policies.</p>	<p>Pacific Forest Trust</p>	<p>Identify “most impacted communities.” The State must identify most impacted communities based on racial and socioeconomic demographics, overlaid with environmental and public health data (“Cumulative Impacts Test”). This analysis is required to accurately identify communities most vulnerable to climate change as well as which communities are eligible for proceeds. (See forthcoming PSU Carbon Pricing and Most Impacted Communities research). Consider adapting comprehensive mapping methodology (CalEnviroScreen) tool for Oregon context.</p>	<p>Coalition of Communities of Color</p>
<p>Oregon’s rural and urban low-income people and people of color face the greatest peril from climate change. These communities -- already suffering from clear economic, health and environmental disparities -- also have the fewest resources to adapt to the impacts of climate change, including more severe and frequent heat, fires, storms, droughts and floods. Nonetheless, Oregon’s rural and urban low-income people and people of color are underrepresented in climate decision-making. Further, it is important to recognize that all climate change solutions are not created equal, that poorly designed climate solutions can further burden vulnerable communities -- in the era of climate change, a rising tide does not lift all boats.</p>	<p>Coalition of Communities of Color</p>	<p>We would also like to see the definition of “impacted communities” strengthened, so that it clearly includes workers and communities that are affected by plant closures and layoffs attributable to cap and invest policy implementation, where relevant. Provisions that address the need for flexibility (e.g. free allowances) are necessary to prevent leakage and job loss in our manufacturing sector, and the provisions currently in SB 1070 should be retained. Related to that, we would like to see the just transition options for laid-off workers expanded. Retraining is an inadequate solution and must be joined with other efforts to make these workers whole – extended unemployment benefits, mental health and other services, and bridges to retirement for older workers.</p>	<p>AFL-CIO</p>

<p>Does the policy promote Environmental Justice? Climate policy should aid the state’s most environmentally impacted and socioeconomically disadvantaged communities by reducing environmental health risks; expanding access to beneficial goods and services; and increasing both community-level resilience and access to resources from public investments in low-carbon goods and services.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition</p>	<p>Account for impacts to migrant farmworker communities within the investment program. The draft proposed methodology to distribute revenue is based on stationary sources of air pollution and social vulnerability by census tract, which will not capture migrant farmworkers, who are among the most vulnerable populations and who may not reside in a specific census tract.</p>	<p>OHA</p>
<p>Does the policy promote economic equity? Climate policy should generate high-quality, career-track, and family-sustaining jobs in clean economic growth sectors; include specific efforts to create pipelines to these jobs for workers from disadvantaged communities; and contain supports for workers and communities in carbon- intensive industries at risk of disruption or decline due to climate policy.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition</p>		
<p>Protect most impacted communities locally and globally. Oregon must ensure that a carbon pricing program does not harm low-income people and people of color (“most impacted communities”). Certain carbon pricing approaches produce disparate, negative impacts on most impacted communities, while benefiting other people, places and institutions. A combination of mechanisms will be required to ensure that most impacted communities are not disproportionately impacted by higher costs or additional environmental burdens.</p>	<p>Coalition of Communities of Color, Melissa Cribbins - Coos County Commissioner</p>		

<p>Potential Adverse Local Impacts on Rural, Small and Disadvantaged Communities: While we believe the a cap-and-trade/invest approach has the potential to achieve the most cost effective reductions in GHGs emissions, it is critical to fully understand not just the macro-level and theoretical impacts, but the micro-level and actual impacts. A large negative local impact in rural Oregon can easily be lost in the noise when looking at the entire state economy.</p>	<p>Northwest Requirements Utilities (NRU) & Oregon People’s Utility District Association (OPUDA), Melissa Cribbins - Coos County Commissioner</p>		
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Note: The "concerns" and "recommendations" columns do not correspond in each row and are independent columns. Also, we tried to capture as many comments for recommendations/concerns that relate to the Environmental Justice/Just Transition subcommittee and recognize that we may have missed a few that are related. Similarly, if any entity is seen as having similar concerns or recommendations we added it to a column as to not duplicate work but apologize if it is not the representation of any individual organization or if we missed an organization with similar concerns/recommendations.

HW Comments that Pertain to Environmental Justice/ Just Transition Workgroup Parameters Around Investment

Comments			
Concerns	Entity/Entities	Recommendations	Entity/Entities
A lack of meaningful discussion on mechanisms to protect impacted communities from adverse economic consequences as a result of the policy.	Multnomah County, AFL-CIO	We recommend that reinvestment revenues subject to the Highway Trust Fund be prioritized for areas that bear the greatest burden of transportation-related air toxics emissions and have shown success at reducing GHG emissions, while ensuring representation of impacted communities and local control of dollars.	Multnomah County, Neighbros for Clean Air, OHA, Metro
We were both inspired and concerned by the story presented by the Warm Springs tribal members who described their experience with registering carbon offsets for the California market. While we understand that the specifics of the carbon offset market will be determined largely through rule-making, we hope Oregon's market will consider the limitations and weaknesses of California's current regulatory framework so that validation of carbon offset projects can be streamlined and benefits reach target communities and individuals faster.	1000 Friends	Oregon should adopt similar investment strategies in affordable and middle income housing, transit, and walking and bicycling facilities that meet several bottom lines: cleaning the air of unhealthy pollutants and helping communities of color and low-income neighborhoods hit hardest by climate change. The benefits from this policy could be even more pronounced in Oregon, where almost 40% of the state's greenhouse gas emissions come out of the tailpipes of automobiles and light trucks, and moreover, where we also have an in-place structure of compact urban growth boundaries that amplify the magnitude of these investments because they are more effective here.	1000 Friends, OHA, Port of Portland, Metro, Rogue Climate

<p>We particularly support the policy’s focus on equity, taking into account that the burdens of climate change fall disproportionately on Oregon’s more vulnerable underserved and lower income urban and rural communities and economies.</p>	<p>1000 Friends</p>	<p>Preservation of Oregon’s carbon-absorbing private, farms, forests, and ranchlands is another one of the most significant carbon mitigation investments the state can make. These investments can take many forms. Oregon must be prepared to invest in working land easements if we are to keep these lands intact and available to feed future generations of Oregonians and others. Investments from the Clean Energy Jobs Act can be an integral source of funding for the working lands easements farmers and ranchers and foresters will need to make as they transfer their land from one generation to Oregon’s newest farmers and ranchers.</p>	<p>1000 Friends</p>
<p>My main concern is that an adequate portion of the accrued funds are applied to resources for individuals and communities that are most affected by the GHG reductions. Also a major portion of the funds should strongly support the development of renewable energy solutions.</p>	<p>Dennis Sobolik, Ashland</p>	<p>Future rule-making efforts should ensure investments are made to remove the burdens of a changing climate from, and bring the benefit of clean energy jobs and economies to, rural and urban underserved and vulnerable communities and communities of color, both directly and indirectly.</p>	<p>1000 Friends, Rogue Climate</p>
<p>Will regulated entities have access to or compete for revenues derived from program implementation?</p>	<p>Oregon Business & Industry (OBI)</p>	<p>In theory, offset investment credits are a good concept; they must be closely monitored so as not to be abused. The credits should be progressive in nature to promote the move towards renewable energy and not as a crutch to keep doing “business as usual”.</p>	<p>Dennis Sobolik, Ashland</p>

<p>We understand that reducing emissions has the potential to impose burdens on the workforce as fossil fuel generation and infrastructure is replaced by renewable energy generation and infrastructure. To minimize the dislocation to workers, we strongly support both the requirement for High Road Standards in contract awards and the allocation of a proportion of any funds accruing from the auction of allowances to a just transition fund to support retraining.</p>	<p>Southern Oregon Climate Action Now (SOCAN), AFL-CIO</p>	<p>Invest in projects that reduce greenhouse gas emissions, build resilience to climate impacts, and directly improve local air quality.</p>	<p>Multnomah County, OHA, Metro, Rogue Climate</p>
<p>We also acknowledge that some communities suffer greater health and environmental risk than other from the current fossil fuel economy (for example from the toxic by-products of oil refineries and coal mines). Similarly, we recognize that some communities can be more severely compromised than other from efforts to promote a transition in our energy economy away from fossil fuels and towards renewables. We thus support efforts to assign funds from the auction of allowances specifically to stimulate projects in and serving such communities. Since rural Oregon is particularly disadvantaged economically compared to our more urban centers, we also strongly support the allocation of funds to stimulate renewable energy development projects in rural Oregon.</p>	<p>Southern Oregon Climate Action Now (SOCAN)</p>	<p>We suggest that 25% of the Oregon Climate Investment Fund goes towards the restoration and conservation of forests and watersheds. This would sustain jobs in rural communities, cost-effectively reduce greenhouse gas emissions, and support climate change adaptation efforts. Further, as noted in recent polling for a comparable climate initiative in Washington state, adding the forest and watershed elements to climate investments increased the positive support for that initiative by a full 20%.</p>	<p>Pacific Forest Trust, The Nature Conservancy</p>

<p>The primary goal of SB 1070 should be to facilitate reduction in overall greenhouse gas emissions in Oregon. To the extent revenue is created, it should be prioritized towards that goal to the extent allowed by law. As currently drafted, Section 16 of the draft Clean Energy Jobs Bill specifies that at least 50 percent of money received in the program be distributed to programs located in impacted communities, and at least 40 percent to programs in economically distressed areas. It is unclear whether these proposals are additive, or exclusive. While these are worthy goals, they should not take complete precedence over projects that will accelerate emission reductions in the state.</p>	<p>Blue Planet Energy Law, Carl Fink</p>	<p>Wild Salmon Center wants the cap-and-invest policy to support investments in natural resources to help especially our rural natural resource communities adapt and prosper in the face of serious, negative effects of climate change. Wild Salmon Center especially seeks measures to protect and improve fish habitat and to conserve sufficient and cool water for the communities that depend on these resources. We would like to see greater clarity on the degree to which the policy will support investment in natural resources to assist with resilience to climate change.</p>	<p>Wild Salmon Center, Rogue Climate, The Nature Conservancy</p>
<p>Capping GHG emissions and pollution: Ensure real reductions based on best available science; actively address local and global air quality concerns. Allowances: Significantly limit free allowances; ensure direct investment to support transition of workers in impacted industries. Reinvestment in most impacted communities: Ensure majority of proceeds and contracting opportunities from each covered sector directly benefit most impacted communities in order to mitigate impacts of carbon price and close existing opportunity gaps. Broaden use of the Highway Trust Funds: We need flexibility to transition to a renewable economy; ensure transportation proceeds promote equity and climate resilience. Offsets: Prohibit use of offsets. Invest revenues directly into forest/agriculture projects in Oregon. No price ceiling on emissions allowances; real reductions require a meaningful price on carbon.</p>	<p>Coalition of Communities of Color</p>	<p>An example of an appropriate use of the Investment Grant Program Fund would be to accelerate adoption of carbon reduction technologies by power generators through fund grants or provision of low-cost financing. Having a cap and trade mechanism will help provide financial incentive for generators (and other industrial and commercial emitters) to reduce emissions, but the annual cap reduction and carbon costs may not be sufficient to incent a given entity to make the major capital investments necessary to radically reduce its emission profile in the near term.</p>	<p>Blue Planet Energy Law, Carl Fink</p>

<p>There is no guarantee that these projects will be located in the state of Oregon, thus the benefits and jobs will likely not benefit rural communities in Oregon. CA projects happen all over North America (including Canada and Mexico).</p>	<p>Coalition of Communities of Color</p>	<p>Policy implications are analyzed in the journal Environmental Justice. The authors find scientific support for air filtration in buildings, adjusting air intake locations for buildings, soundproofing, and a few other interventions that could conceivably be funded by proceeds from carbon pricing. Target transportation proceeds to most impacted communities and communities with high transportation cost burden. People of color, low-income households, and rural Oregonians will be especially vulnerable to increased costs in transportation given these communities disproportionately live far from employment.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, OHA, Metro, Rogue Climate</p>
<p>Mitigate impacts of transportation sector, which is unaddressed in Cap and Invest. We must be intentional about investing in most impacted communities, creating and maintaining complementary policies for pollution reduction (LCFS, diesel reform, Cleaner Air Oregon) and opportunities. We must prohibit offsets in this sector to meet an entity's compliance and prohibit free allowances related to this sector. There is clear evidence of health impacts from living near busy roads, both from air pollution and from noise. Oregon has especially large racial disparities related to disparate exposure to mobile source air pollutants.</p>	<p>Coalition of Communities of Color</p>	<p>Utilities. Do not allocate allowances freely to utility sector; consign allowances and require utilities to auction in market place. Proceeds must be used to mitigate cost impact for low income customers through a combination of direct on-bill rebate (on at least quarterly basis), percentage of income payment plan (PIPP), funding for Oregon Energy Assistance Program (OEAP), and energy efficiency/weatherization programs. Any amount in excess of meeting statewide low-income needs should be directed to on-bill rebates for ratepayers and small businesses.</p>	<p>Coalition of Communities of Color</p>

<p>Economic Equity: Reinvest revenues in ways that reduce disparities and create benefits and opportunities for most impacted communities. Oregon must go beyond cost or harm mitigation. “Without specific intervention, the same market forces that produce wage disparities and inequality in the economy as a whole can be expected to impact the emergent low-carbon industry sectors...” We must create a carbon pricing program that also yields economic, health, environmental and social benefits for urban and rural most impacted communities.</p>	<p>Coalition of Communities of Color, AFL-CIO</p>	<p>Transportation. Proceeds subject to the Highway Trust Fund should be directed to most impacted communities, communities experiencing disproportionate exposure to air toxics and criteria air pollutants associated with transportation, and communities with high transportation cost burdens. DOT must use consistent grant criteria developed through rule making process and in consultation with most impacted communities and/or relevant committees.</p>	<p>Multnomah County, Coalition of Communities of Color</p>
<p>A significant portion of Oregon’s affordable housing is also in need of critical repairs. If these units do not receive the repairs they require, they may fall out of the state’s housing stock entirely and further compound the housing crisis. Such homes are also usually energy inefficient and expensive to heat, and studies have shown that living in substandard housing leads to poor health outcomes. Housing prices and energy costs are two of the greatest financial burdens facing low-income Oregonians, and homes with poor energy efficiency are more expensive to heat and increase our state’s emissions.</p>	<p>Enhabit, Metro, Community Action Partnership of Oregon</p>	<p>Industry. Proceeds should be directed to most impacted communities and to support workers in impacted industries.</p>	<p>Coalition of Communities of Color</p>

<p>The current structure for guiding investments appears to rely too heavily on grants rather than capturing potential efficiencies through formula-based investments.</p>	<p>Enhabit</p>	<p>Target proceeds and additional resources for most impacted communities and workers. Use program proceeds to ensure financial and technical resources are available for most impacted communities to engage in development and oversight of program as well as to apply and access program proceeds. Identify a lead state agency and funding sources for inclusive planning process to mitigate transition losses for workers and communities potentially impacted by industrial decline due to climate policy.</p>	<p>Coalition of Communities of Color, AFL-CIO, Pacific Northwest Carpenters Institute, Rogue Climate</p>
<p>We are concerned that historically, 'offset' Investments have not benefited small and mid---sized farms and ranches. A well designed Oregon 'cap and invest' should create significant new resources for small and mid--sized farms and ranches to adopt practices that promote soil health and soil carbon sequestration, including: managed rotational grazing of livestock, building soil organic matter, increased use of cover crops, diversified crop rotations, reducing or eliminating use of petroleum---based fertilizers, organic transition and research, and leaving land fallow periodically.</p>	<p>Friends of Family Farmers, Organically Grown Companies</p>	<p>Priority hire for historically excluded workers. Ensure priority hire provisions promote job training and apprenticeships, field entry, and access to jobs and projects for minority contractors and workers (historically excluded workers and communities) through all sectors. Utility-scale solar and other projects funded, in whole or in part, through program proceeds must have explicit minority-women targeted-hire goals and job tracking systems.</p>	<p>Coalition of Communities of Color, Rogue Climate</p>

<p>What kinds of projects and programs are envisioned for the several funds and accounts into which cap-and-invest revenues will be deposited? Who may apply for grants and funds? How will the state assure that it is using revenue to address greenhouse gas reductions? A majority of the funds are to be distributed to projects or programs in impacted communities and economically distressed areas. What kinds of projects and programs are envisioned in these areas? How can we assure that revenues collected to drive reductions in greenhouse gas emissions are not used for existing projects and programs that should be funded from other state sources? How can we assure that there is transparency and accountability for the expenditure of revenues?</p>	<p>Northwest Food Processors Association (NWFPA)</p>	<p>Economic benefits: Increased family income and assets. Increase family income (e.g., targeted hiring for living wage jobs). Increase job readiness and career opportunities (e.g., workforce development programs, on-the-job training, support through apprenticeships for most impacted communities). Revitalize local economies and create opportunities for historically excluded business (e.g., increased utilization of local businesses and minority-women businesses).</p>	<p>Coalition of Communities of Color, AFL-CIO, Pacific Northwest Carpenters Institute, Rogue Climate</p>
<p>There is a significant opportunity to achieve public health benefits through climate mitigation strategies. Certain climate mitigation investments can yield considerable health 'co-benefits'.</p>	<p>OHA, Community Action Partnership of Oregon</p>	<p>Economic benefits: Reduced family costs. Rent savings (e.g., affordable housing). Transportation cost savings (e.g., free or reduced cost transit passes, low- and zero-carbon transportation alternatives that are low to no cost for low-income households). Energy cost savings (e.g., weatherization, solar, low-income energy assistance programs, on-bill rebates for low-income households, etc.)</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, OHA, Metro, Community Action Partnership of Oregon</p>
<p>Proceeds must be used to reduce climate pollution and prioritize creating benefits for most impacted communities and economically distressed rural communities. We want to see Oregon accelerate clean energy solutions that will create healthy, livable communities, new economic opportunities, and build resiliency into the future.</p>	<p>Renew Oregon</p>	<p>Mobility and Access to Opportunity. Improve transit service levels on systems/routes that have high ridership of low-income riders. Bring jobs and housing closer together (e.g., affordable housing in transit oriented development, and in healthy, high-opportunity neighborhoods).</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, Metro</p>

<p>How to support investments in reducing GHG emissions from transportation that are not eligible for Highway Fund dollars?</p>	<p>Metro</p>	<p>Sustainable Community Infrastructure and Community Resilience. Improvements that will benefit rural and low-income residents without increasing the risk that they will be displaced. Local community-led climate resilience planning. Sustainable agricultural practices that promote the transitions to clean technology, water efficiency, and improved air quality. Healthy forests and urban greening. Other climate adaptation and resiliency strategies which provide direct benefit to most impacted Communities.</p>	<p>Coalition of Communities of Color, OHA, Rogue Climate</p>
<p>Definitions related to impacted communities, etc., and how they affect the geographic distribution and use of auction proceeds</p>	<p>Metro</p>	<p>Community Identified Priority Needs. An investment will meet an unmet need that has been identified as a high priority in an inclusive process led by disadvantaged community residents and groups.</p>	<p>Coalition of Communities of Color, NW Energy Coalition, Port of Portland, Rogue Climate</p>
<p>How can this bill ensure that moneys raised under the program will be spent on activities that reduce greenhouse gas emissions? There is no assurance provided in the bill that the moneys will be spent to further reduce greenhouse gas emissions as designed.</p>	<p>PGE</p>	<p>Technical Assistance. Provide opportunities for businesses, public agencies, nonprofits, and other community institutions to participate in and benefit from statewide efforts to reduce greenhouse gas emissions. Use program proceeds to ensure financial and technical resources are available for most impacted communities to engage in development and oversight of program as well as to apply/ access program proceeds. Identify a lead state agency and funding sources for inclusive planning process to mitigate transition losses for workers and communities potentially impacted by industrial decline due to climate policy.”</p>	<p>Coalition of Communities of Color, Rogue Climate</p>

<p>It is critical that that the benefits of this bill will go to communities that are most vulnerable to the impacts of climate change. In southern Oregon where our organization is based, those communities include low income communities, rural communities, communities of color, Tribal communities, outdoor workers, people with disability, youth and the elderly.</p>	<p>Rogue Climate</p>	<p>SB 1070 would benefit from clearer objectives and greater detail about how cap-and-invest program revenue should be spent. Priority should be given to projects that both reduce emissions and tackle the state's greatest challenges. By giving precedence to projects that improve Oregon's housing stock and reduce displacement, SB 1070 could protect impacted communities and economically distressed areas while also decreasing residential GHG emissions.</p>	<p>Enhabit, Metro, Community Action Partnership of Oregon</p>
<p>The investments into our rural communities will not start to be seen quickly enough. As the policy is currently written, impacted communities won't see any of the benefits from the bill until 2019. If a cap and invest policy is not passed in the 2017 legislature, we could be looking at 2020 or even later before GHG reductions start to be seen in our state as a result of this policy.</p>	<p>Rogue Climate</p>	<p>Focusing Investments on projects at smaller and mid--sized farms and ranches and on organic practices will help ensure that there are broad and significant positive impacts across rural Oregon.</p>	<p>Friends of Family Farmers, Organically Grown Companies</p>
<p>We are concerned that the benefits that offsets could provide in terms of investment in carbon capture or storage in rural family farms or forestry operations won't stay in Oregon and may just benefit large industry projects or would subsidize projects that private industry should be taking responsibility for on their own. We are also concerned that offsets could create pollution hot spots, or continue to build an international carbon market.</p>	<p>Rogue Climate</p>	<p>The proposal should create a grant program administered through local soil and water conservation districts, or through state agencies like ODA and OWEB, Specifically targeted towards helping smaller and mid--sized farms and ranches adopt practices that help store carbon in soils. The proposal should be amended to also acknowledge that very large CAFOs can be high emitting facilities and if so, such facilities should be subject to the cap on greenhouse gas emissions.</p>	<p>Friends of Family Farmers, Organically Grown Companies</p>

		<p>Revenues should be used to provide incentives, tax credits and grants for companies to implement voluntary measures that reduce greenhouse gas emissions at their facilities. In addition to reducing emissions, projects and programs at industrial facilities will produce efficiencies and facility upgrades that will improve competitiveness, support job retention and creation, and will reduce/prevent leakage.</p>	<p>Northwest Food Processors Association (NWFPA)</p>
		<p>The revenue received from a GHG reduction mechanism should support: investments in clean renewable energy technologies, clean energy research and development, energy efficiency programs and measures, clean advanced non-fossil fuel technologies, environmental remediation activities, low-income energy programs, support and appropriate adaptation measures for impacted communities and displaced workers, and should not be expended or rebated in any way that would result in increased consumption of fossil fuels.</p>	<p>NW Energy Coalition, Rogue Climate</p>
		<p>Can transportation auction revenues pay for new investments in electrified automated vehicle infrastructure? Electrified automated vehicles will almost certainly rely on new broadband-reliant communications systems as an integral part of transportation infrastructure.</p>	<p>Oregon's Citizen Utility Board</p>

		<p>Consider incorporating health co-benefits as a criterion for prioritizing investments. There are methodologies to analyze the health benefits and burdens of proposed investments that can inform program decisions (Mendez MA. 2015). Investments that build social capital (i.e., increased community capacity to adapt and respond to climate stressors, increased levels of civic engagement and connectivity within and among diverse groups) lead to health co-benefits (improved mental and physical health) and greater climate resilience (Aldrich, 2014).</p>	OHA
		<p>Support business innovation and help Oregon's economy. Minimize impacts to low income and rural Oregonians and contribute to a just transition to a low carbon economy. Produce co-benefits to help Oregon adapt to the unavoidable impacts of climate change.</p>	<p>The Nature Conservancy, Rogue Climate, Melissa Cribbins - Coos County Commissioner</p>
		<p>Dedicating meaningful proceeds to benefit individuals and communities most impacted by climate change and economically distressed areas. This program offers a real opportunity to deliver investments in communities that need it most across the state while further reducing climate pollution. Proceeds should provide for a just transition for workers in affected industries, in addition to prioritizing job creation in rural and underserved communities.</p>	<p>Renew Oregon, Coalition of Communities of Color, AFL-CIO, NW Energy Coalition, Rogue Climate, Melissa Cribbins - Coos County Commissioner</p>

		Funding should support Oregon resiliency planning and projects. Climate change is creating less reliable power and water systems. Climate change adaptation projects that improve reliability of power and water systems should be one of the investment and research areas of Policy Grant Program.	EQL Energy
		We might be able to reduce opposition to the bill if some of the proceeds were directed toward helping certain hard-hit industries adapt to the new rules.	NA

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HW Comments that Pertain to Environmental Justice/ Just Transition Workgroup Transparency

Comments			
Concerns	Entity/Entities	Recommendations	Entity/Entities
A lack of meaningful discussion on mechanisms to protect impacted communities from adverse economic consequences as a result of the policy.	Multnomah County	Building quantified terms into legislation, with scheduled reviews and resets, can show the way for other states to meet their own share of carbon reductions. Decisions on this matter are the province of legislators, our role is to present public domain information disclosing a quantified basis for assuring a habitable and therefore just environment.	Engineers for a Sustainable Future
In order for this revenue to have a significant impact in our rural communities it will be necessary for the regulatory agency to provide a clear, transparent process for organizations with an interest in developing projects – either offset projects or projects that will increase the amount of renewable energy we generate here in Oregon. Complexity and high costs associated with accessing available revenue are often market barriers for irrigation districts accessing capital to buy down the cost of our projects.	NA	I would provide more clarity about how much money will be available to invest in projects like in-conduit hydropower generation. Right now, the language in the bill is really vague and leaves a lot up to the rule-making process.	NA

<p>Does the policy promote public accountability? Climate policy should embrace inclusive, effective participation in decision-making; identify and incorporate constituencies at every stage in the process; and utilize a robust set of indicators that benchmark and measure progress on sustainability and equity goals—and quickly change policy if it does meet the grade.</p>	<p>Coalition of Communities of Color</p>	<p>Inclusive, transparent and accountable policy development and implementation. Across all provisions of this Act require robust public engagement with urban and rural most impacted communities at the state and regional/local level. This core principle of Environmental Justice ensures that those most affected by climate change play a fundamental role in designing and implementing climate solutions. This requires culturally appropriate, convenient and accessible public engagement, per Title VI of the Civil Rights Act.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition, OHA</p>
<p>There is a lack of a transparent decision-making structure that specifies the environmental justice mechanisms that include meaningful participation, representation, and access for impacted communities. These mechanisms must also address a just transition of jobs for impacted workers.</p>	<p>Neighbors for Clean Air</p>	<p>Elevate role of and fund Environmental Justice Task Force (EJTF) in Clean Energy Jobs. Recognize Oregon’s EJTF as key to the Act’s public accountability commitment. The EJTF was created by the Legislature to help protect Oregonians from disproportionate environmental impacts on minority and low-income populations. The EJTF encourages state agencies to give all people knowledge and access to improve decisions that affect environment and the health of all Oregonians. EJTF shall play a leadership role in the Act’s implementation and evaluation, including ensuring that impacted communities play a fundamental role in all decision-making bodies tasked with policy design, development, implementation, reporting, stakeholder engagement, and deployment of carbon pricing proceeds. Provide fee authority/funding, staff and resources to ensure EJTF can effectively engage in the above roles.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition</p>

<p>The accountability reporting proposed from the Public Utility Commission and the Global Warming Commission are not frequent enough. Oregon legislators and the public should get reports from the PUC and the GWC at a minimum annually to ensure that our state is on track to reduce emissions and that allowance resources are being invested in effective programs that reduce climate pollution, provide benefits for impacted communities and create jobs in rural communities. Annual reports should be available by the 15th of September so that the legislature can be fully informed prior to the start of each legislative session.</p>	<p>Rogue Climate</p>	<p>Enhanced public participation in decision making. Ensure that groups that advocate and organize with most impacted communities represent no less than half of seats on additional decision making bodies tasked with policy design, development, implementation, reporting, stakeholder engagement, and deployment of carbon pricing proceeds. Provide adequate funding to the committee to cover agency staff time and, where necessary, participant costs. Increase stakeholder engagement with DOT and other agencies, including following best practices for increasing workforce and contracting diversity. Recommendations of most impacted communities must be incorporated into final plans and recommendation.</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition, OHA</p>
		<p>Transparent monitoring of equity outcomes. Develop and require a mechanism and/or consistent relevant criteria for measuring and reporting community reinvestment and co-benefits in most impacted communities coupled. Coupled these metrics with accountability provisions ensures effective implementation makes Oregon’s carbon pricing program accountable, transparent, and accountable. “The state should develop an annual Climate Equity Report based on tracking equity outcomes to enable state officials to monitor whether equity goals have been reached, to identify areas where climate policy should be improved to advance equity, and to hold public bodies accountable for progress on equity in GHG reduction measures.”</p>	<p>Coalition of Communities of Color, Neighbors for Clean Air, NW Energy Coalition, OHA</p>

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