



February 6, 2018

Chair Dembrow and Chair Helm
Members of the Senate Committee on Environment and Natural Resources
Members of the House Committee on Energy and Environment
Oregon State Capitol
Salem, CA 97301

RE: Senate Bill 1507 and House Bill 4001

Dear Chair Dembrow and Chair Helm, and Members of the Committees:

The American Carbon Registry (ACR) supports passage of SB 1507 or HB 4001. Cap-and-invest offers Oregonians a market-based approach to tackle climate change at least cost, while creating new economic opportunities in the industries of tomorrow. Oregon can lead today, building a clean economy, or can follow tomorrow, complying with inevitable mandates.

ACR, an enterprise of nonprofit Winrock International, was founded in 1996 as the first private voluntary greenhouse gas registry in the world. A mission-driven institution named for philanthropist Winthrop Rockefeller, Winrock believes that climate change will have a profound impact and that markets are the most effective path to mobilize actions to reduce emissions. ACR was approved as a California Offset Project Registry in December 2012 and has become the leading registry under the California Cap & Trade program, with more than 80 million metric tons issued for this market as of January 2018.

As a market-based solution, **cap-and-invest is economically efficient.** By capping emissions in aggregate and allowing trading of credits, the system reduces emissions where it is cheapest to do so. A compliance entity will reduce emissions or buy credits, depending on which option costs less. An entity will sell excess credits if the proceeds would exceed the cost of reducing emissions. Oregon will be able to meet its responsibility to future generations without punitive costs today. Indeed, new opportunities would outweigh any economic downside.

Oregon's climate bills tap into low cost reductions outside the cap. Offsets will reduce costs for compliance entities, while creating opportunities in uncapped sectors for those who reduce emissions. Landowners can be compensated for adopting forest management practices that increase carbon sequestration. Indeed, the Confederated Tribes of Warm Springs are already acting on the forest carbon opportunity. Oregon's many dairies also stand to gain. Manure can be an energy resource, and a

handful of operations in the state have invested in digesters. Offsets could potentially support Oregon's pioneering green building movement. Using climate friendly gases when installing building insulation can generate offsets (per ACR protocol). So too can upgrades to high-tech refrigeration systems which don't leak planet warming compounds (per ACR protocol). The future might even see developers of tall wood buildings paid for the long-term carbon storage their structures provide. All of this translates into opportunities for Oregon to profit from a green economy by exporting emissions reductions to partner jurisdictions.

Oregon will be part of a larger carbon market. Oregon would in no way be going it alone and putting itself at a disadvantage. The state intends to join the Western Climate Initiative, currently comprising California, Quebec, and Ontario. In so doing, Oregon will leverage established infrastructure and market-forming experience. Most importantly, Oregonians will benefit from the lower costs and reduced volatility of a large, unified market.

Oregon's approach has a proven track record. Similar programs in California and the nine states under the Regional Greenhouse Gas Initiative (RGGI) have demonstrated that tackling climate change can be entirely compatible with a health, growing economy. At the same time, the programs have raised substantial revenue for climate mitigation efforts.

From 2013, when California's cap took effect, through 2016, the state has achieved annual GDP growth of 4.0%, the highest in the nation.¹ The state has also consistently registered among the strongest job growth figures over the same period.^{2,3} As of November 2017, the allowance auctions had delivered \$6.5 billion to the state's Greenhouse Gas Reduction Fund.⁴

RGGI has also been an economic success. During the first compliance period, 2009 – 2011, net economic benefits totaled \$1.6 billion (2011 dollars), and during the second compliance period, 2012 – 2015, the upside was \$1.3 billion (2015 dollars). Much of this derives from the direct and indirect economic benefits of lower electricity bills and investments in energy efficiency and renewable energy. Furthermore, the program has been a job creator. The first three years of the program resulted in 16,000 new job-years, and the next three years saw 14,200 new job-years.⁵ Through 2015, RGGI auctions of carbon credits raised \$2.4 billion for the states.⁶

To reiterate, ACR supports Oregon's cap-and-invest bills. They lay the foundation for effective climate action and a robust, green economy. Oregon would adopt a model proven successful. Thank you for consideration of our comments.

¹ U.S. Bureau of Economic Analysis, real GDP in chained dollars, compound annual growth rate; www.bea.gov Interactive Data, Regional Data

² U.S. News & World Report, 2012-2015 job growth rankings; <https://www.usnews.com/news/best-states/rankings/economy/employment>

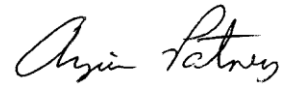
³ Governing, "States with the Strongest Job Growth in 2016," Jan. 24, 2017; <http://www.governing.com/topics/mgmt/gov-job-growth-states-2016-report.html>

⁴ California Air Resources Board; https://www.arb.ca.gov/cc/capandtrade/auction/proceeds_summary.pdf

⁵ Analysis Group, "The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States," July 14, 2015; http://www.analysisgroup.com/uploadedfiles/content/insights/publishing/analysis_group_rggi_report_july_2015.pdf

⁶ RGGI, "The Investment of RGGI Proceeds in 2015," published Nov. 2017; https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2015.pdf

Respectfully,

A handwritten signature in black ink that reads "Arjun Patney". The signature is written in a cursive style with a large initial 'A'.

Arjun Patney
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