

February 6, 2018

REP Ken Helm and SEN Michael Dembrow
900 Court Street NE
Salem, OR 97301

Re: Maximizing the Use of Offsets in the Oregon Cap and Trade Program

Dear Representative Helm and Senator Dembrow,

The below-listed organizations (Coalition) are a broad set of stakeholders who strongly support Oregon's efforts to reduce statewide greenhouse gas (GHG) emissions through a market-based program, including the use of high-quality carbon offsets. As you know, a pair of bills designed to reduce GHG emissions and help the state adapt to climate change are under consideration as the main feature of the Oregon Legislature's 2018 short session; these "cap and invest" bills would codify the use of offsets as a tool for the largest emitters to cover their output. The Coalition would like to see the Oregon Legislature maximize the number of offsets used as a critical component of cost containment and a source of rural economic development in Oregon.

It is a source of pride that Oregon has historically been at the forefront of climate mitigation, with status as the first state in the nation to adopt legislation to curb carbon dioxide—the Oregon Carbon Dioxide Standard. California followed suit by creating a vibrant carbon offsets market that has already demonstrated its value by reducing emissions, creating jobs with specialized skills, and generating local revenue for the state and its disadvantaged communities. Now it is our turn to once again take up the mantle and lead.

There are several important questions to be addressed associated with the offset program in the upcoming rulemaking, including the bill's requirement of offset usage limits as a condition for linkage. The Coalition advocates for the bill to focus on offset quality and enforceability rather than usage limits, which can fall and/or rise in linked jurisdictions due to any number of factors. The risk of not doing so will be ongoing uncertainty among Oregon compliance entities about the viability of a linked market. There is an excellent opportunity prior to the start of the legislative session to improve upon the current bill and ensure the viability of the proposed offset program in linking with other jurisdictions.

Therefore, we respectfully ask that as part of the upcoming rulemaking that you continue to recognize the value of offsets as a foundational cost-containment mechanism and seek to maximize their use. Additionally, we encourage staff to review and address current language around offset usage limits for the proposed Cap and Trade program, which create obstacles to linking with other jurisdictions—a key advantage of a Cap and Trade program over a tax.

We recognize that the offset program is at a critical inflection point, and we look forward to working with your staff to ensure that high-quality third-party verified offsets, which produce real, permanent, additional and enforceable GHG reductions, become a vital cost-containment component of the Program.



Farm Power Northwest