



## SENATE ENVIRONMENT & NATURAL RESOURCES COMMITTEE

### TESTIMONY ON SB 1507

*February 7, 2018*

Dear Chair Dembrow & members of the Senate Environment & Natural Resources Committee:

ICNU is a trade organization that represents the State's largest energy users, as well as some of the State's largest employers. These companies spend many millions of dollars each month on energy to manufacture products that are sent all over the world; to provide first-class healthcare to our residents; to feed the region; and to perform and produce many other basic needs and products.

ICNU and its members understand the challenges the planet faces from carbon emissions worldwide, and many of its members are leaders in combatting climate change. ICNU, however, does not support **HB 4001** and **SB 1507** because their economic harms far outweigh their environmental benefits. ICNU highlights three primary concerns here.

First, HB 4001 and SB 1507 do not ensure adequate credit for early action. ICNU's members are acutely sensitive to their energy costs and, as a result, are some of the strongest supporters of energy conservation. Our members have invested millions of dollars to save tens of millions of kilowatt-hours of electricity over the past decade. These are some of the most cost-effective conservation projects available, which have benefitted all electricity customers and the environment by deferring and eliminating the need to build new fossil-fuel based generation resources. HB 4001 and SB 1507, however, penalize these companies for these savings and benefits by failing to account for them. This means that companies which have invested the most toward energy savings already will be penalized to the greatest extent by these bills.

Second, HB 4001 and SB 1507 requires electricity customers to pay twice for the same carbon emissions. Both Portland General Electric and PacifiCorp address this issue in detail, so ICNU will not repeat their arguments, which we support. ICNU would also highlight, however, that there are customers who have taken advantage of Oregon's direct access law to purchase their energy commodity from a third party, rather than from the utility. These customers must be protected from double payment for carbon costs to the same extent that the utilities' customers are.

Third, HB 4001 and SB 1507 do not protect against carbon leakage by adequately accounting for energy intensive, trade exposed businesses. Oregon has some of the least carbon-intensive electricity in the world, thanks to our massive hydro system. The best approach from a global carbon emissions perspective – and from an economic perspective – is to incentivize businesses to stay here and relocate here, not to drive them to other states or countries where their carbon intensity will be far higher. Unfortunately, HB 4001 and SB 1507 do precisely the opposite by providing only minimal protections

to EITE businesses, which expire over time, and by defining who qualifies as an EITE business too narrowly. In order to provide sufficient business certainty and protections to these companies, they all must be exempted entirely from the cap-and-invest program, not only partially and temporarily.

ICNU thanks the committee for its attention and looks forward to working with the legislature and stakeholders on these important issues in the future to ensure that state carbon policy achieves meaningful reductions in greenhouse gases without penalizing companies for actions they have already taken, prevents carbon leakage, works coherently with existing state law, and ensures a stable and predictable regulatory climate for business going forward.

Respectfully submitted,

A handwritten signature in cursive script that reads "John D. Carr". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

John Carr  
Executive Director