

Opposition to HB 2020

February 25, 2019

Presented by: Terry Kerby – Plant Manager – Ash Grove Cement Company

Good evening, my name is Terry Kerby and I manage the Ash Grove Cement plant in Durkee, Oregon. Thank you for the opportunity to deliver testimony in opposition to HB 2020, the carbon policy. Our plant operates in compliance with all state and federal regulations governing it. The proposed bill, HB 2020, will impose an unsustainable burden on my plant that may result in closure of the facility as currently constructed.

Our industry is energy intensive and trade exposed. At this time Ash Grove's plant struggle's to make and ship our product to Portland at a cost that is competitive to the cost of import cement from foreign countries. There are many reasons foreign imports are cheaper, including lower labor rates, less stringent safety and environmental regulations, government subsidies and cheap ocean freight rates. The point is our plant cannot remain competitive if additional costs are imposed on us that are not also imposed on our competitors.

The cement manufacturing process heats limestone, shale, clay and iron to 2500 deg Plus to drive off carbon dioxide from limestone (calcium carbonate) to create free lime which combines with the other components mentioned above to make clinker which is the pre-cursor to cement. The process emissions of calcination, CO₂, I just described accounts for 65% of the carbon emissions from the plant. Consequently, continued manufacture of cement cannot be sustained if the plant is required to reduce CO₂ emissions by 80%, or by purchasing an ever increasing number of allowances.

Over the years, the Durkee plant has made reductions in CO₂ emissions by utilizing more natural gas. Unfortunately, we have learned by sad experience that relying on only one source of fuel will result in increasing costs, potential outages and lower efficiency in the production process. The northwest has experienced several curtailments and entitlements this winter alone. Each of these could have devastating effects on plants who rely soley on natural gas with no opportunity for a backup fuel source. The fuel mix and cost determine and control the plants ability to compete favorably.

In the event this bill passes and results in shuttering of the Durkee facility the irony would be that CO₂ emissions globally would increase. The CO₂ footprint of imported cement is higher than cement produced locally due to shipping on open water and more reliance on fossil fuel based power in China. It is estimated that the loss of the Durkee facility would cause an *increase* of 417,000 metric tons per year of CO₂ emissions as Oregonians continued to use cement imported from China.

Another unintended consequence would be the loss of 116 jobs in Baker county. The impact of this loss is estimated to be equivalent to the loss of 6,300 jobs in Multnomah county. If spin off jobs are considered the loss would be equivalent to over 30,000 jobs in Multnomah county. The employees of this plant including members of six operating unions and management deserve better than to lose their jobs over an issue we don't currently have an solution for. These employees are innovative, hard working taxpayers who rely on their incomes to raise their families in Baker county.

Since there is no current proven control technology that is technically and economically feasible to reduce CO₂, as this bill requires, I respectfully ask that the committee reconsider this bill or at least provide Ash Grove Cement a complete exemption from the bill until such time that controls are available and economically feasible.

Thank you for your consideration.