



To: Chairs Dembrow, Power, and Members of the Joint Committee on Carbon Reduction

Re: HB 2020

February 25, 2019

Chairs Dembrow, Power, and Members of the Committee:

HB 2020 – also known as the cap-and-trade bill – proposes to regulate many local Oregon businesses that will in turn increase the cost of gasoline and diesel to our customers. There are 57 fueling companies proposed for regulation under House Bill 2020. Six (6) of those companies are large, out-of-state oil companies. The rest (51 of the 57 companies) are local Oregon businesses.

OFA members are multi-generational, family-owned local businesses who employ hundreds of people in your communities and provide an essential good to Oregonians. Our customers include moms and dads driving to work, transit companies taking the elderly to doctors, and businesses needing to move goods and services throughout our communities. For most in Oregon, driving isn't just a privilege, it's a necessity. And in most areas of the state, electrification is not an option.

Reliable transportation fuels are important for our communities for everyday activities and critical to emergency response and resilience planning. Like other Oregonians, we are also concerned about our environment and are invested in improving our businesses toward a cleaner, greener economy. We have made considerable improvements in how we store and deliver fuel. In addition, OFA supports balanced environmental programs, including the Oregon Clean Fuels Program.

The Clean Fuels Program is designed to reduce the carbon intensity in fuel by offering businesses an incentive to blend and sell lower-carbon fuels. It is helping spur innovation in the fuels sector and making fuels businesses part of achieving Oregon's greenhouse gas reduction goals without adding considerable cost to fuels.

Cap-and-Trade, on the other hand, adds tremendous cost to access daily needs without providing any alternative path for compliance in the fuels sector. Cap-and-trade is specifically designed to reduce and eventually remove all fossil fuels from the transportation sector by making them increasingly expensive. More specifically, by design, cap-and-trade means that drivers of cars and trucks who rely on fuel for their everyday needs will see ever-growing costs increases.

For example, using the simple rule of thumb of 1 cent for every dollar spent on a metric ton of CO<sub>2</sub>, the starting cost of cap-and-trade in 2021 could be at least 16-cents or more per gallon of fuel. And, the goal of the bill is that the price per gallon of fuel will climb exponentially for the next 30 years. This is substantially more expensive than Oregon's Clean Fuels Program.

We are small businesses that cannot absorb the cost of cap-and-trade. Moreover, our small businesses cannot compete with large, multinational companies in complex carbon markets. As designed, we could be required to compete with much larger companies for allowances. This means, small fuel businesses will suffer. With the loss of fuel distributors and retailers also means the loss of competition in the market place. As a result, the consumer loses.

We would like to see the Committee work with OFA to make changes to the bill to account for impacts to our small businesses and fuel costs.

Thank you,

Matt Truax, President, Oregon Fuels Association

**Oregon Fuels Association**

**[www.oregonfuels.org](http://www.oregonfuels.org)**