

Springfield Mill Testimony on Cap and Trade – for Friday, Feb. 22, 2019

Good Afternoon CoChairs Dembrow and Power and members of the Joint Carbon Reduction Committee. Thank you for coming to Springfield and for your continued commitment to understanding how House Bill 2020 will impact both the environment and the state's economy.

My name is Doug Black and I am the Mill Manager for International Paper's Springfield Mill. Our Mill has been operating in this community since 1948 and currently employs over 260 Oregonians. In addition, three times that number of contractors, vendors and other service providers have employment due to our mill's activities. We are currently the largest taxpayer in Lane County and are very proud of our commitment to the environment and the community.

At our Springfield Mill, we manufacture brown Kraft linerboard, which is then sent to various container facilities throughout the west coast and abroad to be converted into fully recyclable corrugated boxes.

International Paper is a leader in the use of renewable energy. We generate approximately 80 percent of the energy used to manufacture linerboard at our Springfield Mill from carbon neutral biomass residuals.

It appears that House Bill 2020 intends to exempt anthropogenic biomass, but we believe prior proposals were more explicit on this matter. We encourage the committee to provide clearer language and definitions in this area.

Additionally, the pulp and paper industry has been defined in the legislation as Emissions Intensive and Trade Exposed (EITE), and provides these industries with free allowances but takes them away after a period of time.

Oregon's pulp and paper producers are leaders in reducing carbon emissions and use some of the least carbon intensive energy resources of all paper producing states and countries. The remaining 20 percent of our non-carbon neutral GHG emissions are derived from natural gas use. Natural gas is desirable because of its low carbon intensive characteristic and reliability.

Oregon mills continue to make important investments that have significantly reduced GHG emissions. Yet, the legislation as currently drafted, punishes companies like International Paper, for maximizing the use of biomass and using natural gas to recycle old corrugated containers. By recovering and recycling old boxes, we are further reducing the greenhouse gas emissions that would have been produced from landfill disposal. Landfilling old boxes could release as much as 150 percent more GHG emissions as opposed to recycling. Any policy like House Bill 2020 should avoid discouraging recycling, which would run counter to the legislative intent.

Commented [NJN1]: Double check – I think it is also about 75% per the numbers HQ ran for disposal option

Commented [MW2R1]:

International Paper operates containerboard mills similar to the Springfield Mill in 17 other states. However, if the State of Oregon passes a cap and trade program, the Springfield Mill would be the only U.S. mill in the IP system under a carbon-pricing program. This would put our Mill at a competitive disadvantage within our own company as well as with both domestic and international competitors. These costs cannot be added to the price of paper and passed on to consumers. Rather, companies would do the math and likely shift production to mills with lower operating costs – in states or countries without carbon pricing. Moving pulp and paper production from low-carbon Oregon mills to higher-carbon states and countries would threaten Oregon jobs and would make global emissions worse due to leakage.

Oregon is already a national leader in renewable energy, green jobs and low carbon-emissions overall. As currently drafted, the cap and trade law would only hurt companies like International Paper, which has proven to be a good steward of the environment.

We believe Oregon can adopt a balanced approach to reducing greenhouse gas emissions with a policy that results in actual net global greenhouse gas emission reductions and considers both positive environmental and economic outcomes.

If this cap and trade legislation were implemented as currently drafted, it would put operations like the Springfield Mill at a competitive disadvantage, shift the carbon footprint to other states and minimize our ability to implement environmentally friendly practices like the recovery and recycling of old corrugated containers. We do not believe your intent is to pursue a policy with these unintended consequences.

Thank you so much for your time. We would also like to extend an invitation for you to visit the paper mill, meet our employees, and have them show you how we currently maximize the use of biomass in our operations and strive to be energy efficient in our manufacturing. Thank you.