

*Testimony to the Joint Committee on Carbon Reduction  
February 22, 2019*

**By Ron Tyree,  
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Chairpersons Dembrow and Powers, Vice-Chair and members of the Committee. Thank you for giving me this opportunity to provide my comments about HB 2020.

My name is Ron Tyree and I am founder of Tyree Oil, headquartered in Eugene with offices in Portland, Roseburg & Coos Bay. We are a family owned business serving small & large customers for over 30 years in Lane County & throughout Western Oregon. We employ 140 Oregonians whose families depend on us to provide them family-wage jobs. Our customer base serves a lot of vital industries within the transportation sector, including agriculture, trucking, railroad and marine.

We support good environmental practices, alternative energy and promote and distribute alternative fuels. We have made significant capital investments and considerable improvements in how we store and deliver fuel. We are dedicated to improving our business toward a cleaner, greener economy.

For example, we are one of the original investors & owners of the SeQuential bio-diesel plant in Salem producing over 10,000,000 gallons of bio-diesel from used cooking oil. We partnered with the State in the NW Regional Ethanol Distribution program in 2007 that helped introduce ethanol and bio-diesel to Southern Oregon. We are blending bio-diesel for our customers and are working hard to increase availability of supply of other renewable fuels, such as R-99.

Much is being done to transition towards increased use of renewable fuels and blending of fuels with less impact on the environment. For example, the State recently adopted the Clean Fuels Program. It 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 fuel distribution businesses, like ours to be part of achieving Oregon's greenhouse gas reduction goals, without adding considerable cost to fuels. I support this program, as does our trade group, the Oregon Fuel Association, also known as the OFA. This new program should be given a chance to work.

On the other hand, HB 2020 will be very disruptive. I don't believe it is necessary to take such aggressive, disruptive action, at this time, to adopt this Cap & Trade legislation.

Reliable transportation fuels are important for our communities for everyday activities and critical to emergency response and resilience planning. For most in Oregon, driving isn't just a privilege, it's a necessity. 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. And in most areas of the state, electrification is not an option.

The bill proposes to regulate many local Oregon businesses that will in turn increase the cost of gasoline and diesel to us and to our customers. It will add 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, cap-and-trade means that drivers of cars and trucks who rely on fuel for their everyday needs will see significant costs increases.

We're hearing consistently that the cost of cap-and-trade will be at least 16-cents or more. To the point that everyone seems to believe that \$.16 / gallon will be the cost impact. I don't buy it – That is only the estimate for the 1<sup>st</sup> year of implementation. The stated goal of the bill is for the price of fuel to climb exponentially for the next 30 years. I was in Southern California over the weekend and they've had Cap & Trade for only 5 years. The average price of gasoline was \$3.49 - \$3.69. That's \$1 more than prices in Oregon right now. Our price today is \$2.59.

One of my biggest concerns is the impact this will have on Oregon business that compete with companies located in other states. These businesses will be at a competitive disadvantage and those segments of Oregon's economy will likely suffer

We are not Big Oil that can absorb these costs. 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 to purchase the mandated allowances. This means, small fuel businesses, like ours will suffer.

For me, it's hard to get my arms around the total impact of this bill. Some of my initial concerns are:

- It appears Oregon may have limited control on the price of allowances for regulated Oregonian entities, by being part of the Western Climate Initiative
- The authority for determining where the proceeds from the sale of allowances are directed.
- It doesn't appear that any of money raised from this legislation will be designated for the Highway Trust Fund
- The method & authority for determining who is eligible for free allowances

This is amazingly complicated legislation. The detailed mandates and rules. The creation of an entire new department with extensive authority, oversight and administrative decision making. The emergency designation. It's easy to suggest that with fuel being such a big part of it, that to get it right, it would help to include those with extensive experience in distributing fuels.

If this bill moves forward, I would like to see & request that the Committee work with the fuel distributors and our trade group, the Oregon Fuels Association to solicit their input to help avoid unintended consequences and attempt to safeguard Oregonians from an overly disruptive transition to this new energy policy.

Thank you for considering my comments