

TESTIMONY OF DEBBIE RADIE
V.P. Operations, Boardman Foods
and
Chair, Food Northwest

on HB 2020

JOINT INTERIM COMMITTEE on CARBON REDUCTION
March 1, 2019

Good afternoon co-chairs and members of the committee, my name is Debbie Radie and I am the Vice President of Operations for Boardman Foods. Boardman Foods is an onion processing company located on the Port of Morrow, in Boardman, Oregon. I am here today as the Chair of Food Northwest, the trade association of food producers located in Oregon, Idaho and Washington. We are the people that feed you!

Thank you for the opportunity to speak to HB 2020. Oregon's food industry shares the legislature's goal of protecting and improving the environment. Food companies have spent tens of millions of dollars reducing their energy use and emissions. As you may know, our industry is on track to meet our voluntary goal of reducing energy use and carbon emissions by 25% in 10 years and are continuing to work toward another 25% percent reduction by the year 2035. We are proud that we have been a national leader in this effort. We also share the legislature's goal to make Oregon a place where its businesses are competitive and support family wage jobs. In recognition of these goals we offer the following recommendations on HB 2020:

1. **Oregon Food Companies are EITE.** We agree with the conclusions of Vivid Economics that food producers are emissions intensive and trade exposed (EITE). Under the cap and trade program natural gas and transportation are expected to become much more expensive. This will increase the cost of producing food in Oregon. Our industry already operates on some of the thinnest margins of any business sector. Oregon food companies face significant competition from imported food products as well as from domestic food products where there is not a price on carbon. However, only a few NIACS codes have been identified as EITE. We ask this committee to include all energy and trade intensive businesses NIACS codes in statute as EITEs.
2. **Long Term Allowances are Necessary.** Since food companies are EITE, we must have an allowance allocation design that will prevent carbon and economic leakage. The current proposal to allocate 100% free allowances and then to begin immediate and aggressive reductions annually will not provide the necessary protection for food companies. Under this proposal, leakage of food producers is a very real risk. This will result in the loss of full time, family wage jobs, especially in rural areas where food

companies are the largest employers. EITE allowances must be sufficient enough to avoid leakage and be long-term and predictable to encourage investment and viability in our sector of the economy.

3. **Opt-In Provision is Innovative and Useful.** We strongly support allowing companies under the 25,000 MT threshold to opt into the program. Participation in the market could provide a means for such companies to mitigate their energy cost increases, thereby addressing leakage concerns of this group.
4. **Need to Expand NAICS codes.** Again, to accommodate our trade-exposed food companies under 25,000 MT, we would like to see the NAICS codes in the bill include the four-digit food codes evaluated by Vivid Economics as well as NAICS codes 3112 – 3119.
5. **Reward Good Actions – Provide Time to Invest.** We urge inclusion of a means to reward companies for past actions to reduce energy use and emissions. As I said earlier, as an industry, food producers set aggressive voluntary reduction targets in 2015 and have made significant progress toward those goals. Several potential covered facilities have already achieved a 45% reduction in carbon consumption. Targets should be adjusted or delayed allowing companies to continue to invest in efficiencies instead of diverting resources to purchase allowances. Further advances in technologies that will allow companies to radically change their processes and energy consumption will not even be commercially available until the later years of the program. Consequently, we are concerned that the interim target to reduce emissions by 45% below 1990 levels in 2035 is too aggressive and fails to recognize the realities of technology costs and availability, as well as contracting, procurement and implementation scheduling.
6. **Protect Confidential Business Information.** Protection of confidential business information and trade secrets is critical. Oregon’s public records laws do not provide adequate protection because the state has the discretion to decide what is protected. The proposed program will require businesses to report non-emissions production and process data for the first time. To protect the competitive interests of program participants, the bill must include new trade secret and confidentiality protections. And finally,
7. **Set Limits on Fees.** As many of you are aware, companies are being asked to pay continually increasing fees in nearly every agency program. We strongly recommend that allowance revenue fund the new agency rather than new fees.

Food Northwest appreciates this opportunity to provide feedback on HB 2020. We look forward to continuing to work with the Committee to ensure that Oregon adopts a balanced program that avoids economic and carbon leakage, protects Oregon jobs, and supports Oregon’s leadership in growing a low-carbon economy.