

This testimony was delivered (in part, due to time constraints) at the hearing in The Dalles 3/1/2019:

My name is Bonnie New, and I live in Hood River. I'm a retired physician, and specialized in environmental health. I have long interest and involvement in cap and trade (C&T) systems, and am here to endorse HB2020's C&T program.

I was involved in the prototype C&T project in the US, the acid rain project, in the 1990s. My work was related to the human health effect of the air emissions NO_x and SO₂. When the emissions trading took effect in 1995, those emissions dropped 3 million tons in the first year, and the program cost less than half of what had been projected. It was extraordinarily successful.

The situation with NO_x and SO₂ emissions back then is similar to our situation now with carbon (C) emissions. As with NO_x and SO₂ emissions, there has been the same precedent with C emissions of what's called "cost externalizing." This is a socioeconomic term referring to how a business maximizes its profits by off-loading indirect costs, like emissions of NO_x or SO₂ or C, and forcing negative effects on a third party, like us here in this room, in this state, and in the rest of the world. We have been slower to recognize the grave damage created by uncontrolled C emissions, but now that we have, we must act.

Almost NO ONE is unaware that C emissions are causing global climate change.

Almost NO ONE is unaware of the critical problems climate change is already posing right here in Oregon

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- drought
- change in the demography of vector-borne diseases
- extreme weather
- a wildfire season that is longer and more brutal
- crop losses
- salmon dying because the rivers are too warm
- pressure on fisheries because of acidification of the ocean

and on and on.

So, substantive questions might be more like –

- How sure are we that C&T will work in reducing C emissions?
- Do we have the expertise needed to set it up and administer it?
- Can we afford it?
- Is it fair to burden emitters with paying a price for their C emissions?
- How can we best help those large emitters comply with the caps?

There are some very positive answers to those questions -

First, C&T is not brand new. It is tried and proven.

First there was the federal initiative to curb acid rain in the 1990s. Now, for C, there are 10 states, comprising 25% of the US population, that have C&T programs in place. They work in two programs, the North American Carbon Market which includes California and several Canadian cities, and the Regional Greenhouse Gas Initiative (RGGI) in the NE U.S.

The successes of these two programs have been dramatic. They have

- cut emissions,
- poured billions of \$\$ back into communities,
- produced economic growth that has far exceeded the national rate,
- reduced electricity prices, and
- created many thousands of new jobs.

Second, a lot of the necessary infrastructure for C&T is already in place.

Oregon will be joining the North American Carbon Market, which has a smoothly functioning system already in place to handle the auctioning of permits. In addition, the State's DEQ already does the necessary monitoring of air emissions.

Third, paying for C emissions is both fair and in keeping with accepted business practices.

We know that cost externalizing, mentioned before, is itself not fair. No entity should have the right to enhance its profits by off-loading its costs and forcing negative effects on the rest of us. If you want to dispose of household garbage, you package it up as instructed and you pay for it to be collected and disposed of. It might be easier and cheaper to just dump it on the side of the road, but that cost externalizing is not allowed. We know and accept this.

Fourth, the C&T system is designed to help emitters comply with the cap.

The basis of emissions trading is providing economic incentives for achieving reductions in the emissions of pollutants. A business is not told how to reduce its emissions or even when. They choose the methods and timing that will work best for them. They can buy emission credits if needed, or they can sell credits if they're making progress faster than others.

So, the answer to these substantive questions is YES -

- YES, we're sure that C&T will work in reducing C emissions, because the volume of emissions will be controlled by credits, and the # of credits will gradually be decreased.
- YES, we have the expertise we need.
- YES, we can afford C&T. It's expected the State will raise hundreds of millions of dollars per year to invest in job creation and building clean energy solutions. Over the long run, we will have greater energy independence and a robust clean-energy economy. In fact, we can't afford not to do it.
- And, YES, the C&T system allows affected emitters great flexibility and economic incentive to make the necessary progress.

So let's get on with it.

Thank you.

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