



March 8, 2019

To: Joint Committee on Carbon Reduction, Oregon State Legislature

Re: Oregon House Bill 2020

Guided by the values and expertise of medicine and public health, Oregon Physicians for Social Responsibility (PSR) works to protect human life from the gravest threats to health and survival.

The science is clear: human-caused climate change is one of the gravest threats to health and survival currently facing our world. The Intergovernmental Panel on Climate Change has recently warned that drastic action must be taken to reduce greenhouse gas emissions worldwide before the year 2030 in order to limit global warming to 1.5 degrees Celsius, thereby averting the worst-case scenarios of long-term climate disruption.<sup>1</sup> The need for immediate action from the Oregon State Legislature to reduce Oregon's emissions is paramount due to the ongoing and imminent health harms from climate change that communities face throughout our state.

Hazards include but are not limited to ocean acidification, extreme weather events, and more extreme average temperatures.<sup>2</sup> These hazards threaten health by worsening air and water quality, expanding territory for vector-borne diseases, and increasing food insecurity.<sup>3</sup> Communities who have contributed the least to climate change experience the worst of its impacts. These include communities of color, tribal nations, low income and working class people, and rural communities. Climate policy from the Oregon legislature must accordingly prioritize investments in climate resilience and adaptation in those frontline communities.

House Bill 2020 will establish a Carbon Policy Office within Oregon Department of Administrative Services and a Director of Carbon Policy Office to adopt the Oregon Climate Action Program by rule. The bill requires the program to place cap on regulated greenhouse gas emissions, create a market-based mechanism for covered entities to demonstrate compliance via allowances, and lays out provisions for investment of moneys received by state as proceeds from auctions of allowances.

We thank the members of the Joint Committee on Carbon Reduction for their efforts to address the impacts of climate change and to greatly reduce Oregon's greenhouse gas emissions. As it currently stands, House Bill 2020 is not an effective tool to rapidly decrease emissions by 2030 and to protect the health of communities. Also, in its current form, the bill has potential for unintended consequences: it could inadvertently bring harm to

<sup>1</sup><https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

<sup>2</sup> <https://www.psr.org/wp-content/uploads/2018/05/too-dirty-too-dangerous.pdf> Pages 11-12

<sup>3</sup> Ibid.



the very communities that it is intended to support. To preserve a healthy climate, this bill must reflect the bold changes that make possible a rapid transition to a sustainable and renewable future. The current bill instead reflects the heavy influence of the very industries that it seeks to regulate. California's cautionary tale is that this must not be allowed.<sup>4</sup> We look forward to working with you to significantly improve HB 2020.

The following sections of the bill must be amended:

- **Interim reduction targets [SECTION 1]** We strongly support an interim target of 2035 to achieve a substantial portion of greenhouse gas (GHG) emissions reductions. However, in order to be effective, the bill should set a cap of 25% below 1990 levels by 2025, 55% below 1990 levels by 2035, and 100% below 1990 levels by 2050.
- **Inclusive and equitable rulemaking & decision-making [SECTION 9]** This bill grants too much power to the Director of Carbon Policy Office for rulemaking and governance. We recommend a board or commission with clear guidelines to include representatives from the Environmental Justice Task Force, impacted communities as defined by the bill, tribal governments, workforce and labor advocates, representatives of rural communities with experience in sustainable forest practices and working lands, experts in climate science and carbon reduction, and health equity experts.
- **Remove exemptions for major polluters [SECTION 10-13]** Major emitters of GHG must be properly accounted for and must not be exempt from the requirement to buy allowances from the state. Specifically, the bill should not, for any period of time, exempt emissions from municipal/medical waste incineration, electricity generated in the state but consumed out of state, fluorinated gases from semiconductor manufacturing, and marine, aviation, and railroad fuels.
- **Energy-Intensive, Trade-Exposed manufacturers (EITEs) must be better regulated. [SECTIONS 14, 18]** Manufacturers of pulp, plastics, cement, steel, and more should not be given 100% free allowances in 2021. HB 2020 also allows too much room for continued exemptions. EITEs must receive no more than 25% of their allowances for free at any time.
- **Electric utilities must pay their fair share - no free allowances [SECTION 15]** HB 2020 allows electric utilities to receive 100% directly distributed allowances for their GHG emissions until 2030. This removes incentives, undermining the goals and effectiveness of this bill. There must be no free allowances for electric utilities.
- **Offsets must be Oregon-only & capped at 2% of compliance [SECTION 19]** Global trading of offset programs can remove benefits to Oregon communities, decrease accountability, and invite fraud. Additionally, we recommend addition of language that ensures that offsets cannot be used for compliance by any entity that controls an air contamination source affecting the airshed or watershed of an impacted community or tribe.
- **No allowance price ceiling or retired, pre-2021 California allowances [SECTION 21]** While price floors on allowances are important, the efficacy of this bill is undercut through limiting price increases on allowances and allowing linked carbon markets to sell an oversupply of cheap allowances in Oregon. Banking of allowances should not be permitted.
- **Impacted communities need investments for a just transition [SECTION 29]** 60% of the Climate Investments Fund and Transportation Decarbonization Account should be

<sup>4</sup> <https://www.vox.com/energy-and-environment/2018/12/12/18090844/california-climate-cap-and-trade-jerry-brown>



specifically set aside for impacted communities census tracts and dispersed, impacted individuals. 5% should be set aside for capacity building and technical assistance.

- **Disallow certain “low carbon” and “carbon-free” tech investments [SECTION 31 (6)]** Use of broad, open-ended terms may allow investment in dirty nuclear and forest biomass projects, which we oppose.
- **Do not disrupt protective functions of existing state agencies [SECTIONS 46-51, 53, 54-60]** This bill should not eliminate the existing carbon dioxide standard at the Oregon Department of Energy’s Energy Facility Siting Council while directly distributing allowances to electric utilities. Eliminating the existing \$1.91/ton price on excess carbon pollution from electric generation while giving electric utilities a free pass until 2030 may create incentives for the construction of new fracked gas power plants such as those proposed by Portland General Electric at the Carty Generating Station in Boardman, OR in 2017. We also object to the loss of institutional expertise and memory which would be caused by immediately and wholly removing GHG emissions reporting duties of the Department of Environmental Quality (Sections 46-51).

Given the short timeframe outlined by best available science to take meaningful action on climate change, it is imperative to champion climate policy that significantly reduces greenhouse gas emissions by 2030, sets strong goals for 2050, and invests in the communities most harmed by climate disruption. We applaud legislators for taking up this vitally important public health issue and thank the Joint Committee on Carbon Reduction for carefully considering our testimony. We look forward to working with you to significantly improve House Bill 2020.

Sincerely,



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