



March 8, 2019

Joint Committee on Carbon Reduction
Oregon State Capitol
Salem, OR 97301

Re: Strong Support for House Bill 2020

Dear Co-Chairs, Vice Co-Chairs, and Members of the Committee:

Our organizations write in **strong support of House Bill 2020** as an economically sound and urgently needed approach to curbing our climate pollution and furthering climate leadership in Oregon. Cap-and-invest programs are a proven solution that benefits the economy while reducing climate pollution, and Oregon is poised to reap the rewards of more jobs, clean air, affordable renewable energy, and clean energy innovation. Proceeds should be reinvested across the state to accelerate clean energy technologies and solutions and build healthy, resilient communities and workforces.

We appreciate the commitment to strong climate action reflected by legislative leadership in the bill. At the same time, there are opportunities to strengthen the bill. As the committee considers amendments to the bill it is important to consider the following critical components for an effective Clean Energy Jobs bill:

1. **Environmental Integrity:** HB 2020 must be an economy-wide program starting in 2021, a program that links regionally, and with a declining cap on emissions of at least 45% by 2035 and at least 80% by 2050.
2. **Creates Benefits for Vulnerable Populations throughout Oregon:** There must be a clear requirement that the majority of all proceeds will go to the communities most impacted by climate change to not only reduce harm from climate impacts, but more importantly provide opportunities. The bill should provide resources for communities that include low-income and rural communities, communities of color, at least a 10% allocation to Oregon Tribes, and a just transition fund for workers. Public funds should be awarded to responsible contractors and pay prevailing wages. Design and implementation of the program needs to include an over-representation of geographically and demographically diverse perspectives in the advisory and decision-making bodies associated with this program.
3. **Effective and Fair:** All carbon-intensive emitters should be included under the cap (no exemptions), all sectors need to be covered, with no free allowances awarded in perpetuity. Entities that receive free allowances should use the value of those benefits for energy efficiency upgrades and other decarbonization and not consume additional program proceeds. EITE treatment should be based on a data-driven process, continue to incentivize emissions reductions, and be re-evaluated as other jurisdictions adopt climate policies.
4. **Delivers Benefits:** This program can and should deliver benefits across the state. It should prioritize greenhouse gas reductions and not be used for investments that increase emissions. Any

restricted proceeds must be set aside in a sub-account to support climate mitigation and resiliency. Investment decisions for all proceeds should have strong criteria that guides their allocation.

The policy should invest in maximizing reductions in climate pollution, assisting Oregon homes and businesses to become more efficient and the transportation sector to switch to lower-carbon fuels, make streets safer for walking, biking, and accessing transit, and expanding transit. It should provide support for low-income households, and aid in the decarbonization of energy sectors. These investments will lead to a healthier, more vibrant and resilient Oregon. **This policy—just like other existing cap-and-invest programs—can leverage funding.** The program could support efficient and affordable housing throughout the state, resilient infrastructure—like covered irrigation systems that generate their own renewable energy—and carbon sequestration and natural resource restoration projects that not only create jobs but also create vital co-benefits for clean water and fish habitat.

5. Enhances Comprehensive Climate Action: We cannot afford to go backwards. There must not be any climate or environmental rollbacks or pre-emptions.

It is urgent that Oregon do more to combat rising climate pollution and invest in clean energy solutions across the state. The world’s leading experts released a report last October emphasizing the need for significant reductions of greenhouse gases by 2030. Oregon currently has no enforcement or accountability mechanisms that ensure our 2050 greenhouse gas goals are achieved; indeed, our state’s climate pollution has been on the rise again. A carbon cap and price through HB 2020 ensures our climate pollution is brought under control, and that we update and meet the state’s greenhouse gas reduction goals. Accounting for the true cost of climate pollution can drive additional investment to our clean energy transition and enhance our existing clean energy initiatives.

Climate change is already harming Oregon’s economy, people and places. The cost of inaction is enormous, and we must act urgently and boldly to protect our state. According to the Oregon Climate Change Research Institute (OCCRI), Oregon is already experiencing the destructive effects of climate change caused by human emissions of greenhouse gases.¹ Stakeholders representing natural resource-dependent industries across our state economy including agriculture, fishing, forestry, ranching, wine making, brewing, outdoor recreation, and tourism have raised concerns about the harms of climate change. Climate change threatens these industries, costing us millions. And the impacts are fundamentally unequal; rural and urban low-income communities and communities of color are more acutely experiencing the effects of pollution and global warming. **House Bill 2020 must prioritize investments in the people and communities in Oregon that are most impacted by climate change, creating major new opportunities for economic development and workforce training and other services across the state.**

Cap-and-invest is effective at reducing greenhouse gases, while incentivizing innovation. Oregon has proven time and again that we can build a thriving economy and ensure a healthy environment at the same time. A lower carbon economy gives Oregon a first-mover advantage and top-notch workforce. Leading economies around the globe are prioritizing energy efficiency and emissions reductions, including through carbon pricing policies. We can secure Oregon’s role as a

¹ Oregon Climate Change Research Institute, “Third Oregon Climate Assessment Report,” January 2017, <https://olis.leg.state.or.us/liz/2017R1/Downloads/CommitteeMeetingDocument/99261>

thriving engine of innovation, attracting clean-tech investment and talent – or let the opportunity pass us by. **By acting now, Oregon can gain a competitive advantage over other states and nations that are slower to act.**

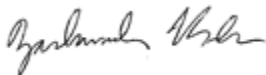
Joining a regional cap and invest program provides many benefits for Oregon. Oregon can right-size and tailor a policy to our unique economy while not having to reinvent the wheel. Linking with the existing North American carbon market will create administrative cost-savings, create more certainty for businesses that operate in multiple jurisdictions, provide emission reduction opportunities across a broader region, and create momentum for other states to join. Oregon’s policy should not create barriers for linkage. Oregon’s overall program must have similar design features including utility point of regulation, upper limits on offsets, and similar reduction targets and emissions coverage across the transportation, utility and industrial sectors of our economy.

Growing a clean energy economy and climate-resilient industries is technically and economically achievable in Oregon. The state commissioned economic analysis found that a cap-and-invest program could create 50,000 jobs, grow Oregon’s GDP by an additional 2.5% percent, raise incomes throughout the state, and save \$2 billion in health costs. Another comprehensive economic review by MJ Bradley found, **existing cap-and-invest programs have saved households money, reduced electricity bills, and created tens of thousands of jobs.**²

We strongly support HB 2020 as an urgently needed clean energy solution that will seize new opportunities and help Oregonians thrive in the face of climate change. Climate change is an emergency, and we look forward to working with you to pass the strongest, most effective bill that benefits all Oregonians.

Thank you for your consideration of these comments.

Sincerely,



Zachariah Baker
Oregon Policy Manager
Climate Solutions



Jana Gastellum
Climate Program Director
Oregon Environmental Council

About our organizations:

Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis. For 20 years, Climate Solutions has been working to implement energy efficiency, renewable energy, and carbon reduction policies that demonstrate that clean energy and broadly shared economic prosperity go hand-in-hand.

Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. OEC advances innovative, collaborative solutions to Oregon’s environmental challenges for today and future generations.

² C. Jenks, P. Hansel, MJ Bradley, “Issue Brief: What Would Cap-and-Invest Mean for Oregon?” January 19, 2018: <http://www.mjbradley.com/reports/what-would-cap-and-invest-mean-oregon>