



**Written testimony re: HB3211
House Economic Development Committee
May 13, 2019**

Good afternoon. Thank you for the opportunity to be in front of you today. My name is Derek Smith, I'm Executive Director of Resource Innovation Institute, or RII. We are an Oregon-based 501c3 non-profit organization whose mission is to advance resource efficiency to create a better cannabis future. We are here today to propose a way to put Oregon's cannabis and hemp farms in position to compete on a global stage while ensuring they don't compromise the energy and water resources that other agricultural sectors and communities rely on.

As context, I'd like to start by telling you about our organization, our work and why we have come to the conclusion that a voluntary certification system that verifies energy and water best practices and supports responsible, tax-paying farms is a critical piece of infrastructure that should be put in place now - before we enter the global marketplace.

Resource Innovation Institute has leaders from the Oregon cannabis industry on our Board. The American Council for an Energy Efficient Economy and the California Cannabis Industry Association sit on our board. The Northwest Power & Conservation Council and Portland General Electric serve on our Technical Advisory Committee.

We are funded by foundations, governments, utilities and industry leaders. Energy Trust sponsors our educational events, where we bring growers together to learn from each other how to cultivate more efficiently to cut costs and reduce energy impacts.

We are the only organization on the planet objectively researching the most efficient methods for producing this plant, be it indoor, outdoor or greenhouse. We have the largest dataset on cannabis energy use in the world and we recently released *The Cannabis Energy Report*, a peer-reviewed report based on the data we've collected from over 200 farms. We are establishing the industry benchmarks on energy and water use. We are determining what is good performance in terms of how much product a farm is producing per unit of energy or water.

We see the opportunity for Oregon to lead internationally on voluntary sustainability certification, as it does with its other crops. As the LIVE certification does for Oregon's wine industry.

We also see very clearly that the more efficient we can make the regulated market, the more it can outcompete the illicit market. And through coordinated support on resource efficiency, we can create a level playing field for legal operations to bridge the difficult economic situation they're in now and the promise of the global marketplace coming around the corner.

I work all over North America. I can tell you this Legislature, and this committee in particular, understands the traded sector potential of this industry more than any other jurisdiction in the world right now, except perhaps Canada.

And so the question is, what steps are we going to take to leverage this momentum? What decisions are we making now that will put Oregon's producers in the front of the pack...

- ...with cost structures that can compete on the global stage
- ...while using Oregon's resources efficiently to support scale
- ...and while ensuring that this industry's dramatic pivot toward that growth doesn't create additional heartache in communities

This bill funds the design and pilot of a voluntary certification system related to energy and water best practices for cannabis and hemp farms. It invites farmers and communities to the table to collaboratively design a system that will ultimately reward the good actors who are good neighbors in their communities.

To be clear, this bill does not fund the ongoing operation and marketing of a certification label. It merely ensures that Oregon is in the driver's seat to shape standards as they get set for this industry internationally.

I want to thank Representatives Helm and Wilson for their sponsorship, and Rep. Fahey for your support.

With me today are Jesse Peters of Eco Firma Farms in Canby, Laura Day of Yerba Buena in Beaverton and Myron Chadowitz of Cannasentials in Veneta. Mason Walker of East Fork Cultivars, which produces cannabis and hemp in Tukilma, would have been here but he fell ill and couldn't make it. I will turn it over to them and I look forward to your questions.

For the record, we have submitted an amendment that strips away specific references to odor, air quality and other issues that are addressed through efficiency. Our intent with this amendment is to allow a stakeholder process to identify the predominant issues.

Thank you all for your time and your service.