

Joint Carbon Reduction Committee Principles - Proposal

July 16, 2018

Goal

Implement a carbon pricing program that balances mitigation, sequestration, and adaptation strategies to benefit Oregon's economy and help to achieve the state's agreed-upon greenhouse gas emission reduction goals.

Principles

Program Scope and Alignment

1. Design a market-based program that places a price on carbon and:
 - is simple and predictable;
 - is flexible and adaptable to changing conditions and circumstances;
 - includes Oregon's emissions and potential for sequestration economy-wide;
 - is part of a suite of measures designed to reduce emissions and successfully transition to a clean-energy economy that benefits all Oregonians;
 - recognizes the benefit of Oregon's natural lands in reducing carbon;
 - encourages research and development of new mitigation methods and technologies; and
 - resonates globally.
2. Craft enabling legislation that:
 - considers the unique characteristics of the various sectors of Oregon's economy, including working lands, and clearly defines the specific scope of the program, including which activities will be regulated, in what manner, and under what circumstances;
 - ensures that all policy decisions--including cost driving elements imposed by the program, the identification of regulated entities, how they will be regulated, and the conditions under which they will be regulated--are made by legislators and are articulated in the enabling legislation; and
 - respects the needs of Oregon businesses which are EITE's (both emission intensive and energy intensive).
3. Protect current transportation investments and use transportation funds consistent with the Highway Trust Fund requirements of the Oregon Constitution in addressing the transportation sector.
4. Ensure that emissions reductions are not double counted and that carbon costs imposed are not duplicative.

Economic Impact and Competitiveness

1. Design and implement the program in a way that keeps Oregon's economy robust, existing businesses competitive, and attracts new businesses in the clean-energy, carbon sequestration, and climate adaptation sectors.
2. Minimize and offset potential harm to existing businesses, workers, and family budgets.
3. Invest in rural communities to incentivize carbon sequestration and storage, adaptation, and renewable energy generation.
4. Support a just economic transition, protect the existing workforce, and create new pathways to employment through workforce development in clean energy, energy efficiency, adaptation, and carbon sequestration sectors.
5. Avoid driving businesses and jobs into other states.

Fairness and Equity

1. Impose program requirements fairly across the spectrum of carbon use.

2. Treat households and business sectors in an even-handed manner, with equal opportunity for input into the decision-making process and the opportunity for review if regulated parties feel they are being treated unfairly.
3. Ensure Oregon businesses will be able to compete fairly with their competitors in other jurisdictions.
4. Prioritize the creation of climate resilient communities, and protect vulnerable Oregonians, especially low-income families, communities of color, rural residents, Oregon tribes, and those who are most likely to experience disproportionate impacts from climate change and pollution. Provide these impacted communities with the opportunity and ability to engage in and influence the legislative decision-making process.
5. Ensure that economically-distressed regions and communities will be protected to the extent possible from any potential regressive effects of carbon pricing.

Accountability and Transparency

1. Maintain legislative oversight of implementation and investments to ensure program equity and efficacy.
2. Require regular third-party evaluation, including cost benefit analyses, of the program's impact to Oregon's economy, public health, and environmental health.
3. Ensure regular reporting of verifiable emissions and emissions-reduction data, with the necessary resources to do so.
4. Ensure regular evaluation and reporting of the program's economic efficiency (by providing a cost-per-ton program cost of reducing carbon).
5. Maintain transparency to the public in program design, program evaluation, and subsequent decision-making.

Stability and Predictability

1. Deliver emissions reductions gradually, steadily, and with certainty to achieve Oregon's greenhouse gas goals, incorporating any release valves needed to prevent disruptions to Oregon's economy.
2. Identify a clear roadmap and timetable to meet agreed-upon carbon-reduction goals through mitigation and sequestration strategies.

Efficiency and Cost-Effectiveness

1. Ensure that program design promotes economic and administrative efficiency over the short-and long-term.
2. Use proven existing administrative structures where possible, avoid duplication of costs with existing programs, and minimize administrative costs.
3. Minimize the administrative burden of compliance by regulated entities.

Linkage

1. Explore linkage with other jurisdictions to increase the program's effectiveness and minimize compliance and administrative costs.
2. Ensure any linkage agreement maintains Oregon's authority over its carbon reduction, sequestration, and adaptation activities.

Resources

1. Invest any resources generated by the program to achieve maximum multiple co-benefits aligned with the program's goals.
2. Legislatively authorize the overall utilization of any resources through the regular Joint Ways & Means Committee process, including analysis and oversight by the Legislative Fiscal Office.