

## HB 2020-84 SUMMARY OF SIGNIFICANT CHANGES

The -84 amendment to HB 2020 fully replaces the introduced bill and incorporates feedback building on the -31 amendment. Significant changes made in the -84 amendment are summarized below.

### NATURAL GAS

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**Maintains allocation to utilities for low income customers:** Natural gas utilities receive allowances at no cost in an amount equal to 100% of the emissions from serving the utility's low income residential sales customers. This allocation is maintained for the duration of the program, updated regularly to ensure adequate protection of low income customers from natural gas bill impacts.

**Funds for rate relief and GHG reduction through consigned allowances to utilities:** In addition to the allocation for low income customers, natural gas utilities will be provided allowances at no cost equal to 60% of the utilities' forecasted 2021 total emissions associated with their sales customers. Utilities will be required to consign these allowances for sale at the state auction. Proceeds from the sale of these consigned allowances will be held by the State Treasury and their use overseen by the PUC. This allocation for consignment begins declining at the rate of the economy-wide allowance budget in 2022.

Proceeds from consigned allowance sales will be used for development and provision of renewable natural gas, efficiency improvements to reduce greenhouse gas emissions, and other purposes that reduce greenhouse gas emissions for natural gas users. At least 25 percent of these annual proceeds must be used for rate relief or bill credits for residential, commercial, and industrial sales customers.

The utility must develop a plan that will be acknowledged by the PUC on how the utility will use funds from the sale of consigned allowances.

**Financial assistance to businesses for efficiency improvements and upgrades:** Business Oregon will design a program to fill gaps in loans or financial assistance to industrial and commercial natural gas users, to be funded and enacted by the Legislature in the 2021 Session.

### EMISSION INTENSIVE, TRADE EXPOSED INDUSTRIES

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**Improved Process for Best Available Technology Benchmarks:** Emissions efficiency benchmarks based on manufacturing using the best available technology for reducing emissions will be issued by order (similar to issuance of a permit) instead of by rule. The facility may seek review of the decision through a contested case hearing, used in many of the regulatory processes in state government. These benchmarks will be updated every 9 years to provide greater certainty for facilities to invest in updated equipment or processes. The Best Available Technology benchmarks will be determined by 2024 and will be used in allowance allocations starting in 2025.

### INVESTING PROCEEDS

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**Natural and Working Lands:** Dedicates 20 percent of the proceeds in the Climate Investments Fund for projects that benefit natural and working lands, including emissions reductions or carbon sequestration in the agriculture or forestry sectors, improved health and resilience of forest and natural lands, wildfire prevention, reducing the risk of flooding, Increasing the ability to adapt to and remediate the impacts of ocean acidification, improving reliability of water supplies, and preparing for sea level rise.

**Home Heating:** Oregon Housing and Community Services will develop a comprehensive program to provide bill assistance to low income residential customers and provide assistance in reducing their emissions through equipment upgrades or replacements

### OFFSETS

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**Early Action Offset Credits:** Encourages early adoption of new offset projects. Once offset rules are adopted, some types of offset projects will be able to earn offset credits to count reductions back to the passage of HB 2020 instead of starting in 2021.

**Crediting Periods:** Requires that a crediting period be established for issuing offset credits to offset projects. The crediting period is the time for which an offset project may generate offset credits regardless of whether a change in the law has impacted project additionality. This change helps provide certainty for offset developers that they will be able to earn offset credits for a fixed period of time.

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**Wood Fiber Supply:** To ensure offset projects are driving additional carbon sequestration without reducing supply for Oregon mills, the Oregon Department of Forestry will report regularly on the development of offset projects and the resulting carbon sequestration in the forestry sector, including the impact of forest offset programs on the supply of logs available to wood products manufacturers. In developing offset protocols, the Carbon Policy Office and its advisory committees will consider impact on mills when designing offset protocols.

### GOVERNANCE AND PUBLIC INPUT

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**Creates Oregon Climate Board:** The Oregon Climate Board will advise the Director of the Carbon Policy Office on the implementation, administration and enforcement of the programs and activities of the Carbon Policy Office. The amendment specifies the board membership, duties, and functions.

**Just transition advisory committee:** Requires Higher Education Coordinating Commission to convene an advisory committee to advise the Commission on the Just Transition Plan and the use of funds in the Just Transition Fund. The advisory committee will include representatives from communities and work places that have the potential to be adversely affected by climate change or climate change policies, and members representing labor and management.

**Citizens Advisory Committee:** Specifies membership of the Citizens Advisory Committee created to advise the office in preparing the Biennial Climate Action Investment Plan.