



NW Energy Coalition
for a clean and affordable energy future

May 16, 2019

Co-chair Dembrow, Co-chair Power, Co-Chair Bentz, Co-chair Brock Smith
Oregon Joint Committee on Carbon Reduction

RE: HB 2020

Dear Co-Chairs Dembrow, Power, Bentz, Brock Smith and Members of the Committee,

The NW Energy Coalition is pleased to express support for HB 2020 -94. We appreciate the deliberative and collaborative approach with which this Committee has approached the development of a cap and invest policy for Oregon.

Conversations about greenhouse gas (GHG) emission pricing have been occurring for over a decade, while the effects of climate change, including wildfires, increasingly harm our state. Oregon has always been a leader in clean energy solutions, and yet, we are currently not on track to meet our statewide carbon reduction goals. Achieving immediate and increasingly effective GHG emissions reductions is critically important, as is the regulatory certainty establishing this policy will provide to utilities and other emitting entities. It is time to adopt this policy.

The NW Energy Coalition has previously set forth the following high-level principles for comprehensive GHG emission policy in Oregon:

- 1) Result in meaningful and measurable GHG reductions in a least- cost manner.
- 2) Minimize cost impacts to customers, especially low- and moderate-income residents.
- 3) Utilize a decision-making process that is transparent and includes the values and opinions of impacted communities and businesses in a meaningful way.
- 4) Ensure that all sectors (residential, commercial, industrial, transportation, agriculture, etc.) share proportionately in greenhouse gas emissions reductions.

HB 2020 achieves those high-level principles and, in addition, the bill implementation details align with several objectives that the NW Energy Coalition recommends for any cap and trade policy. The bill sets clear emissions reduction goals for the state and implements a declining cap, with limited outright exemptions, to achieve those goals. It provides for trading mechanisms that offer flexibility for regulated entities to reduce GHG emissions in the most cost effective manner with linkages to other jurisdictions that have implemented GHG emissions trading programs. Critically, it also provides for revenue reinvestment in important local mitigation and adaptation efforts and ensures that specific amounts of those reinvestments are directed toward the most impacted Oregonians.

Revenue reinvestment primarily in mitigation and adaptation efforts is critically important. In particular, reinvestment in the utility sector should focus on actions that reduce GHG emissions, particularly energy efficiency, renewable energy and supportive technologies. HB 2020 prioritizes this type of reinvestment. Moreover HB 2020 -94 prioritizes investments in low-

income, tribal and impacted communities through the Climate Investment Fund dedicating 10% to tribal communities and 40% to impacted communities.

The Coalition also appreciates the thoughtfulness of the policy in the utility sector regarding the interaction with other important state policies already addressing GHG reductions for this sector. The exemptions for this sector that were removed in the -94 version are an improvement to the integrity of the program.

Equally important are the cost considerations for customers built into the policy -- especially the allowances for low-income customers that use natural gas in their homes -- the focus of this assistance should be in weatherization and energy efficiency, which reduces long-term energy burden for these households. The consignment of allowances for direct use of natural gas companies added in the -84 version and retained in the -94 version will also provide direct funding for actions that a broader set of customers can take to reduce GHG emissions while saving money through energy efficiency.

We appreciate the strides the bill takes toward addressing environmental justice and impacted communities. The integration and strengthening of the state's existing Environmental Justice Task Force is a needed step. In the area of offsets, which is a large concern for communities impacted by air pollution, we anticipate that the mechanism built into the bill to limit offset use at specific facilities that create significant local air pollution will be well-utilized and can serve as a model for other jurisdictions (Section 30).

The Just Transition Fund and other workforce provisions contained in the bill are solid steps toward ensuring that the transition to a clean energy economy provides economic diversification, job creation, job training and associated benefits to all Oregonians, especially for impacted communities and dislocated workers. There is much more to be done to ensure that all Oregonian's are beneficiaries of and active participants in Oregon's transition to a clean energy economy, and we look forward to building on the base that HB 2020 sets forth.

A cap and invest policy is an important part of the regulatory landscape to address our current climate crisis. HB 2020 -94 sets forward a thoughtful policy that is carefully crafted to compliment existing state policies and leaves room for future additional policies that may be needed to fully transition our economy to one that not only reduces GHG emissions, but also increases the health and welfare of Oregonians, and provides resiliency benefits in our infrastructure such as homes and workplaces that are better able to withstand and recover from natural disasters.

Thank you for your work on this critical policy. We urge you to pass HB 2020 -94 and we look forward to engaging in the implementation processes that will follow.

Sincerely,



Wendy Gerlitz
Policy Director