



Northwest Pulp & Paper  
ASSOCIATION

June 14, 2019

Honorable Peter Courtney  
President of the Senate  
900 Court St. NE  
Room S-201  
Salem, OR 97301

Honorable Tina Kotek  
Speaker of the House  
900 Court St. NE  
Room 269  
Salem, OR 97301

JUN 17 2019



From the Desk of  
Representative  
Carl Wilson

Chief Clerks 

*Re: HB 2020-B (cap-and-trade)*

Dear President Courtney and Speaker Kotek:

We write today to implore you to amend HB 2020-B with the forthcoming compromise business coalition amendments in order to address our sector's manufacturing needs, transportation issues, and natural gas concerns. This amendment provides important protections for the environment while also preserving Oregon jobs. As we've clearly communicated all legislative session, without this critical amendment, HB 2020-B will place pulp and paper manufacturing in Oregon at a massive competitive disadvantage with mills in neighboring states and countries.

Make no mistake, the long-term impacts of HB 2020-B to our sector, family-wage pulp and paper jobs, and the corresponding impact on rural communities in Oregon will be devastating. Equally important, HB 2020-B is contrary to its own intent and will create the leakage of greenhouse gas emissions to other jurisdictions and cause a net increase of global carbon emissions. This creates a lose-lose situation for Oregon and is bad public policy.

Some will argue they've adequately addressed our sector's concerns in the current version of HB 2020-B. That is not the case. There are two ways our member companies are put at a competitive disadvantage: (1) by new costs placed on their direct emissions and (2) paying higher prices on the energy they use in manufacturing. As we've shared, our industry has made tremendous strides in reducing its carbon emissions. In many cases, our plants have already deployed every available technology in achieving this success. Arbitrary new limits on plants assume additional reductions can be easily achieved, but this is legislative wishful thinking. The challenge of high energy prices is equally damaging as we are limited by the availability of

biomass and other no-carbon electricity generation. That leaves us at the mercy of higher natural gas prices, inflated by an Oregon-specific cap and trade law.

High volume, low margin industries are always going to be driven by the numbers. This is particularly true in manufacturing as there are abundant domestic and global options where operations can often easily shift. As we have explained to anyone who will listen, Oregon mills don't compete against each other. They compete against mills around the world – and even within their own companies. Raising the cost of energy for Oregon mills, regardless of legislator perception about how significant or insignificant, can easily tip the economics in favor of shifting production.

This is not a theoretical discussion. The only other state in the country to adopt a cap-and-trade system, California, has no remaining chemical pulp mills. That's not a coincidence given its energy prices are exponentially higher than other states reaping the benefit of California's hostility toward manufacturing. Should this Legislature pass HB 2020B, there should be no surprises if the sector leaves Oregon as well.

HB 2020-B is poorly conceived and the arguments for it don't stand up to intellectual scrutiny. As one democratic legislator put it: "Any bill with upwards of 90 amendments sends a clear signal that the complicated concepts are not fully developed. This bill will not, in and of itself, deliver a clean climate. It could, however, create a real disruption to our economy and the displacement of many established jobs." There are a million ways to reverse climate change; driving manufacturing out of Oregon into higher carbon-generating jurisdictions will simply make the problem worse.

Finally, as mentioned above, HB 2020-B will not reverse climate change, but it will impact jobs. If HB 2020-B passes in its current form, the people who vote for it will have to answer for that. Again, we ask you to include the forthcoming business coalition amendment in the final version of this legislation to protect both the economy and our environment.

Sincerely,

A handwritten signature in cursive script that reads "Christian McCabe".

Christian McCabe  
Executive Director  
Northwest Pulp & Paper Association

cc: Governor Kate Brown  
Nik Blosser