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Chair Power, Vice-Chair Sollman, Vice-Chair Bonham, and members of the committee:

Verde is a community-based organization that builds environmental wealth through social enterprise, outreach, and advocacy. Our advocacy often centers around climate, environmental, and energy justice issues, and we are also in the process of implementing a community energy plan for the Cully neighborhood in Portland that will include some small community solar projects. While we are a Portland-based organization, we have an interest in supporting environmental justice communities around the state, as well as strong energy policy that supports community-based energy development. For these reasons, we oppose HB 4049, which would extend renewable energy certificate (REC) eligibility to the Covanta Marion waste incinerator, and we urge you to do the same. We have two primary and compelling arguments that underlie our position. First, Covanta Marion creates a pollution hotspot that disproportionately impacts a community that is largely farmworkers and people of color. We also have a fundamental concern that allowing HB 4049 to advance would pollute the integrity of renewable energy credits in Oregon more broadly.

Covanta Marion creates an area of environmental hazard that is the result of decisions and interests that did not involve or positively impact a surrounding community. The facility causes immediate and significant health harms to the people who live nearby. Many of these individuals are people of color and those who don't have much choice or responsibility in where they can afford to live because they also have lower incomes.

Cully, the neighborhood that Verde serves most directly experiences similar issues with numerous industries that have impacts on the air quality and health of the community. As such, we are in solidarity with the communities near Covanta Marion in Brooks, Gervais, and Woodburn. If we want to fight for better air quality in Cully, then we must fight for better air quality for all communities around the state. We wouldn't want Covanta Marion in our backyard, and it shouldn't be in anybody's. To give Covanta Marion RECs is to validate, perpetuate, and further fund harm.

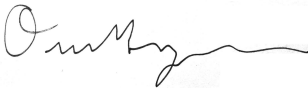
As to the funding mechanism itself, there are substantial policy and market reasons to oppose HB 4049. RECs are a way to monetize and create a national market around renewable energy through credits that represent 1 megawatt-hour (MWh) of electricity generated from an eligible renewable energy resource. The energy is tagged and then traded in the open market. They are a helpful way to incentivize renewable energy development as a sound investment and to meet climate policy goals through such investments without corresponding penalties or regulation.

There's no national REC-definition of renewable energy, so it is up to states to statutorily define renewable energy, often tied to the resources allowable to meet renewable portfolio standards (RPS). This makes for a complicated market and one in which one state's decisions can affect the value of another state's resources. This also plays out at the local community level. For example, the substantial renewable energy development that has been an economic driver in Lake County also produces RECs, some purchased by Pacific Power to retire in compliance with the state RPS. Allowing Covanta Marion to take advantage of RECS displaces demand for

new, emissions-free, renewable energy, harming development and job creation in other communities in growing industries like wind and solar.

In Oregon statute, established through the original RPS in SB 838 in 2007 and expanded through SB 1547 in 2018, renewable energy certificates are intended to support new, renewable energy. The emphasis is on the new, and even legacy hydroelectric projects which are the backbone of Oregon's energy development, are not eligible. Only new hydro, much of which is produced through community-based, irrigation modernization, counts. Covanta has been burning waste since 1987. HB 4049 creates an unfair, statutory inconsistency that benefits one facility, and one company only. The bottomline is that HB 4049 does direct harm to communities, it is bad policy and it's a carveout that is not in line with the future of renewable energy markets.

Sincerely,

A handwritten signature in black ink, appearing to read "Orlando", written over a light blue rectangular background.

Climate and Energy Policy Coordinator

Verde