



**Written testimony re: HB 4156**  
**House Economic Development Committee**  
**Feb. 10, 2020**

Good afternoon. Thank you for the opportunity to be in front of you today. My name is Derek Smith, I'm Executive Director of Resource Innovation Institute. We are an Oregon-based 501c3 non-profit organization whose mission is to advance resource efficiency to cultivate a better cannabis future.

We are here today to propose a way to put Oregon's cannabis and hemp farms in position to compete on a global stage while ensuring they don't compromise the energy and water resources that other agricultural sectors and communities rely on.

HB 4156 funds the design and pilot of a voluntary certification system related to energy and water standards for cannabis and hemp farms. It invites farmers and communities to the table to collaboratively design a system that will ultimately reward the good actors who are good neighbors in their communities.

As context, I'd like to start by telling you about our organization and why we believe now is the time for HB 4156.

Our board is comprised of leaders from the Oregon cannabis industry and representatives from respected policy organizations like the American Council for an Energy Efficient Economy. Energy Trust and its service providers have funded us for years. The Northwest Power & Conservation Council and Portland General Electric have served on our Technical Advisory Committee.

As an objective non-profit organization, we provide guidance on:

- Policy on how to deal with energy and water impacts from cannabis cultivation
- Benchmarking of resource use
- Best practices on resource efficiency

For the past 18 months, we have been advising states like Massachusetts, Illinois and California with guidance on how to establish policy on cannabis and hemp related energy and water issues. We are in discussions with 18 states on these topics.

To my knowledge, we are the only organization objectively researching the most efficient methods for producing this plant, be it indoor, outdoor or greenhouse. We have the largest dataset on cannabis energy use in the world, with more than 250 farms participating, including many in Oregon. We are establishing the industry benchmarks on energy and water use. We are determining what is good performance in terms of how much product a farm is producing per unit of energy or water.

In late 2018, we released *The Cannabis Energy Report* with New Frontier Data. Next month, we will be announcing a partnership with UC Berkeley's Cannabis Research Center to publish *The Cannabis Water Report*.

We will announce later this week that we received a grant from the Commonwealth of Massachusetts to expand our farm survey tool to capture detailed data on energy and water use, and that state cited our online cultivator survey tool as the official reporting vehicle for cannabis producers in that state.

In December, we published Best Practices Guides on energy efficient cultivation, the first peer-reviewed guidance brought to the market. We worked with a number of architects, engineers, manufacturers and cultivators to facilitate consensus recommendations.

Utilities around the country have sponsored our educational events, where we bring growers together to learn from each other how to cultivate more efficiently to cut costs and reduce natural resource impacts.

So we have the framework for assessing benchmarks, we have data, we've compiled best practices. Now it's time to establish standards and a recognition system that rewards leaders.

Oregon was the first state to signal that it would take action on cannabis energy issues by pulling together a task force, which Jesse Horton served on. As you will hear, that task force clearly recommended four years ago actions like what HB 4156 advances. Oregon has yet to take action on those recommendations. Other states have now surpassed us in terms of action, though they are generally approaching the issue via regulation.

We see the opportunity for Oregon to lead internationally on voluntary sustainability certification, as it does with its other crops. As the LIVE certification does for Oregon's wine industry.

We also see very clearly that the more efficient we can make the regulated market, the more it can outcompete the illicit market. And through coordinated support on resource efficiency, we can create a level playing field for legal operations to bridge the difficult economic situation they're in now and the promise of the global marketplace coming around the corner.

As I said last session, I work all over North America. I can tell you this Legislature, and this committee in particular, has demonstrated that it understands the traded sector potential of this industry more than any other jurisdiction in the world.

And so the question is, what steps are we going to take to leverage this commitment? What decisions are we making now that will put Oregon's producers in the front of the pack...

- ...with cost structures that can compete on the global stage
- ...while using Oregon's resources efficiently to support scale
- ...and while ensuring that this industry's dramatic pivot toward that global growth doesn't create additional heartache in communities

In closing, I want to emphasize that HB 4156 requires no general fund, has no apparent opposition and has 20 bi-partisan, bi-cameral sponsors from rural, suburban and urban districts. We have done outreach to important stakeholders like OLCC, ODA, The Farm Bureau, Associated Oregon Counties, Portland General Electric and heard appreciation for:

- Industry taking a self-regulatory approach
- Amendments we made last session based on feedback
- The voluntary nature of certification
- Support for energy and water efficiency
- The one-time treatment of funding and the potential for this investment to reduce regulatory burden over time as producers perform at a best practices level

To be clear, this bill does not fund the ongoing operation and marketing of a certification label. It merely ensures that Oregon is in the driver's seat to shape standards as they get set for this industry internationally.

I want to thank Representatives Helm, Fahey, Lively and Marsh for your sponsorship.

With me today are several leaders in the Oregon cannabis and hemp industry to round out the rationale for this targeted investment in the future of the industry:

- Anna Symonds of East Fork Cultivars in Tukilma
- Jesce Horton of LOWD in Portland
- Jesse Bontecou of Oregon Retailers of Cannabis Association

Thank you all for your time and your service.

Very best regards,

Derek Smith  
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