

To: Senate Energy and Environment Committee  
Date: February 11, 2020  
Re: SB 1530 and -2 amendments

This letter is intended to convey Green Diamond Resource Company's views on SB 1530, Oregon's proposed cap and trade legislation.

Green Diamond is a privately held forest product company, based in Washington and dating back to 1890 when the company was founded. Today, the company owns and managed 1.8 million acres of working forest land in the US West and South. Here in Oregon, we own 660,000 acres of working forest land; most of that land is located in the Southern Oregon counties of Klamath, Lake and Jackson.

We appreciate the legislature's efforts to limit carbon emissions in Oregon and provide leadership for this effort on a regional scale. We currently sell forestry offsets from our Southern Oregon land into the California Air Resources Board (CARB) regulatory market. This is by far the largest forest carbon project in Oregon. Because of this experience, we worked with a coalition of forest land owners in 2019 on a legislative framework in HB 2020, to ensure a robust, flexible and accessible forest offset market could be implemented.

We appreciate the simpler and higher level offset language in SB 1530 this year and believe that, with careful attention to rulemaking, this language can yield comparable results. As a current forestry offset program participant, we do not believe that fiber supply will be impacted by creation of a market here in Oregon, but we do understand the concerns of our manufacturing partners and ask that their concerns be heard *so long as any suspension of new offset programs does not impact the sale of credits from programs already registered*. This is fundamental to ensure a healthy offset market in Oregon; forest landowners will not participate in such a costly and burdensome process if the sale of credits is uncertain.

Thank you for the provisions in SB 1530 which mitigate higher costs of transportation fuels for rural residents. We were pleased to see the attempt to ensure rural dwellers, who travel further for basic goods and services and who need affordable transportation to markets for their goods, including agricultural and forest products. *For this reason, we do not support the inclusion of Klamath Falls in the list of cities in which transportation fuels would be regulated starting in 2025. This language was added in the -2 amendments.* We understand that Klamath Falls is a major fueling stop on US 97 but its economic position is such that requiring the retirement of allowances for transportation fuels in this market seems inappropriate. Contrast Klamath Falls with Bend, the other Eastern Oregon city mentioned in this section:

Population:

Klamath Falls	21,536 (2018), 20,840 (2010)
Bend	94,520 (2019), 76693 (2010)

Unemployment:

Klamath Falls	6.2%;
Bend	3.6%

Per capita annual income (2014-2018)

Klamath Falls	\$ 23,260
Bend	\$ 36,516

We understand that separate legislation will be brought to exempt fuel used in off-road farm and forestry equipment from regulation under the proposed cap. This is also an important consideration for the wellbeing of the workforce in the greater Klamath Falls area.

In conclusion, thank you for your careful efforts to listen and respond to the concerns of rural citizens around the state of Oregon and to incorporate those concerns into SB 1530. We look forward to working with legislators to further improve this legislation.

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Oregon Operations  
Green Diamond Resource Company