

February 10, 2022

To: Co-Chairs Beyer and McLain and Members of the Committee
From: Sharla Moffett, OBI
RE: OBI Testimony—Opposition to HB 4141

Co-Chairs Beyer and McLain and Members of the Committee:

For the record, my name is Sharla Moffett, director of energy, environment, natural resources and infrastructure for Oregon Business & Industry. Thank you for the opportunity to submit written testimony on HB 4141. OBI is Oregon's most comprehensive business association representing approximately 1,600 businesses that employ more than 250,000 people.

OBI opposes HB 4141 that would rapidly phase out petroleum diesel in Oregon with a corresponding mandate for renewable diesel.

OBI believes renewable diesel is an important product in reducing greenhouse gas emissions and other pollutants that will benefit the environment. Regulatory programs coming online like the Climate Protection Program and Clean Fuels Program will drive market demand for renewable diesel without a mandate. An adequate, cost-effective supply of renewable diesel will help regulated entities comply with these extremely stringent regulations.

Additionally, truck manufacturers and fuel suppliers are currently investing billions of dollars to develop market-scale technologies such as zero emissions heavy-duty trucks, hydrogen fuel cell, and other technologies to achieve significant emissions. These sectors are working diligently to find solutions that produce positive environmental results as quickly as possible.

While we are very supportive of renewable diesel as a critical tool in achieving emissions reductions, we are extremely concerned that, without a thorough understanding of the availability and cost of renewable diesel, a mandate would result in market volatility, acute price increases and fuel shortages. The bill contains provisions designed to address these concerns. However, we do not believe the mechanism allowing petroleum diesel would respond quickly enough to shortages, sudden and steep price increases or myriad logistical issues that are almost certain to result.

Our concerns boil down to five main points:

1. The regulated community has an historic number of regulatory programs it is responding to and it faces massive compliance challenges. This is not the time to force further complexity.
2. The regulatory programs adopted and in progress will rapidly drive market demand for renewable diesel without arbitrary targets.
3. We need more information about the availability, cost and logistics of renewable diesel that does not assume a mandate.
4. Renewable diesel is a critically important product in reducing emissions, but it is not the only technology that will help us accomplish the goal. Zero emissions technology is in

rapid development and our state is making major investments in charging infrastructure to meet demand.

5. The pandemic has taught us a major lesson in the importance of the transportation and logistics sector. With the strain on the sector to deliver essential goods and manage supply and workforce challenges, OBI is concerned that putting all of our eggs into one basket could have grave results.

We urge you to oppose HB 4141 and pause to gather more information on the concerns we've raised.

Thank you for the opportunity to submit written testimony on this critically important issue.

Contact: Sharla Moffett sharlamoffett@oregonbusinessindustry.com