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350 Salem OR<sup>1</sup> strongly supports HB 2601: The Treasury Investment and Climate Protection Act. As noted by the former Deputy Comptroller of New York State, “**Divestment is a defensive tool employed to protect investors from the loss of value** – losses as certain as climate change’s global reach.”

My Ph.D. is in natural resources and utility economics. From 1980 to 2017 I focused on ways to reduce greenhouse gas emissions mostly working for the Oregon Dept. of Energy. During that time and since, I closely followed climate science and renewable technologies.

The fossil-fuel industry is doomed by low cost solar and wind-powered electricity. The Federal Inflation Reduction Act (IRA) of 2022 is the final nail in the coffin.<sup>2</sup> Financially, fossil fuels are a huge risk as a long-term investment. Safer, high-yield investment opportunities abound.

Treasury managers must protect all of Oregon’s investments for the long term, including public employee retirement funds such as PERS.

As noted by the [International Energy Agency](#), “**If governments are serious about the climate crisis, there can be NO NEW INVESTMENTS in oil, gas and coal, from now – from this year.**” It appears that key governments<sup>3</sup> are finally getting serious.

Unfortunately, the Legislature must mandate a transition from PERS fossil-fuel investments. The Treasury Dept. is trapped in the group-think of the fossil-fuel industry. It does not have the necessary urgency and has not been transparent about the risks to its portfolio. It is incapable of moving quickly enough to avoid catastrophic losses for PERS members, of which I am one.

Normally, the Legislature need not intervene in Treasury investment decisions. Unfortunately, intervention is needed. Discrepancies, misleading statements, and omissions by the Treasurer demand oversight of the Treasury. Transparency by the Treasury is sorely lacking and is needed. The Treasury’s own [Climate Risk Scenario Modelling Report](#) of February 2022 counsels that holding onto PERS public-equity fossil-fuel investments is a big financial loser. The Treasury’s response was to make half a billion of NEW investments in fossil fuels in January 2023

Over the next ten years there will be huge reductions worldwide in the use of fossil fuels.

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<sup>1</sup> 350 Salem OR is a chapter of 350.org, an international non-profit dedicated to reducing climate pollution and human-caused climate disruptions, such as the 2020 Labor Day Santiam Canyon wildfire and the June 2021 heat dome event.

<sup>2</sup> <https://www.washingtonpost.com/climate-solutions/2023/02/09/individual-action-climate-change-tax/>

<sup>3</sup> The 38 OECD countries, Brazil, India, China and others.

As an example, Oregon's two biggest electric utilities are mandated by HB 2021 (2021 Session, Sec. 3) to end the use of fossil fuels by 2040. New solar power plants are cheaper than OPERATING any existing U.S. coal-fired plant, except one<sup>4</sup> (note: operating costs for natural gas-fired plants are still higher).

In Oregon personal vehicles are generally mandated to be plug-in hybrid or solely electric by 2035;<sup>5</sup> Similarly in California and Washington. Ten other states have adopted Zero Emission Standards over time.<sup>6</sup> Most personal battery electric vehicles are more economical than comparable fossil-fueled vehicles with federal incentives under the IRA.

Many cities and California and Washington are effectively banning new methane (aka "natural gas") connected homes.

**Fossil fuel companies are doomed, but Treasury is still heavily invested in them.**

Based on my professional experience, the era of climate disruptions is here now. The U.S. has seen many climate-related droughts, wildfires, heat-events, storms and floods. This will force a huge political shift that is already underway, both here and worldwide.

The end of the fossil fuel era is upon us. Now is the time to rapidly transition the PERS portfolio away from fossil-fuel investments. Beginning next year may be too late.

Thank you for your support of HB 2601. Oregon needs to continue to lead on the climate crisis.

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<sup>4</sup> <https://insideclimateneeds.org/news/30012023/wind-solar-coal-power-plant-costs/>

<sup>5</sup> <https://www.oregon.gov/deq/rulemaking/Pages/CleanCarsII.aspx>

<sup>6</sup> <https://dec.vermont.gov/air-quality/mobile-sources/zev>