



House Committee on Climate, Energy & Environment
Oregon State Capitol
900 Court St. NE
Salem Oregon 97301

February 27, 2023

RE: HB 3196 – SUPPORT

Chair Marsh, Vice Chairs Levy and Levy, members of the Committee,

Oregon Environmental Council (OEC) is a statewide nonprofit that advances innovative, collaborative and equitable solutions to Oregon’s environmental challenges for today and future generations. Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis. On behalf of our thousands of members statewide, we urge your support of HB 3196, a bill to support strong implementation of Oregon’s Climate Protection Program (CPP).

The CPP is a cornerstone Oregon climate protection policy and [essential to achieving the state’s climate pollution reduction goals](#), according to recent modeling led by the Oregon Department of Energy. This Department of Environmental Quality (DEQ) program will also improve public health and resiliency for Oregon communities most harmed by fossil fuels and climate impacts, saving billions of dollars annually in avoided health costs, and support technological innovation and advancement that will benefit Oregon’s workers and consumers by transitioning to a clean energy economy. For these reasons, it is vital that the CPP is adequately implemented and enforced. HB 3196 will support necessary oversight and accountability to help ensure Oregon stays on track.

The Environmental Quality Commission adopted the CPP in December 2021 following an extensive 18 month rulemaking and stakeholder engagement process. The program requires oil companies and gas utilities in Oregon to reduce their greenhouse gas emissions over time, by 50% by 2035 and 90% by 2050. Regulated oil and gas companies can comply with the CPP by either 1) directly reducing their own emissions; or 2) investing in Community Climate Investment projects that reduce emissions in environmental justice¹ and other communities across Oregon.

Through the CPP’s Community Climate Investment (CCI) program, regulated oil and gas companies may invest in clean energy projects in Oregon communities—for example, purchasing an electric bus for a school district or electric heat pumps for rural homes—instead of reducing some of their own climate pollution. Under the CPP rules, regulated entities may purchase credits from a “CCI entity,” a DEQ-approved, third party 501(c)3 nonprofit that

¹ The CPP uses the same definition of environmental justice communities as Oregon statute (HB 2021): “Communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth and persons with disabilities.”

will receive and administer CCI funds to achieve the stated program goals. The CCI entity is responsible for ensuring that CCI projects achieve average emissions reductions of at least one ton per CCI credit and prioritize public health, economic, and environmental benefits for environmental justice communities in Oregon.

Depending on how much fossil fuel suppliers rely on CCIs to meet their emissions reduction requirements, the CCI program could invest up to hundreds of millions of dollars annually in clean energy projects across Oregon. If adequately implemented and enforced, the CCI program will support job creation, economic vitality, and cleaner, cheaper, healthier energy and transportation options in environmental justice communities across Oregon, while ensuring that our state stays on track to achieve what science says is necessary to avoid catastrophic climate impacts. This is a win-win for regulated entities and Oregon communities: it provides fossil fuel suppliers flexibility in achieving their required emissions reductions, while providing meaningful benefits and investments in communities of color, Tribal, low-income, rural, and coastal communities across Oregon.

However, because the CCI program is essentially a form of an offset, it is absolutely vital that DEQ ensures these investments a) reduce emissions by at least one ton per CCI credit, and b) prioritize public health, environmental, and economic benefits for environmental justice communities. This will require strong oversight, transparency, and accountability by DEQ, the state agency in charge. By enabling the Department of Environmental Quality to provide key oversight and accountability of the CCI program—including financial review and auditing, emissions accounting, and monitoring and measuring of benefits to environmental justice communities—HB 3196 will help ensure the Climate Protection Program achieves its intended climate pollution reduction goals and benefits for environmental justice communities across the state.

For these reasons, we strongly urge you to support HB 3196.

Sincerely,

Nora Apter
Climate Program Director
Oregon Environmental Council

Meredith Connolly
Oregon Director
Climate Solutions