

June 10, 2015

Dear Members of the Oregon Senate Environmental and Natural Resources Committee:

Thank you for the opportunity to provide comments on the important HB3470 bill related to climate change that your committee is considering.

Addressing climate change now is an immediate priority because each day of inaction commits Oregon communities to a higher future cost for the mitigation and adaptation measures that are required. This is very clear, and next year the costs will only be higher.

Every community in the world has a responsibility to act now with steps that are commensurate with their emissions profile, and only through this collective action can we hope to avoid the most damaging impacts of climate change on our livelihoods much less our children's well-being. Action must occur at the international, national, state and local levels to achieve the scale required.

HB3470 can be part of the solution and as the bill is written offers a framework for Oregon's action that is consistent with the supportive work of the Oregon Global Warming Commission and several actions taken by the legislature since 1997.

Recognizing that we must set a limit on damaging greenhouse gas emissions is the first step.

I would recommend considering three (3) key points when supporting this climate change legislation that will benefit Oregon's citizens.

First, states like California have been successful in taking action to address greenhouse gas emissions because they developed a comprehensive solution that involves establishing greenhouse gas emission limits, creating a pricing mechanism to give the private sector clarity on compliance, and addressing complimentary measures in a renewable portfolio standard, a low carbon fuels standard, efficiency measures and a cap-and-trade structure.

Through HB3470, Oregon can begin to find ways to reduce the cost of compliance by adopting a comprehensive framework such as the system funded by California. We should avoid duplicating efforts at all costs because Oregon does not have the resources of larger states. In addition, these measures can be consistent with the U.S. Environmental Protection Agency actions so they will help enable Oregon's businesses to prepare for the inevitable future limitations.

Second, the committee should ensure any revenues from revenue neutral or positive legislation are focused on only two things, 1) accelerating further greenhouse gas emissions and 2) addressing potential compliance cost impacts on economically disadvantaged citizens and communities. As one example, the California AB32 measure required that funds be allocated to further greenhouse gas emission reductions. This has been a very positive and reinforcing component of the measure. HB3470 and other measures being considered by the committee could benefit from these restrictions.

Third, a setting a price on carbon sends a clear signal to the private sector. We require certainty over our investment time horizon in order to invest in critical renewable energy, water, industrial and other economic infrastructure. We have difficulty valuing emission reductions when we consider the risks and financial return from our investments. A case in point, in several investments I was involved in funding that reduced greenhouse gas emissions from Oregon's dairy farms, the price on carbon set in California was the benchmark that improved the attractiveness of the projects for investors. Over time, improving the pricing certainty and reducing pricing volatility should be of primary importance in any legislation considered by this committee.

Oregon can grow our economy and address our environmental challenges at the same time. These goals are consistent, and our investment firm was founded on these exact principles.

Thank you for providing me with the opportunity to provide testimony in support of HB3470 and other legislative actions being considered by your committee.

Best regards,

Ben Vitale
Principal
Equilibrium Capital