

**From:** Ty Gorman [<mailto:tygorman@gmail.com>]  
**Sent:** Tuesday, June 09, 2015 11:03 PM  
**To:** Reiley Beth  
**Cc:** Sen Edwards C  
**Subject:** Re: Final hearing structure for 6/10

Hi Beth,

Subject; Informational Hearing SB965, HB3470-A

I would like to submit this as testimony in favor of SB 965 for the hearing tomorrow. Thank you!

RE: Informational Hearing on SB965, HB3470-A and alternative climate stability policies

Honorable Chris Edwards, Chair, and Members of the Senate Committee on Environment and Natural Resources,

Thank you for this opportunity to provide information on a cap-and-trade model addressing Oregon's shortfall on greenhouse gas emission reductions adopted in 2007 (ORS 468A.205). I am in favor of adopting HB 3470 this session with an intent to allow for a dividend to all Oregonians in the rule making process. Most importantly, I want to address the old arguments of the opposition groups and why they are making those arguments.

Associated Oregon Industries and other industry groups will oppose change. They will say that Oregon isn't important enough to change the way the U.S. deals with climate change, and we'll have to pay more. Neither of these assertions are true.

Those who make profits based on polluting fuels will try to tell you that industry won't be able to compete in Oregon with a carbon price - that industry will move away. This isn't true. Carbon pricing has gone forward already all over the world, in locations with a healthy economy, including Canada, California, Northern Europe, and the NE U.S. All of these carbon pricing efforts went forward within a growing economy. Some of the carbon pricing economies performed better than their bordering regions; none of the carbon pricing economies were worse off than non-carbon-pricing areas on their borders. Oregon has the most competitive commercial environment in the region, and any costs of picking up and moving would outstrip a temporary, predictable increase in energy costs for almost all industries. Carbon prices will not run off a good economy.

On the contrary, without a marked departure from the down-trending fossil fuel economy, Oregon will be competitively left behind China, California, New York, Germany, etc. both in enabling our clean-energy companies and in building a cheaper and healthier infrastructure. If we prolong the entrenched special treatment that incumbent fossil fuel companies have enjoyed these past decades, we'll fall behind investment trends. 87% of Americans agree with these statement, according to a recent Yale study; in addition to economic sense, investing in clean energy economy through carbon pricing supports constituent opinion.

Opposition groups will claim to represent a large number of employees - but they're hired to ward off risk for largely non-Oregonian shareholders. Their directive is not the political or financial best interest of Oregonian employees. Transitioning a few percent of our economy toward renewables and conservation has already brought more jobs to Oregon than fossil fuel reliant industries, and is projected to add far more permanent local jobs to our economy than fossil industries ever have.

Some industries and fossil fuel dependent utilities will claim that electricity prices will rise by 20-30% and threaten the economy. They'll say that manufacturing will fail because of hundreds of millions of dollars of costs. These are scare tactics based in faulty projection methodology. Current trends and the experiences of many other regions that have put a price on carbon show that electricity prices will not rise to anywhere close to those levels. Coal in Oregon is already being phased out, prices for renewable energy are dropping to increasingly competitive levels, and natural gas prices are projected to rise over the next few years.

None of these corollary factors are adequately represented by fossil fuel interested parties because they aren't worried about the benefit to the local Oregonian economy as a whole. They are worried about the transition costs for their particular share holder group as compared to new competitive market entrants driving down costs that could outcompete them. The reasonable costs that are associated with the transition to clean energy can be addressed for citizens and businesses with a dividend to boost consumer buying power. ~70% of energy producers will receive more from a dividend than they would pay in energy costs based on consistent pollution levels if the full dividend method were utilized.

Some utilities have a similar motivation to tell legislators not to act in constituents' best interests. They will tell you not to price pollution because prices put a heavier burden on their comparatively dirty-energy-powered private utilities to act over those utilities relying on hydro. They will say that their market is too regulated to absorb change, so command and control legislation would be better. However, economists almost uniformly agree that requiring polluters to pay for carbon emissions is an essential policy solution for mitigating catastrophic climate change in a capitalist democracy. With the lead time that HB 3470 provides, these investor owned utilities would have time to adapt to provide quality, comparably priced energy services to their customers. The reinvestment strategy to get there has been mirrored, though sometimes reluctantly, by other shareholder owned utilities around the world in growing economies without significant disruption to customers.

On a separate revenue issue (this doesn't have to be decided to pass 3470, but I think its important to envision the likely outcomes of various revenue scenarios) - many of our citizens who are working to keep Oregon safe and prosperous by putting a price on carbon ask, "why does a dividend reduce emissions more efficiently than reinvesting that money into clean energy industry and other government programs. They assume that an intelligent reinvestment strategy choosing winners in the market can result in good reductions. Oregon Climate is certainly in favor of the price placed on carbon by 3470, and the revenue use can be decided in the rule making process, but combines the approaches, but research does show two things. 1. the reduction of emissions in a cap and trade system is determined by the cap, not from any winning industries chosen by government agencies. and 2. a robust clean energy economy comes from a robust market of customers with money to spend on clean energy products over the long term, not from creating a system of special interest incentives distributed by the government, which do not stabilize long term market projections. That is why I prefer the choice of a revenue neutral cap and dividend policy to be chosen this body.

Thank you very much,

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