33 pieces of public comments submitted to the Utilities and Transportation Work Group

From: Don Sampson
Sent: Thursday, September 21, 2017
Subject: State of Oregon - Tribal Consultation Policy Senate Bill 770

Please find attached Oregon States Tribal Consultation Policy via Senate Bill 770 and associated administrative rule. It is important a government to government consultation occurs between the 9 Oregon Tribes and the State regarding the Clean Energy Jobs legislation. Tribes are sovereign governments and not stakeholders. Any legislation will have a direct impact on their sovereign rights and authorities. Also find attached the Umatilla Tribes Policy on government to government consultation. Please feel free to contact me with any questions regarding these policies. Also the Legislative Commission on Indian Services works directly with the 9 Oregon Tribes. Thank you, Don Sampson – ATNI Climate Change Project Director

The Confederated Tribes of the Umatilla Indian Reservation

Consultation: Government to Government (or otherwise)

WHAT IS CONSULTATION?

CONSULTATION. Deliberation of persons on some subject. State District Court of Third Judicial Dist. in and for Powell County, 85 Mont. 215, 278 P. 122, 125. A conference between the counsel engaged in a case to discuss its questions or arrange the method of conducting it. In French Law. The opinion of counsel upon a point of law submitted to them. Black's Law Dictionary, DeLuxe Fourth Edition. West Publishing Co., (1951).

CONSULTATION \,kan(t)-sel-'ta-shen\ n **1:** COUNCIL, CONFERENCE; *specif*: a deliberation between physicians on a case or its treatment **2:** the act of consulting or conferring. Webster's New Collegiate Dictionary, G & C MERRIAM COMPANY, (1979).

Consultation is the formal process of negotiation, cooperation and policy-level decision-making between the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) and the United States federal government. As such, consultation is the bilateral decision-making process of two sovereigns: the Confederated Tribes of the Umatilla Indian Reservation and the United States Government.

It is critical to understand that consultation is not just a process or a means to an end. Rather, consultation is the process that ultimately leads up to and includes a **decision**. ***The most important component of consultation is the ultimate decision***. Consultation then is the formal effort between two sovereigns of making policy level decisions.

It is equally important to understand what consultation is not. Consultation is not notifying a Tribal government that an action will occur, requesting written comments on that prospective action, and then proceeding with the action. In this scenario the decision is not affected. This is not consultation.

WHAT ARE THE OBJECTIVES OF CONSULTATION?

a. Assure that CTUIR Board of Trustees understands the technical and legal issues necessary to make an informed policy decision.

b. Improved policy-level decision making of both CTUIR and federal government.

c. Bi-lateral decision making among sovereigns (co-management).

d. Protection of CTUIR lifestyle, culture, religion, economy.

e. Compliance with Tribal laws.

f. Compliance with federal Indian law; federal statutes; federal policy.

g. Develop and achieve mutual decisions.

h. Improve the integrity and longevity of decisions.

HOW DOES CONSULTATION WORK?

Consultation works through the same procedures and steps that are common-place for most federal agencies: technical meetings and policy meetings. From a practical standpoint, consultation requires an ability to differentiate between technical and policy issues; this allows for proper technical level staff consultation and then policy-level consultation for those issues that remain unresolved or for those issues that are clearly only resolvable at the policy level. Consultation is the process of coming to common understanding of the technical and legal issues that affect or are affected by a decision. Consultation is using this common understanding to make a decision.

Consultation does not portend to mandate a certain decision; most Tribal governments are much more willing to address cooperatively a decision that on the surface is distasteful than if they had not been thoroughly consulted with prior to facing that distasteful decision.

Meaningful consultation requires that federal agencies and Tribes understand respective roles and have a basic understanding of the legal underpinnings of the government-to-government relationship, including the responsibility of the federal government under the Trust doctrine. In addition, federal agencies will benefit from some understanding of tribal culture, perspectives, world view, and aboriginal rights. Tribal governments must understand the policy decision-making authority of the federal agency. Tribal governments must understand the non-tribal politics of the federal agency decision that consultation will affect.

Tribal governments must also understand the federal and state laws within which the agency must operate. In these examples, it is critical to note that a Tribal government cannot understand the politics of the federal agency decision without personal communications. Similarly, the federal agency cannot understand the Tribe's world view unless agency staff meet with the Tribe to discuss that world view. The lesson here is that consultation has a foundation of communication. Without communication, consultation is thwarted and a mutual decision is impossible.

Thus in a hypothetical example, consultation works like this:

1. Federal agency contacts Tribal government to advise of an impending project proposal or to conduct an activity that may or may not impact a tribal resource or issue.[1]

2. CTUIR responds back that this issue is important and that it would like to initiate consultation. CTUIR requests federal agency technical experts meet with CTUIR technical representatives (or CTUIR requests a policy level meeting).

3. Consultation has been initiated. Technical staffs meet. Technical and legal issues are discussed; the result is that CTUIR staff understand the proposal and federal agency staff understand at technical level why this proposed activity is of concern. This allows respective technical staff to brief respective policy entities and to provide informed opinions and recommendations.

4. CTUIR staff brief the proper Tribal policy entity. Consultation steps are defined, written down and then transmitted to federal agency.[2] Agreement is reached upon this consultation process.

5. Additional meetings are held, if necessary, leading up to the decision.

6. Federal agency and CTUIR formulate a decision. Ultimately and optimistically this decision is consistent with federal laws and tribal laws and policies. This means the decision is consistent with applicable natural and cultural resource laws and policies, with the Doctrine of Trust Responsibility and with federal Indian law. For the CTUIR specifically, it means the decision protects the resources to which the CTUIR has specific aboriginal and treaty reserved rights, protects the unique culture and world view and enables continued practice of the Tribal religion.

Most important is that leading up to the decision, the Tribal Government and the federal government have communicated. Mutual understanding and trust have been developed. Without mutual understanding and mutual trust a mutual decision is nearly unthinkable. History is replete with examples of such failures. In any event, the CTUIR perspective regarding the decision to formally consult or not to consult is that those entities required by law or policy to consult with Tribes is obviously to consult, or at the minimum, ask the CTUIR. The consequences of consulting when not required is preferred to the consequences of misjudging and not consulting when required.

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[1] It is crucial to note here that the federal agency contacted the CTUIR because of an impending ***decision*** that the federal agency will have to make in the near future. Remember, it is that ***decision*** that consultation is focused upon. Also note that, depending upon the issue, the CTUIR could have contacted the federal agency to initiate consultation.

[2] These steps are usually no more complicated than additional technical level meetings, later policy level meetings, potential mutual measures to obtain additional information, and finally a policy level meeting to make the ultimate decision.

RELATIONSHIP OF STATE AGENCIES WITH INDIAN TRIBES

182.162 Definitions for ORS 182.162 to 182.l68. As used in ORS 182.162 to 182.168

(1) "State agency" has the meaning given that term in Oregon ORS 358.635.

(2) "Tribe" means a federally recognized Indian tribe in Oregon [2001 c. 177 §]

Note: 182.162 to 182.168 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 182 or any series therein by legislative action. See preface Oregon Revised Statutes for further explanation.

182.64 State agencies to develop and implement policy on relationship with tribes; cooperation with tribes. (1) A state agency shall develop and implement a policy that:

(a) Identifies individuals in the state agency who are responsible for developing and implementing programs of the state agency that affect tribes.

(b) Establishes a process to identify the programs of the state agency that affect tribes.

(c) Promotes communication between the state agency and tribes.

(d) Promotes positive government-to-government relations between the state and tribes.

(e) Establishes a method for notifying employees of the state agency of the provisions of ORS 182.162 to 182.168 and the policy the state agency adopts under this section.

(2) In the process of identifying and developing the programs of the state agency that affect tribes, a state agency shall include representatives designated by the tribes.

(3) A state agency shall make a reasonable effort to cooperate with tribes in the development and implementation of programs of the state agency that affect tribes, including the use of agreements authorized by ORS 190.110 [2001c.177 §2]

Note: See note under 182.162

182.166 Training of state agency managers and employees who communicate with tribes; annual meetings of representative of agencies and tribes; annual reports by state agencies. (1) at least once a year, the Oregon Department of Administrative Services, in consultation with the Commission on Indian Services, shall provide training to state agency managers and employees who have regular communication with tribes on the legal status of tribes, the legal rights of members of tribes and issues of concern to tribes.

(2) Once a year, the Governor shall convene a meeting at which representatives of state agencies and tribes may work together to achieve mutual goals.

(3) No later than December 15 of every year, a state agency shall submit a report to the Governor and the Commission on Indian Services on the activities of the state agency under ORS 182.162 to 182.168. The report shall include:

(a) The policy the state agency adopted under ORS 182.164.

(b) The names of the individuals in the state agency who are responsible for developing and implementing programs of the state agency that affect tribes.

(c) The process the state agency established to identify the programs of the state agency that affect tribes.

(d) The effort of the state agency to promote communication between the state agency and the tribes and government-to-government relations between the state and tribes.

(e) A description of the training required subsection (1) of this section.

(f) The method the state agency established for notifying employees of the state agency of the provisions of ORS 182.162 to 182.168 and the policy the state agency adopts under ORS 182.164. [2001 c. 177 §3]

Note: See note under 182.162.

182.168 No right of action created by ORS 182.162 to 182.168. Nothing in ORS 182.162 to 182.168 creates a right of action against a state agency or a right of review of an action of a state agency. [2001c. 177 §4]

Note: See note under 182.162

` **182.170** [1959 c.501 §7; repealed by 1959 c.501 §10]
182.180 [1959 c.501 §8; repealed by 1959 c.501 §10]
182.190 [1959 c.501 §9; repealed by 1959 c.501 §10]
182.200 [1959 c.501 §10. Repealed by 1959 c.601 §10]

Comments to SB 1070

Angus Duncan

President, Bonneville Environmental Foundation

Chair, Oregon Global Warming Commission)

October 26, 2017

Introductory Comments

Oregon has been at the forefront of American jurisdictions and private parties in recognizing the challenge of climate change and acting to reduce the greenhouse gas (GHG) emissions for which its citizens are responsible.

In 1991 the State committed to holding emissions at or below 1990 levels; without, lamentably, including implementation measures.

In 2003 Governor Kulongoski joined his peers in California and Washington to organize the Governors' West Coast Climate Change Initiative, pledging the three states to collaborate in setting and meeting emissions reduction goals. To implement this commitment in Oregon, our Governor empaneled a Governor's Advisory Group on Global Warming, which handed him back a thick report of recommended measures and proposed State reduction goals. The Governor adopted most of these recommendations, including the goal. Lamentably, again, implementation measures were absent.

In 2007 the Legislature adopted the Advisory Group's recommended emissions reduction goals, but aspirationally and again without measures to directly reduce emissions. However, the Legislature did act indirectly by adopting a Renewable Portfolio Standard (RPS) for Oregon utilities of a certain size: that by 2025 at least 25% of their loads would be served by *new*[1] renewable generating resources. In 2009 Oregon adopted a Clean Fuel Standard (CFS) for vehicle fuels that required a 10% reduction in overall greenhouse gas emissions from vehicles by 2020. Negotiated agreements in 2010 and 2016 are leading to significant reductions in coal-generated power servicing Oregon electric loads. Oregon's enduring commitment to energy efficiency investments, led by the work of the Energy Trust, of many consumer-owned

[1] The new resources would be added to Oregon's existing base of renewable hydroelectricity, resulting in net renewable generation levels significantly higher than 25%.

utilities, and of local government transportation and land use policies, all are among the contributions that have consistently reduced overall Oregon emissions from 1999 to 2015[2].

All this said, Oregon is not on track to meet its GHG emissions reduction goals: not in 2020, 2035 or 2050. Not even close. Additional enforceable measures – investments, incentives and regulatory instruments – along with leveraging favorable global technology trends, will be needed to have any chance of achieving what we set out to do. Above all there needs to be an Oregon-economy wide signal of our resolve, one that acts to complement the needed programmatic measures like an RPS and a CFS, and one that incents and collects reductions from more than just a few large emissions sources. This was recognized in the original 2004 Governor's Advisory Group Report, which called for "a special interim task force to examine the feasibility of, and develop a design for, a load-based (GHG) allowance standard."[3]

A follow-on Governor's task force did execute this task and delivered its favorable report, but in the teeth of the 2008 recession and at the accession of Barack Obama to the Presidency. Both of these events discouraged further state-level action on a carbon cap in Oregon at the time. Obama and a hostile Congress failed to agree upon a durable national strategy for curbing GHG emissions. Now, under President Trump, Oregon – and the country – are paying for our failure to act locally, despite over a decade of consideration and multiple well considered determinations that an economy wide cap was necessary to reach our carbon goals, and would benefit Oregon's economy.

SB 1070 gives Oregon the opportunity to remedy that failure of the last fifteen years to adopt an enforceable economy-wide carbon cap.

Comments on SB 1070 Draft

My comments[4] fall into two categories: (1) how can the carbon cap tool be most effective at reducing atmospheric carbon; and, (2) for what purposes should revenues be allocated, and how must those purposes be prioritized?

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[2] . . . when, due to lower gasoline prices and resulting increases in vehicle size and miles traveled, transportation emissions began to rise and pull overall emissions up as well.

[3] See "GEN-2, attached.

[4] Note: my affiliations notwithstanding, these comments are individual, do not represent the views of either BEF or the OGWC, and have not been viewed or approved by either entity.

For simplification, when I use “carbon” it should be understood to refer to carbon dioxide and to other generally listed greenhouse gases (including substances, such as black carbon, that may be subsequently included).

The most important two observations I can make are: (1) the measure must result in an effective, fair, flexible, durable, transparent and predictable carbon reduction tool capable of capturing the necessary carbon reductions; and, (2) that revenues generated in the process of complying with the carbon cap are used to further drive carbon emissions down, and to cushion the near-term costs of transitioning to a low-carbon economy and energy system. Where both these latter outcomes can be served with the same allocation of revenues (e.g., investing in energy efficiency), those uses should have the highest priority. ***Having considered multiple examples of carbon laws and regulations, it is my view that SB 1070 contains the necessary components to achieve these important objectives.***

I. Carbon Cap Effectiveness

A. Allowance Allocation

SB 1070 sets reasonable parameters for regulatory decision-making about allowance allocation. These comments are meant to anticipate issues that should inform and condition implementation of the legislation, and to assure sufficient flexibility to support an efficient working carbon cap process.

As a general statement, the allocation of allowances: (a) should progressively reduce allowable carbon; (b) should be (and perceived to be) fair, flexible, durable, transparent and predictable; (c) may be used to cushion program impacts when needed to ease transitions; and (d) should complement and reinforce existing, targeted carbon reduction programs.

In practice these principles have some natural tension with each other. A “predictable” allocation may not also be a “flexible” one, so allocations outside the auction should generally be fixed for a period of years, then adjusted at specified intervals based on pre-agreed criteria. Such a process needs to reserve short-term flexibility to account for our regional wet and dry hydroelectric seasons. Predictability is achieved by specifying the adjustment mechanisms, the allowable amounts, and the circumstances within which they apply, in advance.

In addition to the hydro year adjustment, the allocation to electric utilities should track and reinforce the emissions reductions already anticipated under SB 1547 to ensure additionality and avoid an allowance windfall. The normal variability in electric utility dispatch from different resources with different carbon profiles must be accommodated in the short term (perhaps with a rolling average requirement), while taking precautions against utility gaming of such variability (e.g., redispatch from coal units to non-Oregon loads rather than actual carbon profile reductions).

A shift in load from one sector to another (e.g., Electric Vehicles (EV's) displacing internal combustion vehicles, moving this load from gasoline to electricity) could be supported by a proportional shift in the allocation of allowances to the electric utilities. Other such anticipatory adjustment mechanisms can be imagined, and provided for in advance to improve predictability. The five year review of utility allowance allocations called for in Section 10 (2) should serve for any such fine tuning needed over time.

1. Auction of Allowances; Adjustment Mechanisms: Agree that allocation by auction is a fair and equitable method that will avoid the need for many direct allocation adjustments, subject to recognition that varying ability of different entities and populations to carry auction costs may still require direct adjustment intervention. Thus SB 1070 appropriately makes provision for free allowances to energy-intensive, trade-exposed businesses, and consignment allocation to regulated utilities. The State and its administering agencies will need to be prepared for a process of defining, identifying and allocating to these parties in a transparent and equitable process.

2. Consignment Allocation to Utilities: Agree with the consignment mechanism, which has been pioneered with success in California's AB 32 cap. See below for prioritizing use of revenues.

3. Emissions-based Allocation; Baseline: Allowable emissions under the cap can be allocated most fairly, in Oregon, against an emissions-based baseline. Shifting loads can be accommodated by shifting the emissions allowances associated with those loads.

Electric utilities in Oregon have dramatically different resource bases, as well as in-year variability of resource mixes. These are partly a matter of history and partly of past resource choices made. In neither case should present or future customers of the utilities be unduly rewarded or penalized in

consequence of those histories, as would be the case if allowance allocation (allowed emissions) were based on loads. For example, it's unlikely customers of either Portland General Electric (PGE) or PacifiCorp (PAC) chose their homes or businesses based on which utility would serve them, and still less of what the utility's resource portfolio then consisted. A load-based-only allowance system would unfairly favor PGE customers over PAC customers.

An emissions-based allowance system with a base year of 2005 would give to PAC more allowances than it would to PGE, since PAC then had a more carbon-intensive resource portfolio. At the same time, a proportional annual emissions reduction calculation requires more annual absolute reductions from PAC and its customers if overall State emissions reduction goals are to be reached. Allocation can be proportional to the carbon intensity of each portfolio at the base year (or an average of multiple years around the base year, to avoid individual year distorting effects). Both utilities should be expected to arrive at a comparable carbon intensity in 2050. Utilities substantially or wholly served with zero-carbon hydroelectricity would, at least initially, get few free allowances, unless for the purpose of adding load for electrification, since their obligations to reduce carbon content would be negligible or non-existent. Such an arrangement would be both equitable and effective.

B. Interaction with other State carbon regulation and programs: The carbon cap should not be expected by itself to result in sufficient emissions reductions across all emitters to achieve State reduction targets, as California's experience has demonstrated. A cap is likely to be most effective when the regulated entity can see clearly the cost of emitting, that cost is at a meaningful and not trivial level, and the entity is positioned to respond to that signal (e.g., manufacturing, utilities, fleets and other large point sources of GHG's). Even in these instances, emissions reduction options may involve longer-term or lumpy choices that may not easily respond to real-time price signals. Regulated entities may more readily respond to other, more targeted and visible signals. Thus, moving electric utilities out of fossil-based resources and into renewables may be more efficiently accomplished with a Renewable Portfolio Standard, and Integrated Resource Planning that takes into account forward compliance with the carbon cap.

Many small non-point emissions sources (e.g., homes, small businesses,

personal and most commercial vehicles) will not be directly regulated. For many of these the pass-through carbon cap price signal is severely attenuated – a carbon price of $10/ton translated roughly to a 1¢/gallon signal at the pump – and will require different, more direct incentives and rules if greater carbon efficiencies are desired and needed (e.g., choosing an electric vehicle over a less carbon-efficient internal combustion vehicle).

For purposes of compliance with the carbon cap, emitters will realize the avoided costs of purchasing allowances whether the reductions are directly in response to the cap or are the outcomes of other public or private decision drivers. The cap is ancillary to other, targeted programmatic measures, ensuring that emissions reductions not captured by other programmatic measures are nonetheless captured.

C. Point of Regulation: Generally agree with DEQ's analysis for point of regulation as far upstream as is practicable, with the caveat that the more distant the point of regulation is from the ultimate decisionmaker (e.g., deciding between an EV and an ICE vehicle), and the more attenuated the price signal, the more important are the ancillary incentives and rules described in "B" above.

D. Cost containment/flexibility, allowance price stability/predictability: SB 1070 includes many of the tools identified elsewhere for cost management and compliance flexibility (reserves, multi-year compliance periods, banking, free allowances to energy-intensive, trade-exposed industries). I would also emphasize the importance of market liquidity in cost management, and the consequent importance of linkage with California or other capped carbon markets to increase such liquidity. Oregon is a small state with a limited number of entities likely to be directly subject to the cap. If Oregon acted in isolation from other states it would likely experience limited liquidity, more difficult price discovery and higher clearing prices. Linkage is the most direct way to address and neutralize this market effect.

E. Energy-Intensive Trade-Exposed Industries: Agree with extending free allowances to such entities, strictly defined and subject to regular reconsideration as broader US and global economic circumstances evolve. Such reconsideration might take place with the scheduled broader periodic review of allowance policies (e.g., every five years), or Oregon might opt for a rolling (five year) allocation to avoid cliff effects.

F. Compliance Periods: SB 1070 proposes annual emissions allowances but three-year compliance periods. Legislators should consider longer periods during which allowances may be banked if these result from Covered Entities taking actions that front-load emissions reductions. Otherwise, some "lumpy" actions that might bring earlier emissions reductions could be disadvantaged or penalized by their scale and schedule, and so discouraged. A Covered Entity should have the flexibility to either not buy (or sell) unneeded allowances, or acquire and retain them to strategically manage compliance costs.

G. Market Integrity: SB 1070 intends to allow other market participants than just Covered Entities. Especially if linkage does not take place, or is delayed, having additional participants (e.g., non-covered entities) will improve market liquidity. Allowing non-Covered Entities to participate may also raise the risks of market irregularities, underscoring the need for full transparency in auction events and for the State to preserve the capability to step in with reserved allowances and other tools to offset and penalize any bad behavior.

H. Scope: Generally agree with the definition of Covered Entity/Source, and with the proposition that initially a Covered Entity is any Source that is responsible for emitting $\geq$ 25,000 tons of CO2e annually.

I. Woodlot Offsets and Forest Carbon: SB 1070 properly limits the allowed share of compliance that can be met with offsets, and properly constrains potential offset projects to those that can establish their additionality and other customary requirements (S10(3)(b). Forest carbon acquisition is frequently proposed for offset treatment, and we would generally support this inclusion for small woodlot owners, reemphasizing the importance of the *additionality* of carbon acquisition above and beyond a contemporaneous base period for these owners. We would further encourage the State to enable aggregation of such woodlot properties for offset purposes, recognizing that different woodlots will be at different stages of maturity, different woodlot owners will have different financial and cash flow circumstances, and owners should have the flexibility to harvest in sequence so long as the aggregated forest holdings are acquiring the specified net carbon (with appropriate reserves to

account for unanticipated losses, e.g., from fire).

II. Use of Revenues

The two priority uses of revenues generated from the carbon cap should be:

a. applied to or invested in activities that further reduce carbon emissions or increase carbon capture and sequestration; and
b. redressing the disproportionate adverse effects of higher energy and other costs on needy or vulnerable participants where these are attributable to the carbon cap.

Where both these outcomes can be served with the same allocation of revenues (e.g., investing in energy efficiency), those uses should have the highest priority.

For example, investments in higher carbon efficient transit to extend service to low-income neighborhoods might be in this highest category. Incentives to acquire more carbon-efficient vehicles, appliances, industrial equipment and other carbon-reducing outcomes might also. Incentives to extend small woodlot forest harvest rotation periods might as well, depending on the economic circumstances of the owners.

Without this overriding purpose, the carbon cap will appear to some, and be mis-characterized by others, as a backdoor revenue measure dressed up in carbon clothes.

My comments on revenues will leave to others the secondary criteria for their allocation and for the organization of stakeholder groups that may be established to advise on criteria and distribution channels. So long as the primary screen for these is carbon reduction and cushioning those who need and merit a cushion during the decarbonizing process, the secondary stages are more important for integrity of process than for targeting funding.

Dear Beth and Beth

The City of Portland strongly supports the Clean Energy Jobs legislation and per the invitation for public comments by Rep. Helm and Sen. Dembrow would like to suggest the two refining amendments below to SB 1070 for consideration:

First, the City agrees with Metro's work group comments that the transportation-dedicated funds should be allocated out through Metropolitan Planning Organizations (MPOs);

Second, consider providing a funding opportunity for transit outside of the highway trust fund allocation (which includes restrictions that would preclude many types of transit investments). Transit is one of the most effective carbon reduction investments that can be made and should not be excluded from the program.

Thank you for your consideration.

Best regards,
Dan

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Yes, please support the Clean Jobs Bill SB1070.
Please let me know when there is more definitive info available about what, where, and when clean jobs might be available.
Thank you for your work, Ann

Dear Isabel Hernandez:

As a grandmother I am very concerned about the quality of the air we are all breathing. I want my government to work toward protecting the quality of the air which has been deteriorating over the years.

This senate bill is a first step toward that. In addition I am dismayed by the changing weather and the damage it brings to people and homes. Not to mention the horrific year we have had with wild fires which consumed such a large portion of our State.

Please do all you can to pass Senate Bill 1070. It is one of my highest priorities.

Thank you,
Dorothy Stern-kucha

Public Comment regarding Clean Energy Jobs Work Group

I understand that Oregon is a small state and climate change is a global issue but we should join Hawaii, California and Massachusetts in leading the way toward 100% Renewable energy. We have always been a leader in environmental awareness and today it is more important than ever to move away from a fossil fuel based economy to preserve our air and water for our children. The following is a excerpt from an article published by the Environmental and Energy Study Institute. http://www.eesi.org/papers/view/fact-sheet-jobs-in-renewable-energy-and-energy-efficiency-2017

Employment in the renewable energy and energy efficiency sectors in both the United States and abroad continued to experience growth through 2016. According to the U.S. Department of Energy (DOE), renewable energy employment alone (excluding efficiency) grew by nearly 18 percent between Q2 2015 and Q1 2016. The agency reports that **3,384,834 Americans were directly employed by the clean energy industry** (which includes the energy efficiency, smart grid, and energy storage industries; electric power generation from renewables; renewable fuels production; and the electric, hybrid, and hydrogen-based vehicle industries) in Q1 2016. Among the leading U.S. employment sectors were energy-efficient appliances, buildings, solar, wind, and bioenergy. The International Renewable Energy Agency (IRENA) estimated there were **8,079,000 direct and indirect jobs in renewable energy worldwide**, with China, Brazil, the United States, and India among the leaders.

By comparison, DOE estimated that **2,989,844 Americans were directly employed by the fossil fuel industry** (which includes fuels and electric power generation from coal, natural gas, and petroleum; and the manufacturing of gasoline and diesel-powered vehicles and their component parts) in Q1 2016. More specifically, natural gas and advanced gas technologies provided 398,235 jobs, coal provided 160,119, and petroleum provided 515,518, while gas and diesel vehicles supported 1,915,972 jobs.

Thank You, Ginger Gouveia

Dear Rep Hernandez,

I am writing to express my support of the legislation expressed in the Resolution on Clean Energy Jobs and want to let you know I want you to move forward positively to get things going in our state to create clean energy jobs and develop renewable energy sources while moving away from fossil fuel based energy use.

Randall Koch, Neskowin

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ECOLOGICAL
THOUGHT, ART AND
ACTION

Comments by 350 Salem OR

Nov. 14, 2017

Jointly to the Senate Committee on Environment and Natural Resources and
the House Committee on Energy and Environment

Lead author: Dr. Philip Carver, retired Sr. Policy Analyst, Oregon Department of Energy

Introduction

350 Salem appreciates the opportunity to comment on SB 1070. It appreciates the open and transparent process of all four SB 1070 workgroups. It also appreciates the hard work of legislators and staff.

350 Salem is the local affiliate of 350.org, an international climate action organization. We work on issues from the local to international scale to protect a stable, healthy climate. We are in regular email contact with over 400 people in the Salem area.

Structural Clarifications and Changes

Section 11 (1) (a) of SB 1070 states: "The department may auction allowances from future annual allowance budgets separately from allowances from current and previous annual allowance budgets."

This language should be clarified to prohibit covered entities from using these allowances before the year for which they are budgeted. Otherwise these entities could, in effect, borrow allowances from future periods, busting the emission cap for the current year.

350 Salem is concerned that petroleum and natural gas marketers and electricity service suppliers to the retail customers of electric companies might subdivide into smaller entities to fall under the 25,000 MT jurisdictional threshold. To protect against this possibility the Environmental Quality Commission should have authority to regulate these types of entities regardless of the level of emissions associated with their sales.

In addition the EQC should be empowered to address this issue by regulating deliveries upstream. 350 Salem recommends adding "transport" to “import, sells or distributes" in the definition of "source" in Section 9 (21). Depending on circumstances, upstream regulation might work better than regulating small distributors.

Section 8 (4) states: "Notwithstanding ORS 171.072, members of the committee who are members of the Legislative Assembly are *not entitled to mileage or a per diem* and serve as volunteers on the committee. Other members of the committee *are not entitled to* compensation or *reimbursement for expenses* and serve as volunteers on the committee." (emphasis added). Not allowing mileage or per diem for legislators or reimbursement of expenses for volunteers is likely to limit participation to wealthy individuals or persons supported by companies or other organizations. 350 Salem recommends allowing for these payments. In addition 350 Salem recommends amending the bill to explicitly allow for reimbursement of child care expenses for legislators and volunteers to attend meetings. These changes would enable broader participation in advisory committees at very modest cost.

Distribution of Free Allowances

350 Salem recommends the bill be amended to clarify several elements of distributing free allowance. The bill should state that not all industrial firms are necessarily emission-intensive trade-exposed (EITE). The bill should direct the EQC to use production, value added or some metric other than historic emissions to distribute free allowances wherever possible. Otherwise, the EQC would not have a fair method to distribute free allowance to new covered entities. The EQC should use assessments of economic emission reductions at projected allowance prices to guide free allowance distribution. While all these elements are allowed or implicit in the current bill, it would be safer for the bill to state them explicitly.

Linkage to the WCI

350 Salem strongly supports linking to the Western Climate Initiative (WCI). If the ability to link is not clear in the current bill, clarifying language should be added. Linkage will provide major cost control and stability for allowance prices. It will likely eliminate monopsony power,

as noted by Jamie Woods, since monopsony occurs when there are so few buyers they can depress the auction price.

Transportation Investments

The bill should be amended to dedicate a fixed portion of State Highway Fund from auction revenues to seismic upgrades to Oregon highways and bridges. A Cascadia Subduction Earthquake is virtually guaranteed in the next 150 years. While these investments are unlikely to reduce or sequester emissions, they are, unlike roadway expansions, unlikely to increase long-run emissions by encouraging longer commutes within and between cities. For example, Interstate 205 was designed to be a quick bypass route around Portland for I-5 traffic. Commuting patterns have shifted over the years so that I-205 is generally as congested as I-5. Rather than reducing carbon dioxide emission by reducing congestion, I-205 has increased commute distances, increasing emissions.

Similarly, the bill should direct the Oregon Department of Transportation (ODOT) to use this Fund to create a plan for relocating US 101 and other coastal highways after the Cascadia Subduction Earthquake. The new routes should be constructed well above projected levels of ocean storm surges from sea level rise and increased storm intensity later this century and the next due to climate change. ODOT should accumulate funds to pay for these moves at a rate to largely pay for relocations by 2100.

The bill should also instruct ODOT to size any new culverts to handle long-term projected flooding and begin a program to upgrade existing culverts. Unlike the other investment funds and programs, there will be adequate funds for ODOT to fund adaptation measures. Even after funding substantial roadway adaption measures, there will be sufficient funds available to fund any reasonable roadway measures that would reduce emissions.

350 Salem supports the 1000 Friends comment in October:

> *Similarly, investment in transit, walkable neighborhoods, safe bicycle infrastructure, and affordable and diverse housing in places served by these reduces greenhouse*

> *gas emissions while providing housing and transportation opportunities to vulnerable communities.*

While investments in bike paths in roadways can be paid from auction revenues from roadway fuels, the other investments listed above cannot. The bill should be amended to fund these other investments from the DEQ Climate Investment Grants Program. Displacing automobile travel with bicycle use can substantially reduce carbon dioxide emissions. Off-street bicycle paths should be specifically targeted. Off-road paths are much safer than on-road paths. Studies indicate safety considerations strongly affect the level of bike riding.

Rural Oregon

350 Salem supports the recommendation by Megan Kemple of 350 Eugene:

> *The bill could be enhanced by allowing incentives for the adoption of practices that mitigate climate change by the agricultural community, especially those that sequester carbon in the soil and conserve energy. These incentives may be particularly important for smaller farm operations.*

These funds should come from the Climate Investment Grant Program.

350 Salem also supports the current limit for use of offsets by covered entities of eight percent. Biological sequestration can never have the permanency of leaving fossil carbon in geological formations. Also, it is almost impossible to fully assure that any offset is additional. Still, reducing the current dangerous level of carbon dioxide in the air requires increased biological sequestration in addition to reduced emissions. The eight percent offsets limit allows Oregon to demonstrate effective use of biological sequestration while maintaining the integrity of the cap on net greenhouse emissions. If Oregon participates in the WCI allowance market, the amount of offsets allowed in the bill will have almost no effect on the WCI allowance price.

The bill should be amended to restrict offsets to North and Central America where Oregon journalists and non-profit groups can afford to visit actual operations. This huge region has a full range of vegetative and climatic conditions.

Only four percent should be allowed outside of Oregon. The remaining four percent should be restricted to Oregon. This limitation would not significantly reduce experience in a wide range of offset projects but would focus a substantial part of that experience in Oregon. Oregon projects are inherently easier to monitor and assess.

350 Salem supports the current bill provisions that allow the EQC to reduce the eight percent limit in areas with poor air quality. It does not support allowing covered entities to sell the unused portion of their eight percent limit to other entities. An eight percent limit on each entity still allows adequate experience with offsets.

350 Salem does not support the use of non-roadway auction funds for adaptation to likely climate changes. The needs for these funds to ameliorate cost impacts to fuel and electricity users, for displaced workers and for low cost emission reductions and sequestration are much greater than projected revenues.

Electric Utility Auction Revenues

350 Salem recommends amending the bill to dedicate a fixed portion of electric company auction revenues to co-funding smart electric vehicle charging stations, especially at workplaces. This portion should be in the range of five to 10 percent of electricity auction revenues. EVs are a critical measure for large reductions in transportation emissions. Also, smart EV chargers can ultimately provide capacity benefits to the electric grid.

In particular, workplace charging can provide a new market for low-cost peak solar generation from 10 am to 2 pm. The large volume of solar photovoltaic (PV) generation in California has already depressed mid-day wholesale power prices in spring and summer. Stabilizing mid-day prices will help the economics of PV projects. Current technology can provide smart workplace charging stations. Building and maintaining these stations should be co-funded by electric companies from anticipated net revenues from electricity sales to EVs. EV users are willing to pay a fair rate to charge their vehicles. Co-funding would leave non-participating electric retail customers whole.

These funds should also be used to co-fund charging stations at apartments. Use of these funds for EV charging should be added to the list of uses of these funds recommended by the Climate

Investments Sub-workgroup of the Environmental Justice Workgroup for Section 13 on November 1.

350 Salem recommends two other changes to this list. Subsection (a)(2) should be clarified so that the 50 employee limit applies only to business customers and not to schools, public entities and non-profit entities. The current language does not make this clear.

Finally, (a)(3) should be amended to allow electricity intensive customers who are trade exposed and who are covered entities to be eligible for these funds. Covered entities are required to retire allowances to cover their gas use. The bill allows the EQC to allocate free gas allowances to these entities. But under the basic structure of the bill, the EQC cannot allocate free electricity allowances to them. All retail customers have their electricity emissions regulated upstream. Without some electric auction revenues going to trade-exposed/electric-intensive firms, industrial production could move out of Oregon. If so, Oregon would see job losses but worldwide emissions would not be reduced (i.e. leakage would occur).

Otherwise 350 Salem OR supports the list of uses for electric auction funds recommended by Climate Investments Sub-workgroup of the Environmental Justice Workgroup for Section 13.

My wife and I are strong supporters of objectives of SB1070. The time to act on these, and other, measures to control green house gases is NOW. Please support these efforts.

Craig and Reisha
Bryan-

3615 Rocky Creek Ave., Depoe Bay. OR

Comments on the Clean Energy Jobs Bill

Submitted 11/14/2017

Jane Stackhouse, constituent from Portland, Oregon 97212

Allowances:

Rather than offer free allowances to specific industries in the bill, I recommend the bill state that allowances may be allocated for free. We have seen an overall increase in CO2 this year and we see the effects of climate change be magnified. EQC needs the flexibility to quickly adjust the available allowances.

Free allowances should only be allowed to be sold if the funds from the sale go to the Just Transition Fund.

'Sources subject to the cap must submit compliance instruments to DEQ every three years equal to their compliance obligation. A penalty for noncompliance is assessed at the rate of four allowances for every one allowance that a source fails to submit.' It seems to me that this should be annually rather than every three years.

Offsets:

The concern about offset comes from reports of abuse in other jurisdictions. Therefore I recommend we state that the offsets may be issued only for projects in the Linked States and Provinces with priority for Oregon funds to go to Oregon offsets.

The strict review of offsets must be included in the bill. Offsets must be monitored and demonstrate reduction in GHG.

- Maximum of 8% of total cap during the time the offset is approved.
- Not otherwise be required by law;
- Result in GHG emissions reductions or eliminations that:
    - Are real, permanent, quantifiable, verifiable and enforceable;
    - Are in addition to GHG emission reductions or eliminations otherwise required by law; and
    - Would not have otherwise occurred if not for the offset project.

Linkage: The bill should contain the basic provisions that allow linkage with California, Quebec, and Ontario. Hopefully the number of linked markets will grow. The ability to buy and sell allowances between states will provide more stability for industry.

If we were not pursuing linkage I would suggest that the covered regulated entities definition should be changed to be lower than the 25,000 tons of CO2e per year. (Perhaps 2,500 tons).

Social Justice:

One of the strengths of this bill is the effort to help 'impacted communities' and 'economically distressed areas' by mandating a percent of the proceeds be used to assist these populations.

I would be happy if the percent of funds to be dedicated were even higher.

Point of Regulation:

The point of regulation should be at the earliest entry of the fossil fuel or electricity generated by fossil fuel into the State. The first jurisdictional deliverer (FJD) seems to cover this as long as the markets that sell directly to large industries are included. These market providers must not be allowed to form new smaller markets to bypass regulation of entities the emit 25,000 tons or more of CO2 per year.

I wonder if it is possible to include provisions that any pipelines, transport (road, rail, water) and storage facilities must be responsible for any emissions released intentionally or accidentally within the state. If we are forced to accept pipelines, trucks, trains, and barges going through Oregon there must be a way to require the sellers or buyers to pay for pollution caused by routine emissions during transport or spillage.

Transportation:

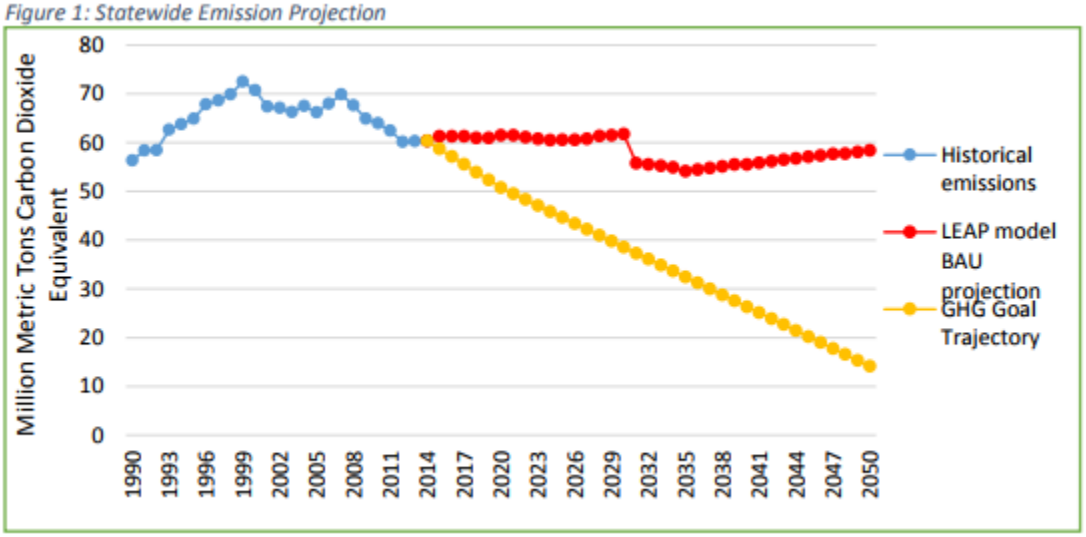
Because the Oregon Constitution requires funds from transportation go to the Highway Department they will have an influx of new money. The bill must stand firm with the mandate that *'all funds must be used to reduce greenhouse gas emissions and to promote climate change adaptation and resilience by Oregon's communities and economy*'.

The Oregon Department of Transportation may be challenged to identify uses for the funds. Building more highways does not reduce greenhouse gas emissions as they tends to increase use of cars. I do not think the bill should be so specific to recommend specific projects and I would like to suggest projects such as sidewalks, bicycle lanes, and maintenance of rest areas that could include solar panels to generate power and electric vehicle charging stations. I would also suggest exploration of new roads with photo-voltaic pavers to generate power.

Closing Note: As the various parties debate this bill, each from their own perspective, we must keep the science in mind and the fact that we are not on target for 2020 or 2050 goals.

We need to follow the 'yellow brick road'. The Clean Energy Jobs bill must be strong.

Figure 1: Statewide Emission Projection



http://www.keeporegoncool.org/sites/default/files/ogwc-standard-documents/OGWC%202017%20Biennial%20Report%20to%20the%20Legislature_final.pdf

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November 14, 2017

The Honorable Ken Helm, Chair, House Energy and Environment Committee
The Honorable Michael Dembrow, Chair, Senate Environment and Natural Resources Committee
The Honorable Lee Beyer, Chair, Senate Business and Transportation Committee

Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Dear Senators Dembrow and Beyer and Representative Helm,

Thank you for the opportunity to comment on SB 1070. Environmental stewardship is one of NW Natural's core values and we fully support the development of policy that will tangibly reduce carbon emissions. We firmly believe that natural gas and our infrastructure will play a critical role in helping Oregon reach its ambitious carbon reduction goals. We also understand that to develop a carbon reduction policy that leaves no one behind requires careful assessment of where we are today, where we want to go, and the lowest cost path to achieve those emission reductions.

For context setting, it's important to note the use of natural gas in our customers' homes and businesses represents about 5 percent of Oregon's total greenhouse gas emissions.[1] While this is an efficient starting point, NW Natural has created its own carbon savings goal independent of the state's efforts to develop a cap and trade program. Our "Low Carbon Pathway" is a voluntary initiative that reaches up and down the natural gas value chain to identify and quantify methods of creating GHG savings.

These efforts extend beyond our business and fall into three main categories: a) reducing the carbon intensity of the product we deliver to customers; b) working with customers to innovate and use less of our product; and c) displacing higher carbon fuels with natural gas and renewable natural gas, especially in the heavy duty vehicle sector. Through this work, we have found that many of the activities open to the natural gas industry to reduce emissions are outside of a local distribution company's control. Some depend on actions taken by other actors in the value chain, such as gas producers, while still others depend on specific actions taken by our customers (to use our product efficiently and/or to displace higher carbon fuels). For this reason, a natural gas utility has unique compliance challenges.

[1] NW Natural's sales customers; ODEQ 2015 Preliminary Greenhouse Gas Inventory.

The way in which carbon policy is developed and implemented will have dramatic and long-lasting impacts on our customers, the communities we serve and the affordability of the energy system that is the backbone of our state.

Today, about 40 percent of Oregonians are low income and struggling with a housing affordability crisis. If done poorly, a cap and trade program would exacerbate the financial burden already felt by those most vulnerable among us. Consequently, this is a policy decision that should be addressed by the legislature and given the time and attention required to do it well.

For example, due to the obvious time constraints of a short session, it may be tempting to delegate difficult but critical decisions to agency rule-making rather than addressing them in legislation designed to ensure an equitable and affordable carbon reduction program. We believe the complexities of this issue, coupled with the constraints of the short session, create serious challenges for enactment of comprehensive legislation in 2018. However, in the interest of being a constructive participant in this process, we are outlining four recommendations for your consideration that address what we believe are the most important issues impacting our 650,000 Oregon customers:

I. Point of Regulation
II. Distribution of Freely Allocated Allowances
III. Funding Priorities
IV. Offsets

I. Point of Regulation

RECOMMENDATION:

The compliance obligation for the emissions associated with the direct use[2] of natural gas should be placed on the party that is in the best position to impact the reduction of those emissions.

NW Natural has no ability to impact the emissions associated with Transport customers. Therefore, the compliance obligation for "Transport" rate schedules should be assigned to the natural gas "marketers" who procure and sell the gas to these customers. (Under the current proposal, the 25,000 tonne/year threshold contained in the bill would not apply to natural gas marketers.)

[2] Direct use refers to natural gas that is used for heating and other applications on site – and not for generation of electricity in a power plant.

EXPLANATION FOR RECOMMENDATION:

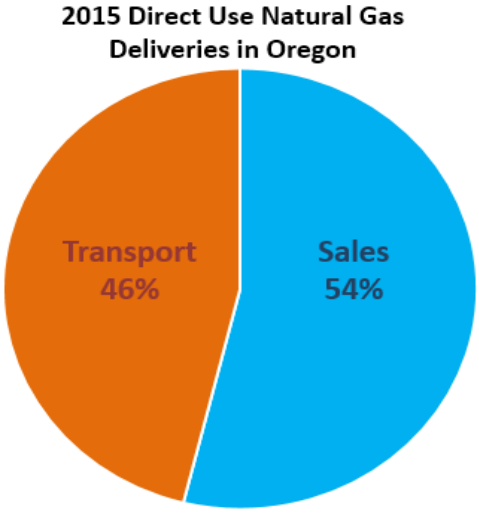
What are natural gas "sales" and "transport" customers?

Industrial and large commercial natural gas customers in Oregon have the option to purchase their own natural gas from third party suppliers called "marketers."[3] When a customer chooses a marketer to procure their gas, the natural gas utility has no control over purchasing the natural gas commodity for that customer, but merely provides "transport" services along the utility's pipeline infrastructure. Customers that choose this arrangement elect to pay marketers and their natural gas utility separately for the commodity and transport services, respectively. Natural gas "transport" customers are analogous to electricity customers that purchase their electricity from Electric Service Suppliers (ESS), while still paying the local utility for transmission and distribution charges.

Customers who pay the natural gas utility for a bundled service that includes the procurement and transportation of the natural gas commodity are on "sales" schedules and are referred to as sales customers.[4]

Natural gas transport load is significant

Transport customers are a sizable portion of emissions associated with the direct use of natural gas consumed in the state (and hence, a proportionally significant share of emissions from the sector).



[3] These customers could also choose to procure their own natural gas, even though in reality all NW Natural transport customers other than Portland General Electric use natural gas marketers to procure their gas rather than procuring it themselves.

[4] Note that residential and small commercial customers do not have the option to be on transportation schedules.

- In 2015, almost half (46%) of the natural gas that is attributed to the gas sector in Oregon's DEQ Greenhouse Gas Inventory is from transport schedules;
- NW Natural has 391 customers on transport schedules, all of whom use one of nine marketers to purchase and schedule their gas[5];
- Only 16 of these 391 customers would currently be responsible for their own compliance (their emissions are greater than 25,000 metric tons CO_2e per year);
- Roughly half of the natural gas delivered on NW Natural transport schedules (23.6% of Oregon's total direct use deliveries) is distributed to these 16 largest customers, while the other half (22.4%) is delivered to the other 375 transport customers.

Transport customers and emissions

The state's three natural gas utilities currently report emissions to the DEQ for all of the natural gas that moves through the pipeline system, including emissions associated with transport customers. While this may be the simplest way for the state to account for emissions from the natural gas sector, it does not align with what is appropriate for compliance under a greenhouse gas reduction policy.

As is described above, natural gas utilities have two primary mechanisms to reduce greenhouse gas emissions from the load they currently serve:

- Helping customers use less natural gas (i.e., energy efficiency), and
- Lowering the carbon intensity of the gas in their supply portfolio.

Under the current regulatory structure, neither of these options is available to natural gas utilities for the gas that is delivered on transport schedules.

This is because transport customers do not pay into and are not eligible for natural gas energy efficiency programs in Oregon, so neither NW Natural or the Energy Trust have a mechanism to incent transport customers to use less gas. Additionally, efforts by NW Natural to supply lower carbon intensity natural gas (such as renewable natural gas) will only help reduce emissions associated with the gas we buy for our sales customers, not transport customers. For example, if NW Natural were able to replace *all* of the natural gas we procure on behalf of our sales customers with renewable natural gas, we would still have a compliance obligation associated with transport customer emissions, despite the fact that the emissions from our utility supply have been driven down to zero.[6]

Given this dynamic, the compliance obligation for "transport" customers should be assigned to the gas marketer that procures the supply.

[5] With the exception of Portland General Electric for fueling their Beaver and Port Westward power plants.
[6] Or near zero levels

II. Distribution of Freely Allocated Allowances

RECOMMENDATION:

The legislation should direct DEQ to avoid the exclusive use of a fixed, historical baseline[7] in its allocation methodology to individual entities within the utility sector, as to not disproportionately reward customers of entities that were relatively high emitting during the baseline period at the expense of those that were relatively low emitting.

EXPLANATION FOR RECOMMENDATION:

Allocation of free allowances among covered entities matters

Choosing an emissions "baseline" period from which all sectors and entities will be allocated free allowances proportional to the reduction in the overall emissions cap (what we will call a "fixed baseline") has large implications on the distribution of costs and customer rates across entities in a way that leads to socially undesirable outcomes. For example, a fixed baseline established at a particular point in time harms energy providers with relatively low emissions during the baseline period – achieved either through prior adoption of emission reduction investments or through an inherently lower carbon intensity product. Conversely, that same methodology rewards entities that were relatively dirty in terms of emissions during the baseline period. Using a fixed, historical baseline in a cap and trade program will create a situation where the cleaner entities' customers will be required to purchase allowances from the dirtier entities' customers, with the cleaner entity unfairly subsidizing those compliance costs.

To illustrate this point, *we present a theoretical example provided in detail in the Appendix* to show how the allocation of free allowances matters - and how it can choose winners and losers in a way that is contrary to the goal of a cap and trade system designed to let the market determine the most cost effective and equitable way to reduce emissions.

Learnings from the Western Climate Initiative (WCI):

California's cap-and-trade policy establishes a total cap on the electric utility sector which decreases linearly at the same level as the overall cap. California's policy adjusts the percent of the electric utility sector cap allocated to each utility based on a number of criteria: the burden placed on ratepayers, the amount of energy efficiency incorporated, and prior investments to reduce emissions.[8] By modifying the percent allocated across time, this policy rewards both progressive and lower-emitting utilities, while penalizing dirtier and slower-adopting ones. In meeting their emission reduction goals through a declining cap, California's program keeps the distribution of costs to customers more equitable across the electric utilities in the state.

[7] Here a "historical baseline" is defined as setting the share of allowances from each emitter based upon their share of actual emissions at some point in the past.
[8] https://www.arb.ca.gov/regact/2010/capandtrade10/res1042app1.pdf

NW Natural believes that applying this logic toward Oregon's cap and trade regime represents a better approach than relying on a fixed, historical baseline. By adjusting free allocation to reflect both the carbon intensity of the utility and the voluntary actions already undertaken, the carbon policy would be more efficient at reducing emissions in an equitable and cost effective way. We believe if SB1070 adopted the same principles in allocating the total cap to the utility sector and to allocating free allowances to each entity in the utility sector, it would lead to a more equitable distribution of the costs and benefits of the cap and trade system to ratepayers.

III. Funding Priorities

RECOMMENDATION: The bill should be clear that proceeds from allowances freely allocated (or consigned) to entities in the utility sector flow back proportionally to the customers of that corresponding entity. The uses of these funds should be broadened to include GHG reductions strategies proposed by the utility under the oversight of the Oregon Public Utilities Commission.

EXPLANATION FOR RECOMMENDATION:

The bill as currently drafted does not make clear that funds from consignment are to flow back to the utility who received the consignment for use on programs that benefit customers. This should be clarified in the language of the legislation. The language also provides an overly restrictive list of activities that may be funded through the sale of allowances. The list, as provided in Section 13 of SB 1070, includes bill assistance, a non-volumetric climate credit, and other weatherization and energy efficiency programs. It is clear that a priority should be placed – as is done by this language – on ameliorating impacts to lower income customers. It is also true that driving additional energy efficiency will be a critical emissions reduction strategy for natural gas utilities. While these categories should be retained, a broader item should be added that would allow funding of: "Other projects and programs proposed by a utility to reduce greenhouse gas emissions as deemed appropriate by the Public Utility Commission of Oregon, in order to further the purposes of this bill."

This added category of expenditures would help place funding behind the law's focus: To drive down GHG emissions. Projects that could be funded through this language might include greater use of renewable natural gas on the utility system or driving methane emissions reductions from natural gas production. Under this suggested provision, all proposed projects and programs would be subject to the OPUC's review. The Commission, through its oversight and authority under this bill, would balance the important aims of driving emissions reductions and considering rate impacts to customers, especially those least able to cope with such increases.

IV. Offsets

RECOMMENDATION: A limit on the use of offsets should be no lower than the 8% cap currently contained in the bill – with a higher offset limit to further reduce compliance costs for customers without compromising GHG reductions. The bill should also include a clear mechanism to cost-effectively allow for the creation of new offset protocols that broaden the use of high quality offsets not currently contemplated in existing protocols.

EXPLANATION FOR RECOMMENDATION:

Offsets provide an important mechanism to hold down compliance costs for customers by providing reductions from non-capped sectors such as forestry and agriculture. NW Natural was the first stand-alone gas utility to offer an offset product, Smart Energy, for its customers. The company meets customer demand for our product by contracting with The Climate Trust to source high quality offsets from the agriculture sector. These offset projects, primarily located in the Pacific Northwest, drive credible GHG reductions that are verified and permanently retired. At the same time these regional offset projects help support our local economy and produce other non-GHG environmental benefits.

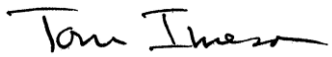
The Smart Energy program shows how the utility industry can drive real reductions in other sectors, be it agriculture or forestry. While NW Natural is most interested in capturing these GHG benefits for our customers to help keep compliance costs reasonable, it is possible that Oregon's carbon rich forests may eventually become a source of offsets for other states in a linked cap and trade program. This could drive investment from other states to help Oregon operate forests that are healthier and managed to optimize carbon capture.

Because the state cap and trade program must evolve over time, it is important that there be a simple and cost-effective process for creating new offset protocols that result in credible emissions reductions. The ability to bring in new emission reduction protocols may be of particular importance to the natural gas industry and to our customers. For example, it is possible that reductions of upstream methane emissions from outside of the region may best be allowed into the cap and trade system through a credible and carefully constructed protocol that provides credit for activities outside of a capped sector.

V. Conclusion

We reiterate our support for a sustainable climate policy that achieves tangible reductions at the lowest possible cost. In these comments, NW Natural has provided recommendations for improving SB 1070 on behalf of our customers in four areas of highest priority. These issues will have a significant and long-lasting impact on our customers and rather than leaving them to future rulemaking, we believe these are decisions that must be carefully considered and addressed by the legislature.

Sincerely,



Tom Imeson
Vice President of Public Affairs, NW Natural

cc: David Anderson, President & CEO, NW Natural

APPENDIX

Distribution of Freely Allocated Allowances: Theoretical Example

Below we present a theoretical example to show how the allocation of free allowances matters - and how it can choose winners and losers in a way that is contrary to the goal of a cap and trade system designed to let the market to determine the most cost effective and equitable way to reduce emissions

In this example there are only two emitters in the economy: Emitter A and Emitter B. Furthermore, they are identical in the year 2000 in the terms of costs, energy delivered, and greenhouse gas emissions. By 2015, Emitter A has invested to reduce emissions, while Emitter B has done nothing. At this point Emitter A has lower emissions than Emitter B due to its early actions to reduce emissions.

Subsequently, an emissions reduction policy is put in place at the end of 2015 to reduce societal emissions 60% relative to a 2015 baseline by 2030.

Year	**Emissions**		
	Emitter A	Emitter B	Total
2000	100	100	200
↓	Action	No Action	↓
2015	50	100	150
↓	**Society Calls for 60% Reduction in Emissions**		↓
2030	??	??	**60**

Additionally, assume both entities have the same two emissions reduction opportunities available to them with different costs per unit of emission reduction (to be incurred in each year):

Emission Reduction Activity	**Emissions Reduction From Activity Per Year**	**Cost Per Year**
1	Up to 70 units of emissions saved @	$1/Unit
2	Up to 20 units of emissions saved @	$5/Unit

Using this example, we consider two possible carbon policies; (1) an emissions reduction mandate and (2) a cap and trade carbon program.

Mandated Emission Reduction Example

Although SB 1070 is a cap and trade bill, we first consider a simpler policy that mandates each emitter to reduce emissions as an equivalent percentage of their 2015 baseline emission level. This is used to show that the idea of each emitting entity in the economy reducing emissions through time by the same percentage as the overall cap is not as equitable of an outcome as might be presumed. The mandated reduction example sets the table to examine the implications of fixing a baseline for the purpose of allocating free allowances in a cap and trade regime in the next section.

In this policy, since society has decided to reduce emissions by 60% from 2015 levels by 2030 it mandates that the two emitters in the economy each reduce their 2015 emissions by 60%. This requires Emitter A to reduce emissions by 30 units (to 20 units) by 2030 and Emitter B to reduce emissions by 60 units of emissions (to 40 units) by 2030:

Year	**Emissions**		
	Emitter A	Emitter B	Total
2000	100	100	200
↓	Action	No Action	↓
2015	50	100	150
↓	**Each Emitter Reduces Emissions by 60%**		↓
2030	**20**	**40**	**60**

While this policy leads to society achieving its goal of reducing emissions by 60% by 2030 it can hardly be viewed as an equitable or socially optimal way of achieving the goal since it requires Emitter A to reduce emissions more than Emitter B relative to the year they were identical (2000).[9]

Additionally, society is incurring more costs than is necessary.[10] Under this policy, Emitter A would exhaust all of the cheaper emission reductions available to it (70 units at $1/unit of reduction). However, Emitter A would still need to invest in 10 units of expensive annual emissions reductions (at $5/unit) to comply with the policy even though society has cheap emissions reductions still available to it through Emitter B. As such, the cleaner Emitter A is actually harmed relative to B under a 2015 baseline for no other reason than it undertook socially beneficial emissions reduction action *prior to the baseline period*.

It may seem in this example that the simple solution would be to set the baseline in 2000; however, the nuances of the real world prevent such a simple solution. In practice, any year chosen as the baseline creates relative winners and losers, punishing entities with lower emissions during the baseline period in a relative sense compared to entities with higher emissions during the baseline period.

[9] An 80% reduction from Emitter A and a 60% reduction from Emitter B relative to the year 2000, when they were identical entities.

[10] Society is incurring total emissions reductions costs of $180 when they can be achieved for $140.

Cap and Trade

Similarly, freely allocating emission allowances in a cap and trade program relative to a fixed baseline punishes the relatively clean entities during the baseline period and rewards the more emission intensive entities if revenues are returned back to the emitters based upon their allocation of free allowances. To demonstrate this, consider that free allocation of allowances (or consignment in the way SB 1070 is written) is determined by a historical 2015 baseline. In this case, in 2030 Emitter A receives 20 free allowances on consignment (1/3 of the total allocated) based upon the fact it accounted for 1/3 of society's emissions in 2015. Correspondingly, Emitter B receives 40 allowances on consignment in 2030 based upon its share of 2015 emissions (2/3). In this case it is presumed that the revenues from 20 allowances will be returned to Emitter A and the revenues from 40 allowances will be returned to Emitter B.

2030 Emission Allowances Allocation		
Emitter A	Emitter B	Total
20	40	60

Additionally, consider that the economy is linked to a broader cap and trade system and the price for allowances is $3/unit in this broader market. This market price assumption is realistic as the market price will be driven by the supply and demand for allowances, which are determined by the cost of alternative compliance options. Emitters will purchase (demand) allowances if the cost of reducing emissions is higher than the market price for allowances, and invest in emissions reductions that are cheaper than the market price for allowances.

Cap and Trade Outcome

Year	**Emissions**			**Net Costs**			**Energy Delivered**		**Rates (per unit of energy)**	
	Emitter A	Emitter B	Total	Emitter A	Emitter B	Total	Emitter A	Emitter B	Emitter A	Emitter B
2000	100	100	200	$100	$100	$200	50	50	$2	$2
2015	50	100	150	$150	$100	$250	50	50	$3	$2
2030	30	30	60	$200	$140	$340	50	50	**$4**	**$2.8**

In this scenario, Emitter B reduces emissions by 70 units relative to 2015 at a cost of $1/unit and incurs a total cost of reducing emissions of $70. Emitter B still emits 30 units, and needs to purchase allowances for these emissions at the total market price of allowances ($3/unit), at a total cost of $90. However, given that Emitter B is returned the revenues from the sale of the 40 allowances it was freely allocated on consignment it receives $120 in revenues and has net total costs in 2030 of $140.

Emitter A also reduces emissions by 70 total units (an incremental 20 units relative to 2015) at a total cost of $70 in 2030 ($50 of which it also incurred in 2015 due to its early emissions reductions action) and pays $90 for its 30 units of emissions through purchasing allowances. However, since Emitter A was given only 20 allowances freely for consignment it is only returned $60 in revenues such that its total net costs in 2030 are $200.

This means that if Emitters A and B are like utilities and pass their costs on to customers in the form of rates Emitter A's rates in 2030 would be $4.00/unit of energy delivered whereas Emitter B's would be much lower at $2.80/unit even though both Emitters would again be identical in terms of emissions and energy delivered (both have emissions of 30 units per year and have paid for 70 units of emissions reductions at $1/unit of emissions reduced).

In other words, even though total social costs of the policy are minimized under the cap and trade system, Emitter A's customers incur additional costs which are used to subsidize the customer rates of Emitter B due entirely to the allocation of free allowances for consignment.[11] This, again, occurs simply because of a baseline being set during a period when Emitter B had higher emissions than Emitter A. Choosing a set point in time for a baseline advantages the party that was dirtier during the baseline period at the expense of the one that was cleaner, which is not what is considered a market-driven outcome nor is it likely to align with societal goals (i.e. punishing those who took early action or are inherently cleaner to reward those who did not take socially beneficial action or are inherently dirtier).

Finally, while we may not think of Emitters A and B as competitors, in reality they could be (and in many instances in the state they are) and Emitter B would be given an unfair competitive advantage relative to Emitter A due to the methodology used to allocate allowances freely for consignment.

[11] Note that the outcome that cost is minimized under a cap and trade system is only true if a number of conditions (most of which do not hold in reality in Oregon) are met. See *The Effect of Allowance Allocations on Cap-and Trade System Performance* by Hahn and Stavins at https://www.econstor.eu/bitstream/10419/43551/1/640589154.pdf

Nov. 14, 2017

Senator Beyer:
Senator Dembrow:
Representative Helm:

Re: Comments on SB1070 Utilities and Transportation Workshop

At the close of the Utilities and Transportation Workgroup on 11.7.2017, participants and the public were asked to submit final thoughts and comments on the current version of SB1070 by 11.14.2017. We are addressing our comments to the Chair of the Utilities and Transportation Workshop and the Senate and House Committee Chairs.

The attached comments are submitted jointly on behalf of: OMEU, OPUDA, ORECA and NRU.

Thank you for the opportunity to participate and comment.

OMEU	OPUDA	ORECA	NRU
Jennifer Joly	Danelle Romain	Ted Case	Roger Gray

Attachments

- Descriptions of Organizations
- Comments by OMEU, OPUDA, ORECA and NRU

Descriptions of OMEU, OPUDA, ORECA and NRU

Oregon Municipal Electric Utilities Association (OMEU)

The Oregon Municipal Electric Utilities Association (OMEU) includes eleven municipally owned and operated electric utilities in Oregon. Member utilities include the City of Ashland, City of Bandon, Canby Utility Board, City of Cascade Locks, City of Drain, Forest Grove Light & Power, Hermiston Energy Services, McMinnville Water & Light, Milton-Freewater Light & Power, City of Monmouth, and the Springfield Utility Board. http://www.omeu.org/

Oregon People's Utility District Association (OPUDA)

OPUDA's members include all of Oregon's People's Utility Districts (known as PUDs), which provide electric service to nearly two-thirds of the Oregon coastline, parts of Columbia and Multnomah counties, Lane County, and as far east as Wasco County. PUDs are governed by five-member Boards of Directors that are elected by voters in each PUD's service area. http://www.opuda.org/

The Oregon Rural Electric Cooperative Association (ORECA)

ORECA represents 18 electric cooperatives, serving over 200,000 meters in some of the most rural and remote parts of the state. https://www.oreca.org/

Northwest Requirements Utilities (NRU)

NRU is a non-profit trade association representing the common business interests of 53 consumer-owned utilities, which are located in the seven states served by the Bonneville Power Administration (BPA): Washington, Oregon, Idaho, Montana, Nevada, Wyoming, and California. NRU members include electric municipalities, public and people's utility districts (PUDs), and electric cooperatives, all of which are primarily non-generating electric distribution utilities serving end-use electric consumers that rely on BPA as their primary supplier of wholesale power and transmission services. Eighteen of NRU's 53 members are located in Oregon. http://www.nru-nw.com/

Comments of OMEU, OPUDA, ORECA and NRU on the current draft of SB1070.

General Comments:

While cap and trade/invest (C&T/I) legislation applied economy-wide could theoretically result in cost effective GHG reductions, some communities, businesses, or people could experience greater adverse impacts than others.

The spirit of the proposed legislation seems to be to mitigate and offset potential adverse economic impacts. However, the means to identify and deliver mitigation is not yet clear. For example, while the legislation does not directly regulate agriculture and many other businesses, it would indirectly affect agriculture and other businesses because of the GHGs in products consumed by agriculture (e.g. fuel for equipment and fertilizer) and other businesses. Another example is that people in rural Oregon generally are lower in income and higher in fuel consumption on a per-capita basis and would therefore be disproportionally impacted by higher fuel prices. Lower income and rural Oregonians do not have the same alternatives for energy and transportation as Oregon's more affluent urban communities. Therefore grants to encourage rural electric vehicles (EVs) might not be as practical in rural Oregon as in urban areas. Clear protection of rural and disadvantaged lower income communities, as well as trade sensitive/energy intensive businesses, is a necessary consideration.

One suggestion to address the disproportional impacts on certain communities is for the legislation to explicitly require a formal study conducted by a cross-section of independent experts to determine "micro-level" impacts on rural communities, disadvantaged and lower income communities, agriculture, and trade sensitive/energy intensive businesses prior to any related final rule-making. These studies would guide all rule-makings and determinations of where mitigation funds are distributed. For example, the study performed by PSU/NERC in response to SB306 in 2014 evaluated carbon reduction and high level economic impacts of carbon taxes or fees. Similar studies could be performed on C&T/I policies to identify adversely impacted people, organizations, businesses, and communities at a more targeted level so that the "invest" part of cap-and-invest can be tailored effectively. This analysis would inform where appropriate and effective mitigation could be employed so that irreversible impacts are not created by accident when legislation goes in to effect.

The reasons for developing detailed mitigation plans in advance are critical. First, C&T/I policies likely will create indirect and somewhat diffuse impacts. For example, it may result in higher costs for agricultural and rural communities and lower income Oregonians. There may be multiple effective methods to distribute revenues such as grants and automatic allocations. Other methods might be direct rebates, bill credits (e.g. utility bills) or energy efficiency measures. Administrative ease is critical. For example, as stated above rural residents generally tend to use more fuel per capita. Cap and Trade/Invest is likely to hit them harder. Trying to offset individual personal/family costs with opportunities to apply for grants is not practical. Other distribution of revenue means must be found. A study that better identifies impacted people, businesses, and communities in advance of allocating mitigation funds will better serve those likely to be the most impacted.

As important to where the revenue is allocated is who allocates it. We strongly believe elected legislators should be responsible for allocating revenues, not unelected committees or agency personnel. This will provide an increased confidence in the program by improving transparency, public participation, and accountability for this statewide program.

In order for Oregon to meet any kind of ambitious goal such as 80% reduction in GHG below a 1990 threshold, it is clear that we must address GHG across the economy. In Oregon, most GHG emissions are produced by the transportation sector followed by the buildings/industrial sector. The Utilities and Transportation work group did not spend very much time on transportation, the largest GHG source. Electricity is the third largest GHG emitter; however, even if electricity became carbon-free, Oregon would not meet its overall goals. It is important for utilities to understand how transportation and the buildings/industrial sector will be impacted by C&T/I policy because residential, commercial and industrial customers will be impacted by more factors than just utility regulation. Because electrification is a key pillar of achieving major GHG reductions, keeping electricity cost-competitive is critical.

Specific Comments:

Allowance Allocation and the "shall" versus "may" issue:

The "shall" language should apply to any regulated utility (COUs or IOUs) that need allowances under principles such as:

1. Recognition that Oregon-based utilities (IOUs and COUs) are not in the same starting point. Distribution of allowances free of charge is intended to mitigate adverse impacts (i.e. increased costs due to cap and trade/invest (C&T/I) and not to create "windfalls" or disproportional adverse impacts on electric ratepayers across the State.
2. Allowances need to vary by utility as well as other major factors such as hydro conditions. A multi-year view, rolling average regulatory obligation or liberal banking requirements to smooth cost impacts probably makes sense.
3. Allowance allocations should change due to third party actions (e.g. State of Oregon) versus voluntary utility decisions. Third party actions that result in GHG emissions above regulatory thresholds should be provided allowances.

Use of Revenues from C&T/I (the "invest" question):

We suggest that legislation acknowledge and respect the role that local elected governing boards have with respect to COUs. In most cases, the local governing board is in the best position to act on behalf of local customers/members of that COU. We take no issue with the broad intended uses of the allowance revenue, but the exact allocations and needs depend highly on local needs and circumstances. COUs are already accountable to their local customers and members for transparency and reporting.

Consignment Question:

The fundamental question of why consignment is included in the legislation should inform how consignment is used. If the primary purposes are related to market transparency and liquidity it makes sense to have some degree of consignment in routine auctions. However, for COUs, a hybrid (versus "all or nothing") concept may make sense. For example, legislation should allow some combination of allowance banking and/or multi-year averaging of GHG accounting to give utilities flexibility to work with variance in hydro-conditions and other variations such as weather. While we do not necessarily object to some consignment requirements to create market transparency and liquidity, we also emphasize the need for local decision-making and control of allowances and the revenues they could generate. We suggest that the legislation provide high level principles and specific objectives and use rule-making to iron out the fine details.

Point of Regulation and Accounting Questions:

Western electricity markets are physically and economically interconnected. Policy overlays like carbon policies will create policy interconnections. If various jurisdictions create conflicting or incompatible policies it creates the potential for market distortions, illiquidity, double counting, or gaps in accounting. Oregon needs to develop policies that are compatible with California if the intent is for Oregon to connect with other jurisdictions and create products like GHG allowances or carbon-free energy that can be traded easily and seamlessly across the West or even beyond.

Legislation should include the following principles about point of regulation, but final details should be determined by the rule-making with input from stakeholders.

1. Intent is to regulate GHG emissions greater than 25,000 MT CO2e
2. Avoid double-counting (e.g. seller – buyer issue).
3. Avoid regulatory obligation gaps
4. Minimize administrative burden, leverage existing reporting systems. Provide for "roll-up" accounting (e.g. CO2e measured on a portfolio basis)
5. Recognize the low-carbon content of the federal power system and develop effective methods for addressing federal issues
6. Develop consistent and compatible approaches that can be linked with other jurisdictions to avoid market or accounting problems or issues
7. Recognize that some sources of CO2 may have been accounted for elsewhere (e.g. natural gas used to create electricity already may be covered depending on POR for natural gas versus electricity)

Some simplified methodology that recognizes practical approaches to dealing with COUs that buy BPA power would make sense. This approach would recognize that most COUs are nearly carbon free either through BPA or with BPA and their own resources. Avoiding complex and expensive reporting systems that add complexity and cost for little value gained. California and relevant federal agencies (e.g. WAPA and BPA) seemed to have worked out mechanisms such as voluntary compliance to avoid these potentially sticky issues.

State of Oregon Policy Positions:

We would like to see the State of Oregon reconcile its desire to address GHGs and carbon emissions with positions in the litigation over the Federal Columbia River Power System (FCRPS). Specifically, we are concerned that the State continues to press for outcomes that will result in increased hydro spill that clearly will increase GHG emissions with no apparent or clear benefit to ESA-listed fish. Studies have demonstrated the impact of taking out carbon free resources on GHG emissions (emissions have gone up). It is time for Oregon to reconcile this matter.

Our hope is that the State and federal government can come to some reasonable agreement that does not create loss of valuable carbon-free power from the FCRPS while we continue to find evidence-based ways to recover ESA-listed fish.

To: Chair Sen. Lee Beyer

Re: Final Comments to the Clean Energy Jobs Workgroup on Utilities & Transportation (Workgroup)

November 14, 2017

Dear Senator Beyer,

The Oregon Fuels Association (OFA) represents the majority of Oregon's fuel distributors, retailers, and commercial fueling entities. Cap-and-trade is of great significance to our members, who include many Oregon small businesses. OFA does not take a position on cap-and-trade at this time, but rather provides details below on several issues that were not discussed or fully-vetted during the Workgroup meetings.

Cost-of-Fuel

OFA has begun to analyze the impact of cap-and-trade on the cost of fuel. The data we have collected suggests a significant cost impact on fuel, averaging a one-cent per gallon impact for every allowance required to be purchased. For instance, at an allowance "floor" price of $16.00 in the first year of the program, the estimated impact is $0.16 (16-cents) per gallon of fuel. Some studies suggest allowance prices would be sold well above the floor price during the program. This is a significant cost-of-fuel impact without any discussion about free allowances allocated to the transportation sector to offset these costs.

OFA members already struggle to keep a declining number of fueling stations open for a rural population. These members would realize a major competitive disadvantage with stations located in neighboring states, making keeping a station open extremely challenging. Moreover, border retail fuel stations will also be at a market disadvantage with states like Washington and Idaho that do not participate in a cap-and-trade program. This would create an unfair outcome based on a business' geographic location.

Point-of-Regulation and Definition of "Regulated" Party

OFA supports the Point-of-Regulation for the fuels sector at the Fuel Importer and/or "Rack Position Holder" level. This should ensure that all fuel entering Oregon (with an exception for exported fuel) is included under the program. Mitigating the impact of cap-and-trade on Oregon's small businesses is critical to the success of the program.

Similarly, OFA wants to ensure that any new cap-and-trade program will be applied in a fair way across-the-board, as to not create a competitive advantage or disadvantage for companies. The issue of at what level the "cap" should be set for the fuels sector remains an open question and one that was not addressed at all during the Workgroup meetings. OFA would urge more time spent on this important topic.

Distribution of Allowances

After discussions with the DEQ and workgroup members, OFA believes there could be new, costly regulatory burdens on our members. OFA is interested in exploring ways to decrease the cost of administering the program on Oregon businesses currently impacted, such as through the distribution of free allowances. We would like to know how the Chair envisions the distribution of allowances to the regulated entities in the fuels sector. This was not discussed in the Workgroup meetings.

Prohibition on Third-Party Brokers in the Allowance Market

OFA does not support a third-party brokers' ability to influence the Oregon allowance market. OFA supports limiting allowance market players to those who are either directly regulated by the cap-and-trade program or who are appointed agents of a regulated party. Additionally, OFA supports the unlimited banking of allowances for an unlimited period of time.

Revenue Allocation

Early projections appear to estimate that this program could raise nearly $1.4 billion in new revenue every biennium. OFA strongly agrees that revenues raised from fuel must be allocated to the Highway Trust Fund as set forth in Article IX, section 3a, of the Oregon Constitution. In addition, OFA strongly believes any revenue allocation should be made by elected legislators, not unelected committees or agency personnel, unless already set forth by ODOT. We believe this will provide an increased confidence in the program by improving transparency and public participation for this statewide program. OFA urges the legislature take the necessary time to address these critical issues and additionally, meet the procedural requirements for a bill raising revenue required under the Oregon Constitution.

Thank you for your consideration of these initial issues that impact the Oregon fuels market. We look forward to working with you as this process continues.

Sincerely,

Danelle Romain & Mike Freese, Representing the Oregon Fuels Association

Annette Price
Vice President of Government Affairs
825 NE Multnomah Street, Suite 2000
Portland, OR 97232-4116
Office (503) 813-6019

PACIFIC POWER
A DIVISION OF PACIFICORP

November 14, 2017

The Honorable Michael Dembrow
Chair, Senate Environment and Natural Resources Committee

The Honorable Ken Helm
Chair, House Energy and Environment Committee

State Capitol Building, Room 453
900 Court Street, NE
Salem, OR 97301

Dear Representative Helm and Senator Dembrow:

Thank you for the opportunity to provide comments at the conclusion of the work group process you convened to discuss Senate Bill (SB) 1070 and the potential for an Oregon cap-and-trade program. Those conversations have been very informative and have helped shape our perspective on options for pursuit of additional carbon emissions reductions in Oregon that are affordable and fair for our customers and that complement the innovative steps Oregon has already taken to reduce emissions in its electricity sector.

Several core principals have informed Pacific Power's review of the proposed legislation. First, Pacific Power is committed to meeting our customers' expectations that we provide them with reliable, affordable, and increasingly cleaner electricity. To accomplish this, we have partnered with business and environmental coalitions over the years to help pass legislation instituting an ambitious renewable portfolio standard (RPS). Furthermore, Pacific Power helped lead the way to make Oregon the first state in the nation to eliminate coal power from electricity rates. These public policy advances have put Pacific Power on a trajectory to meet Oregon's greenhouse gas emissions goals *today* absent any new legislation or regulatory mandate.

Additionally, Pacific Power is well-positioned to meet these goals in an exceptionally affordable way as evidenced by our Energy Vision 2020 plan. This initiative will bring approximately 1,100 MW of new wind onto our system by 2020 and upgrade our existing wind fleet to increase its output and reliability. Energy Vision 2020 will also save our customers money over the life of these projects.

Another core principle is to ensure that any new or incremental carbon regulations on the electric utility sector result in actual, net carbon emissions reductions. We believe SB 1070, as currently conceived, would increase costs to our customers without the benefit of significant incremental carbon reductions. While we understand the desire to "put a price on carbon," *where and to whom* that price signal is sent is critical. Because almost all of PacifiCorp's fossil-fueled power plants are located outside of Oregon, the proposed design of SB 1070 cannot functionally send the price signal *upstream* to the generation resource and change the economics of how power plants are operated and fuel sources are procured. In other words, unless a price signal is realized at the power plant level, there would be no change in operations that would reduce emissions associated with those plants. To do so would result in less economically efficient use of power plants that serve electricity customers in other states, would increase costs to non-Oregonians, and would be legally untenable for power plants outside of Oregon's jurisdiction.

As currently proposed, SB 1070 sends the carbon price signal *downstream* to Pacific Power's Oregon retail customers – residents, businesses and governments – as an additional cost. While higher costs may potentially result in some lower energy usage and could change the economics of some energy efficiency measures, the resulting carbon emissions reduction this produces will be relatively small for such a regressive impact on consumers. And this approach could frustrate the transition to beneficial electrification of transportation and other end uses by making electricity costs less desirable by comparison. These impacts could theoretically be mitigated through the issuance of allowances and program design, but preventing or cushioning impacts to Oregon customers is not assured in the proposal.

Pacific Power is also concerned that SB 1070 seeks to adopt a cap-and-trade program that mirrors California's. PacifiCorp is a participant in, and regulated under, the California program, and we are intimately familiar with its workings. While we understand the desire to link programs under the Western Climate Initiative, Pacific Power respectfully advises lawmakers to consider Oregon-specific conditions and needs that will reflect the significant differences between the states in how the electricity sector is structured, the differing policy environments, and the overall localized economic impact of the program. Oregon's energy system is different from California's, and a carefully crafted policy should account and adjust for those differences.

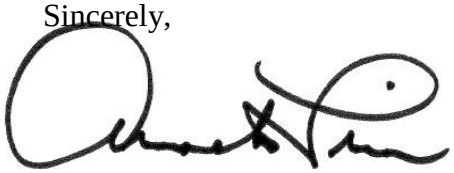
For example, much of California's electricity is generated within the state, and the generating resources are often not owned by local utilities. PacifiCorp is the only multi-jurisdictional utility in California – all of the rest of the utilities' retail service areas are located within California's geographic boundary. In contrast, Oregon derives most of its carbon-based energy from utility-owned facilities outside the state and is home to two electric utilities with service territories spanning multiple states. Accordingly, methods employed by California to identify the "first jurisdictional deliverer" (i.e., bilateral contracts and electronic tags) will not work in Oregon because energy generated at PacifiCorp's out-of-state generating facilities do not exclusively serve load located in Oregon. The most administratively simple option for identifying Pacific Power's Oregon emissions attributable to imported resources is to allocate a pro rata share of PacifiCorp's

total system emissions to Oregon. This approach does not necessarily preclude the application of a carbon price to resources located in the state.

Additionally, California's requirement that investor-owned utilities consign directly allocated allowances to auction, rather than use them for compliance, does not make sense for Oregon. The fundamental basis for this approach, which creates a revenue stream from the sale of allowances, is to impose a *cost increase* to customers in their electric bills. A cost increase of this type is unlikely to change most customer usage behavior because electricity use is generally inelastic as to price, except in the most extreme circumstances where the added cost becomes so regressive that basic affordability drives change in usage. Ultimately, a program to drive cost increases by design is simply unnecessary to achieve emissions reductions given Oregon's existing carbon and renewable policies mentioned above. We believe these program considerations are reasonable and allowed within the existing Western Climate Initiative framework.

Thank you again for the opportunity to comment on the work group process on SB 1070. Pacific Power appreciates your thoughtful consideration and leadership and looks forward to working with you to develop common sense carbon programs that deliver meaningful emission reductions for prices that are fair to our Oregon customers. Please do not hesitate to contact us if we can provide additional information.

Sincerely,



Annette Price
Vice President, Government Affairs

Cc: The Honorable Senator Lee Beyer, Chair, Utilities and Transportation Work Group

421 SW 6TH Ave, Suite 975
Portland, OR 97204
www.RenewableNW.org

Renewable Northwest

November 14, 2017

To: Senator Beyer, Chair, Clean Energy Jobs Work Group on Utilities and Transportation
Senator Dembrow, Chair, Senate Committee on Environment and Natural Resource
Representative Helm, Chair, House Committee on Energy and Environment
Members, Clean Energy Jobs Work Group on Utilities and Transportation

Renewable Northwest is a regional non-profit organization committed to the environmentally responsible development of renewable energy resources across Oregon and the Pacific Northwest. Our members consist of renewable energy developers and related businesses, consumer protection organizations, and environmental non-profits.

Throughout the Clean Energy Jobs workgroup process, Renewable Northwest has stated that our priority is to ensure that cap-and-invest does not undermine existing policies and programs that are working in Oregon.

Specifically regarding the voluntary renewable energy market, we highlighted the need for an allowance set-aside mechanism to preserve the integrity of voluntary renewable energy programs, as described in the DEQ Study of a Market Approach to Reducing Greenhouse Gas Emissions.

Renewable Northwest respectfully suggests that the following language be included in revisions of SB 1070:

"The carbon pollution market shall include a set-aside of allowances to be retired on behalf of entities that voluntarily purchase renewable energy."

Thank you,

Rikki Seguin

Rikki Seguin
Policy Director

IDAHO POWER®
An IDACORP Company

November 15, 2017

Members of the Utilities and Transportation Subgroup
of the Clean Energy Jobs Workgroup
Oregon State Capitol
900 Court St NE
Salem, Oregon 97301

Subject: Idaho Power Perspective on Oregon Cap and Invest Policies

Senator Lee Beyer and Members of the Utilities and Transportation Subgroup of the Clean Energy Jobs Workgroup:

Thank you for the opportunity to comment on Oregon's proposed cap-and-invest policies and programs. For more than 100 years, Idaho Power has served customers in southern Idaho and eastern Oregon with reliable, fair priced energy. Today, Idaho Power serves approximately 530,000 customers, including slightly less than 19,000 customers in Oregon. Idaho Power has worked independently to reduce its carbon footprint and serves a small customer base, which means any imposed costs associated with power production or transmission are not distributed across a large base and are more directly felt by constituents. In the past, Idaho Power has received exemptions from similar energy policies due to our unique situation in Oregon and we again believe they are reason to be exempted here from Oregon's cap-and-invest policies.

Idaho Power has internally set and achieved CO_2 emissions intensity reduction goals. Since initially setting these goals in 2010, the company has achieved a system-wide emissions intensity of 15-to-20 percent below 2005 levels – equating to a 28-percent reduction in CO_2 emissions since 2005. This was accomplished through the continual reduction of coal-fired generation, increased use of cleaner-burning natural gas and reliance on hydro generation. These steps have totaled a 44-percent reduction in coal-fired generation since 2005. In Oregon, Idaho Power will have zero carbon emissions from generation by 2020, when we cease coal-fired operations at the Boardman plant.

Idaho Power also believes that compliance with the Clean Energy Jobs Bill, Senate Bill 1070 or similar proposals, will directly increase our Oregon customers' power bills as all costs associated with compliance would be solely applied to Oregon customers. With only approximately 19,000 customers affected, increased costs due to compliance with cap-and-trade proposals would more directly impact Idaho Power's Oregon rate payers.

To maintain cost containment, flexibility and stable energy prices, Idaho Power believes that the company should be exempted from any Oregon cap-and-invest proposal.

1221 W. Idaho St. (83702)
P.O. Box 70
Boise, ID 83707

Thank you again for allowing Idaho Power to comment on proposed cap-and-invest policies and programs. We would request that we continue to be included in the conversation and that the company can further comment throughout the bill drafting and regulatory processes.

Thank you for your public service to the State of Oregon.

Sincerely,

Tessia Park

Tessia Park
Idaho Power Company
Vice President of Power Supply

Comments of the Western Power Trading Forum

to the Oregon Clean Energy Jobs Work Group

on Utilities and Transportation

November 15, 2017

The Western Power Trading Forum (WPTF) offers these comments to the Clean Energy Jobs Work Group on Utilities and Transportation (the Workgroup) on issues related to Senate Bill 1070. WPTF is an organization of power marketers, gen
erators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the Western United States. WPTF has over 80 members participating in power markets within the western states, as well as other markets across the United States and Canada.

WPTF's comments address two of the policy questions raised by the workgroup: the point of regulation for the electric sector and the allocation of allowances.

Point of Regulation for the Utility Sector

Options considered by the Work Group are consistent with an FJD approach

The Work Group has specifically requested input on the appropriate point of regulation for the electric sector. At the November 7 meeting, discussion focused on two different approaches: a First Jurisdictional Deliverer (FJD) approach versus a load-serving entity or consumer of energy approach.

Under a true load-serving entity approach, such as was considered in California during the early design phase of California's cap and trade program, load-serving entities would be responsible for all emissions associated with all generation serving its load. A load-serving entity approach would not place any emission responsibility directly on in-state electric generators; rather the responsibility would flow downstream to the load-serving entity that utilizes this generation.

Based on the SB1070 language, the Department of Environmental Quality (DEQ) study[1], as well as discussions at the meeting, WPTF does not believe that a true load-serving approach is being proposed by any stakeholder for Oregon. All stakeholders in the process seem to agree that electric generators in the state should be subject to the regulations so that emissions from these facilities are captured at the stack, and that emissions associated with electricity that is imported into and consumed in the state should also accounted and regulated under the program. This is essentially a first jurisdictional deliverer approach in that it regulates electric generation plus electricity imported and consumed.

The narrow issue of concern to Work Group participants is the appropriate mechanics to account for and assign responsibility for emissions associated with imported electricity – not the point of regulation for the electricity sector as a whole.

[1] http://www.oregon.gov/deq/FilterDocs/ghgmarketstudy.pdf

Emissions from in-state electricity generation must be regulated at the source

WPTF agrees that emissions must be regulated at the source for electricity generators located in Oregon. This will ensure that the generator's cost of compliance with the program, i.e. the carbon price, will be internalized in its operating costs, reflected in electricity prices and factored into dispatch decisions. Regulating emissions at the generator level will also ensure that if Oregon's program is linked to California, that these generators will be treated equivalent to California generators and face a common carbon price in the organized electricity markets, including the Western Energy Imbalance Market (EIM).

The mechanics for accounting for and assigning compliance responsibility for emissions associated with electricity imported and consumed in Oregon do not need to be identical to California's

As discussed above, Work Group concerns regarding the first deliverer approach revolve around the actual mechanics of assigning compliance responsibility for emissions associated with electricity imported and consumed in the state. A primary issue is whether assignment of emissions based on North American Energy Regulatory Commission (NERC) e-tags would be possible in Oregon.

California's cap and trade program actually uses three different methods for assigning responsibility for emissions associated with electricity imported to the state. The bulk of electricity imports and emissions are assigned using NERC e-tags, whereby responsibility for an import is assigned to the "purchasing-selling entity" that has title to the electricity as it crosses the border into the state. This works in California because the Balancing Authority Areas (BAA) within the state, including that of the California Independent System Operator (CAISO), are generally aligned with the state's border.

The e-tag method of assigning compliance responsibility could be used in Oregon for imports into BAAs that lie entirely within the state, e.g. that of Portland General Electric. It could not be used for imports into BAAs that overlap states, such as those of PacifiCorp, because e-tags are not generated within BAAs. A different method would therefore be needed to account for emissions associated with the import and consumption of electricity by PacifiCorp's Oregon load.

In this regard, the two other methods used by California may be appropriate. For PacifiCorp's retail load in California, which is served by electricity generated outside California, the California Air Resources Board (CARB) calculates an emission rate for PacifiCorp's entire system. This system emission rate accounts for emissions associated with PacifiCorp's own assets, as well as its market purchases or sales. The system emission rate is then applied to PacifiCorp's California load to determine PacifiCorp's compliance obligation for that load. A similar approach could be used to determine compliance responsibility for emission associated with the portion of PacifiCorp's Oregon load that is not served by the Hermiston facility (which would be regulated a generator.)

The third method that is used to assign responsibility for emissions associated with electricity imported into California is the EIM algorithm. Resources that participate in the EIM are economically dispatched, taking into account both energy costs and any associated carbon costs if the output of the resource is imported to California. The EIM algorithm allocates dispatched resources either to the EIM footprint, or to California. Under California's program, compliance responsibility for emissions associated with electricity that is assigned to California falls on the Scheduling Coordinator for the resource. The EIM algorithm currently distinguished only between California and the rest of the EIM; it is therefore not currently possible for the EIM to allocate electricity to Oregon load. Since both of Oregon's investor-

owned utilities participate in the EIM, Oregon may wish to explore the feasibility of the EIM implementing this functionality in the future.

The second concern raised at the workshop regards the inability of the state to regulate BPA. WPTF recognizes this issue, but does not consider it to be a significant problem due to the fact that BPA's emissions are minimal – about 1% of electricity emissions according to calculations based on DEQ's reported emissions data, and a miniscule fraction of the state's total GHG emissions.

Because of the small scale of BPA emissions, WPTF suggests that it may be more appropriate to account for these via an allowance set-aside, rather than by shifting compliance responsibility downstream to BPA customers. Under this approach, the program would set-aside a small pool of allowances out of the overall program cap. Allowances would be retired from the pool annually to reflect any emissions associated with BPA power serving Oregon load. Any remaining allowances would be returned to the market. We note that BPA already voluntarily reports information to CARB to enable calculation of its Asset-Controlling Entity System emission factor. This reporting could provide the basis for calculation of emissions associated with BPA market purchases.

SB1070 should codify First Jurisdictional Deliverer but leave the mechanics of assigning responsibility for emissions associated with imports to rule-making.

If Oregon adopts a cap and trade regulation, WPTF would strongly support full linkage of Oregon's program to that of California and the Canadian provinces that participate in the Western Climate Initiative. Because of the interlinkage of the regional power system, WPTF believes that the Oregon program must be FJD to ensure a common carbon prices on regulated generators, and compatibility with evolving electricity markets. For this reason, WPTF recommends modification of SB1070 to explicitly call for a FJD approach for the electricity sector.

However, given the differences between Oregon's electricity sector and that of California, plus the ongoing evolution of the EIM, WPTF considers that additional and careful consideration of the mechanics for assigning responsibility for emissions associated with electricity imported and consumed in the state is necessary. We therefore recommend that these issues be resolved through rule-making. This timing would enable more deliberation with electricity sector stakeholders and between appropriate Oregon regulatory bodies, as well as coordination as needed with CARB and the CAISO.

Allocation to Electric Utilities

WPTF does not offer general comments on the Work Group questions regarding allocation to electrical utilities, other than that any such allocation should not convey a competitive advantage to utility-owned or contracted assets that participate in wholesale electricity markets. In California, electric utility consignment of allowances that were freely received is mandatory for resources that are bid into the CAISO markets. Oregon should preclude use of freely allocated allowances for compliance of emissions associated with energy that is bid into the CAISO markets.

Hello-

As a volunteer at the Hatfield Marine Science Center in Newport Oregon, I'm learning more and more about the harmful effects of global warming on our environment. That is why I am writing to urge rapid forward movement on the 1017 Cap and Invest Bill.

Our oceans are experiencing more hypoxia, ph level is decreasing endangering shellfish, coniferous forests are in danger as droughts decease appropriate habitatat for Douglas fir and promote increased present of wild fires.The list of concerns goes on and on which makes it especially disappointing to hear that Oregon is behind in our long range goal to decrease carbon emissions by 10% in 2020. We need to follow the model that California, Quebec and Ontario are setting and become the next state to responsibly work towards a cleaner, more sustainable environment through Cap and Invest. It's especially imperative in light of the regressive policies being enacted in Washington.

Time is of the essence. Let's move forward on bill 1017.

Sincerely,
Jacqueline Brandt

BLUE PLANET ENERGY LAW

November 17, 2017

The Honorable Michael Dembrow
Chair, Senate Environment and
Natural Resources Committee

The Honorable Ken Helm Chair,
House Energy and Environment
Committee

State Capitol Building, Room 453
900 Court Street, NE Salem, OR
97301

Dear Representative Helm and Senator Dembrow:

Thank you for the opportunity to provide additional comments on the proposed Oregon Clean Energy Jobs Bill, SB 1070, and the potential for an Oregon cap-and-invest program. In addition to our prior comments during the work group process, Blue Planet Energy Law, LLC recommends the following changes to the text of SB 1070. These changes are made in consultation with stakeholders in the independent power producer industry, electricity service suppliers, and others, but do not reflect the position of any specific entity other than Blue Planet Energy Law. We ask that these comments be added to the record for each of the four Clean Energy Jobs Work Groups.

1. ***Modify Section 6(1) to clarify that the primary purpose of the Act is to measurably reduce greenhouse gas emissions, with the supporting goals to promote adaptation and resilience by this state's communities and economy in the face of climate***. This change is necessary to make it clear that the overarching goal of the program is reduction of greenhouse gas emissions.

> The Legislative Assembly finds and declares that the purposes of sections 6 to 20 of this 2017 Act are ***(a)*** to reduce greenhouse gas emissions consistent with the statewide greenhouse gas emissions levels established under section 4 of this 2017 Act ***and, where consistent with Section (a) hereto, (b)*** to promote adaptation and resilience by this state's communities and economy in the face of climate change.

2. Modify Section 8(1)(c) to include within the Greenhouse Gas Cap and Investment Program Oversight Committee one member with experience in carbon markets and one member representing the interests of the largest in-state emitters. This change is necessary to provide allow membership for constituencies that have significant interests in committee work and can contribute necessary information to the committee.

(c) The Governor shall appoint:

(A) One member who represents the office of the Governor;

(B) One member who represents impacted communities;

(C) One member who represents the interests of labor organizations;

(D) One member who represents environmental organizations;

(E) One member who represents covered entities;

(F) One member with expertise in climate science; and

(G) One member who represents the interests of business sectors impacted by climate change.

(H) One member who represents the largest in-state emitters.

(I) One member with experience in carbon markets.

3. ***Modify Section 9 by adding a new definition of Affiliated Source.*** This change (along with the proposed change to Section 10(1) below is necessary to prevent artificial segmentation of industrial loads below the 25,000 MTCe threshold.

"Affiliated Source" means a means any Source sharing a common ownership in excess of 50 percent.

4. ***Modify Section 10(1)(a) to clarify that all in-state and out-of-state electric generation will be subject to the program whether or not the individual generation facility is below the 25,000 MTCe threshold, and that Affiliate Sources will be treated as a single source for determination of the 25,000 MTCe threshold***. These changes are necessary to maintain consistency with other regional power markets and prevent artificial segmentation of industrial loads or generation facilities below the 25,000 MTCe threshold.

10(1)(a) Identify sources subject to the carbon pollution market. In adopting rules under this subsection, the commission may not require a source ***other than (1) a source as defined under Section 9(21)(b)*** to be subject to the carbon pollution market unless or until the annual verified greenhouse gas emissions reported under ORS 468A.050 or 468A.280 attributable to that source ***and any Affiliate Source*** meet or exceed 25,000 metric tons of carbon dioxide or carbon dioxide equivalent.

5. ***Modify Section 10(1)(d) to delete the obligation that any allowances distributed through directly be distributed "at no cost."*** This change is necessary to allow the regulator the flexibility to distribute allowances at a discounted cost if deemed appropriate.

> (d) Establish a market for allowances and criteria for the distribution of allowances either directly [~~at no cost~~] or through an auction administered by the Department of Environ-mental Quality pursuant to section 11 of this 2017 Act.

6. ***Modify Section 10(1)(d)(B) to delete the obligation that any allowances distributed to electric companies or gas companies be done "at no cost."*** This change is necessary to allow the regulator the flexibility to distribute allowances free or a at a discounted cost if deemed appropriate.

> (B) Shall distribute to electric companies and natural gas utilities, directly [~~and free of charge~~], allowances to be consigned to the state for auction under section 11 of this 2017 Act;

7. Modify Section 10(1)(d) to add a new Subsection D authorizing the Department of Environmental Quality to distribute allowances to independent power producers (B) to delete the obligation that any allowances distributed to electric companies or gas companies be done "at no cost." This change is necessary to allow the regulator the flexibility to distribute allowances free or a at a discounted cost to power producers if deemed appropriate, including to independent power producers that have already paid to mitigate some or all of their carbon emissions pursuant to ORS Section 469.503.

> ***(d) May distribute to Independent power producers, directly, allowances to be consigned to the state for auction under section 11 of this 2017 Act;***

8. Modify Section 10(1)(d)(g)(2) to reflect provide the Commission flexibility provide allowances at a reduced cost to prevent leakage, rather than requiring they be free of charge.

> (~~D~~*E*) [~~Shall~~] *May*, in order to address leakage and as determined necessary by the commission pursuant to subsection (2) of this section, distribute allowances directly and free of charge ***or at a reduced cost*** to covered entities that include, but are not limited to, covered entities that are part of an emissions-intensive, trade-exposed industry;

9. Modify Section 10(2) to reflect provide the Commission flexibility provide allowances at a reduced cost to prevent leakage, rather than requiring they be free of charge.

> The commission shall hire or contract with a third party organization to provide data and analysis identifying leakage risk from specific covered entities including, but not limited to, covered entities that are part of an emissions-intensive, trade-exposed industry. The commission shall use the data and analysis provided by a third party organization under this section to determine the number of allowances to be distributed directly and free of charge ***or at a reduced cost*** under subsection (1)(d) of this section. No less than once every five years, the commission shall:

10. Modify Section 10(2)(b) to reflect provide the Commission flexibility provide allowances at a reduced cost to prevent leakage, rather than requiring they be free of charge.

> (b) Adjust the number of allowances distributed directly and free of charge ***or at a reduced cost*** under subsection (1)(d) of this section as necessary to reflect the updated data and analysis

11. Modify Section 10(3)(c) to (1) allow groups of covered entities to aggregate their allotment of offset credits, and (2) to specify that limitations on use of offsets is appropriate in air non-containment areas. The first change is will allow entities to more efficiently utilize offsets to reduce compliance costs and produce real & verifiable greenhouse gas reduction without going beyond the overall proposed eight percent cap. The second change is necessary to ensure that limitations on use of offsets can occur in areas that are not meeting express air quality standards. The existing language in draft SB 1070 is overly broad, and could be interpreted to limit use of offsets in *all* circumstances. For example, under the existing language, a source located within a rural Oregon community with few households would almost by definition be located in an impacted community.

> (c) Standards adopted under this subsection must require that offset credits constitute a quantity that may be no more than eight percent of the total quantity of compliance instruments submitted by a covered entity ***(or group of covered entities aggregreting their offset credit limits)*** to meet the entity's compliance obligation ***(or group of covered entities)*** for a compliance period. Standards adopted under this subsection may place additional restrictions on the number of offset credits that may be used by a covered entity that is an air contamination source as defined in ORS 468A.005 if the building, premises or other property in, at or on which the air contamination source is located, or the facility, equipment or

other property by which greenhouse gas emissions are caused or from which the greenhouse gas emissions come, is geographically located in an impacted community ***that is within an Air Quality Non-Attainment Area and a population density in excess of 20 people per square mile.***

12. Modify Section 13(1)(b) and 13(1)(c) to allow for bill assistance to all distribution customers of utilities whether or not they purchase power from the utility or from a competitive electricity service supplier. This provision is necessary to allow for continued development of a competitive retail power market as required by ORS Chapter 757 and the Direct Access requirements set forth therein.

(b) Bill assistance for energy intensive ***commercial and*** industrial ***distribution*** customers ***whether or not such customers purchase power or gas from the utility or third party*****,** that, at the time the bill assistance is received, are not covered entities receiving allowances distributed directly and free of charge ***or at a reduced cost*** to address leakage as allowed under section 10 of this 2017 Act;

(c) Nonvolumetric, on-bill climate credits applied annually or semiannually to residential customers or small business ***distribution*** customers with 50 employees or less; or.

13. Modify Section 13(2)(b) specify that the priory for use of proceeds by utilities from allocation of allowances shall be to reduce leakage and maximize greenhouse gas reductions, and to the extent possible benefit low income residential customers.

(b) Develop rules that prioritize uses of the proceeds that ***reduce leakage, maximize greenhouse gas reductions and to the extent possible*** benefit low-income residential customers.

14. Modify Section 16(2)(a) to specify that least fifty percent of the moneys from the cap and invest program must be distributed to fund projects that are identified as expected to result in the largest reduction in greenhouse gas emissions within the first three years of funding of the grant.

(2)(a) Moneys must be distributed through the grant program developed under this section such that, of the moneys deposited in or credited to the Oregon Climate Investments Fund each biennium:

(A) At least fifty percent of the moneys must be distributed to fund projects that are identified as expected to result in the largest reduction in greenhouse gas emissions within the first three years of funding of the grant,

(B) At least 50 percent of the ***remaining*** moneys are distributed to projects or programs that are geographically located in impacted communities; and

~~(B)~~ ***(C)*** At least 40 percent of the ***remaining*** moneys are distributed to projects or programs that are geographically located in economically distressed areas, with an emphasis placed on projects or programs that support job creation and job education and training opportunities. (b) Impacted communities and ~~economically distressed areas may be, but need not be,~~ considered mutually exclusive for purposes of this subsection. (c) The commission shall consult with the Environmental Justice Task Force, the Oregon Health Authority, other state agencies, local agencies and local officials in adopting by rule a methodology for designating impacted communities for purposes of this subsection.

Thank you again for the opportunity to participate in this process. We look forward to continuing to work with you, and the Oregon legislature, to move this legislation forward and help Oregon reduce its greenhouse gas emissions and grow the economy.

Sincerely,

_____

Carl Fink
Blue Planet Energy Law
Suite 200, 628 SW Chestnut Street
Portland, OR 97219
971.266.8940
CMFink@Blueplanetlaw.com

Senator Dembrow and Representative Helm,

Thank you for your commitment to passing comprehensive climate legislation for Oregon and for all your hard work over the last year, culminating in the recent work group sessions. You have modeled an open, transparent, and engaging process and crafted legislation that can achieve the dual aims of reducing GHG emissions while growing our economy.

In encouraging advancement of such legislation we have relied on individual volunteer members of 350PDX's state legislation team, with their individual stories and perspectives, unified by their support for the concepts of capping and pricing emissions, with a strong commitment to equity and justice. One might say that we have relied on the wisdom of the crowd known as the state legislation team of 350PDX.

We also deeply respect the wisdom of our partner organizations, notably those in the Coalition of Communities of Color (CCC), and we commend to you the DeCARBON principles and priorities developed by the CCC.

We know that as you undertake your final deliberations, you are incorporating and integrating a complex array of input, and we encourage you to give special consideration to these principles and priorities: transparent, equitable and accountable decision-making; basing the emissions cap on best available science; limiting free allowances; reinvestment for most-impacted communities; limiting and ensuring strong oversight of offsets; and avoiding a cap on the price of allowances.

Thank you,

Rand Schenck and Rick Brown
Co-leads, State Legislation Team, 350PDX

Eugene Water & Electric Board
500 East 4th Avenue/Post Office Box 10148
Eugene, Oregon 97440-2148
541-685-7000
www.eweb.org

EWEB's Comments to the Clean Energy Jobs Bill Work Group on Utilities and Transportation

The Eugene Water and Electric Board (EWEB) supports a least-cost approach to meeting Oregon's GHG reduction goals that is technology neutral, applicable beyond the electric sector, and is adaptable to changing conditions over time. We support an approach that achieves the most greenhouse gas (GHG) emission reductions with the least impact to Oregon's economic competiveness and the least impact to consumers, ratepayers, and businesses, including the most vulnerable low-income Oregonians and energy-intensive trade exposed industries.

EWEB has found that economy-wide carbon pricing, achieved through a cap and trade proposal that can also be linked to other states, will produce the least cost path to meeting Oregon's GHG reduction goals.

We would like to make the following recommendations to the Oregon legislature on the design of a state cap and trade program:

1) Regional Considerations:
   a) Linkage to other programs: Connecting cap-and-trade markets across multiple states and Canadian provinces would likely provide a broader and more diverse trading program that would offer more places to find the most cost effective emission reductions and increase liquidity in a cap and trade program while reducing volatility. EWEB supports efforts to evaluate and pursue linkage opportunities with cap and trade programs in other jurisdictions such as California's existing program and a possible program in Washington state. The Canadian province of Ontario conducted an evaluation of multiple cap-and-trade options and concluded that linking with existing programs in California and Quebec would result in a lower and more stable carbon price.
   b) Consistency between jurisdictions: To the extent possible, EWEB recommends not only linkage to other jurisdictions, but also recommends achieving as much consistency and compatibility as possible with cap and trade programs in other states and provinces. Maintaining healthy, efficient, and stable power markets in the West should be an important priority. If states and provinces enact policies that differ greatly, this may result in inconsistent carbon prices across different jurisdictions, instead of a common carbon price. In turn, multiple carbon prices could impact the regional power markets resulting in multiple "products" in power markets instead of one or two, which could reduce market liquidity.
2) Point of Regulation:
   a) Generally, EWEB recommends regulating emissions attributed to electric generation as close to the source as possible, in order for Oregon's program to transmit a carbon price signal most effectively. An approach of regulating in-state electric generating units at the source combined with a "first jurisdictional deliver" approach using NERC e-tags for electricity

imported into Oregon would seem to be the most optimal way to regulated electric sector emissions closest to the source. However, EWEB acknowledges this may not be feasible across the board in the electric sector, at least initially. EWEB recommends that legislation to enact a cap and trade bill might codify a directive to regulate emissions in the electric sector as far upstream as possible, but delegate the exact mechanics, such as a hybrid variant of the "first jurisdictional deliver" approach that might be necessary for a segment of imported electricity, to a rulemaking process.

b) Role of the Bonneville Power Administration (BPA): In the Transportation and Utilities workshop meetings it has been averred that BPA cannot play an upstream role as a "first jurisdictional deliverer" due to its federal status that precludes it from being compelled by a state program to incur the costs of procuring carbon allowances to cover emissions. EWEB does not see this issue as static or insurmountable. First, there is precedent for a federal power marketing agency to obtain a waiver from Congress in order to incur costs to comply with a state cap and trade program, as the Western Area Power Administration (WAPA) did for the California program. EWEB believes that once Oregon signals its firm intent through legislation to regulate GHG emissions, a similar waiver could be obtained for BPA. Second, BPA does not have any carbon emitting sources in its generation fleet. The emissions in BPA's energy mix emanate from a small amount of unspecified wholesale power market purchases BPA makes when customer demand for electricity is greater than the federal power system's output. Even with these market purchases blended into BPA's energy mix, BPA's system mix emission factor is on average only 5 percent of the regional average. BPA's emissions are less than 1 percent of the total emissions in Oregon's electric sector, and only a fraction of a percent of Oregon's economy wide emissions. Given how miniscule the emissions are for BPA system energy, EWEB believes a workaround can be found if necessary to achieve the most optimal point of regulation in the electric sector.

3) Allowance Allocations: EWEB recommends that any free allocation of carbon allowances that is made to individual load serving utilities should allocate to **all** utilities that will be subject to a compliance obligation in Oregon. EWEB is cognizant that not all utilities are in the same starting point in emission levels (i.e. investor owned utilities compared to consumer-owned utilities). EWEB is mindful that the purpose of freely allocated allowances is to mitigate increased costs and adverse impacts due to carbon pricing and any allocation method should not create "windfalls" of more allowances than needed to cover a utilities emissions. We would recommend that some consideration be made, in an allocation method or in some other way, to provide credit for early GHG reduction efforts by utilities, if a reasonable mechanism can be found to do so.
4) Addressing Hydropower Variability: Oregon's program should allow some combination of allowance banking and/or multi-year averaging of GHG accounting to give utilities flexibility to work with variance in hydro-conditions and other variations such as weather.

Frank Lawson

EWEB General Manager

I am in favor of the passage of SB 1070 and of the amendments proposed to include timber harvesting into the regulations. Logging and tree plantations have massive climate impacts on both public and private lands. It is absolutely essential to an effective climate agenda to include regulation of these endeavors and I believe that the proposed amendments from the November 2nd, 2017 workgroup meeting are a good step in the direction of abating disastrous CO_2 emissions.
Thank you for your time and consideration.
Regards,
Alice Shapiro
Portland, OR

Gentlepeople if we are to adequately address the climate disruption we are faced with today we must include in our plans and legislation the management of our forests. The trees we grow in Oregon will be an important contribution to drawing down the CO2 that so plagues us. We must sustain the positive impact that our forests contribute and work toward growing them substantially.
The time to act is now, so let's pass this legislation (SB1070) and become one of the leaders in solving this dire situation we are in.
Thank you. Sincerely
Bill Kucha
Depoe Bay, Or.

TO: Isabel.Hernandez@oregonlegislature.gov

Oregon Wild supports legislation to meaningfully address climate change, and we appreciate the legislatures work on this matter. We strongly urge the legislature to include forestry in the proposed Climate Cap-and-Invest Bill that is being discussed in the Oregon legislature.

The Forest Carbon Task Force of the Oregon Global Warming Commission has done its research and made clear that forests are a huge part of Oregon's carbon cycle, that logging is a huge contributor to gross GHG emissions in the state, and that growing forests can capture and store a lot of carbon if they are allowed to grow. It's clear that forests can be both part of the problem and part of the solution to global warming, so forests should definitely be included in both the "cap" and the "invest" sides of the Climate Bill.

Considering managed forests in the context of climate change, requires attention to the "opportunity costs" of logging because it kills trees that could otherwise continue to grow and sequester carbon. Even thought forests across Oregon might still be sequestering net carbon each year, they are not doing nearly as much as they could if they were growing more than currently and being logged less than currently. Ideally, the climate bill will create incentives for forest conservation and disincentives for forest harvest that kills trees and accelerates transfer of forest carbon to the atmosphere.

We think it would be a big mistake to exclude logging from the cap while allowing offsets from the forestry sector. This would reward forest activities that are good for the climate, but fail to sanction forest activities that are bad for the climate. This would lead to leakage (e.g., more logging in forests outside of the off-set projects), and a reversal of progress on climate goals.

We urge that the Climate Bill address all landowners whose forestry activities (not just "harvest") emit more than 25k gross tonnes of CO2e/year.

The language proposed by John Talberth of Sustainable Energy and Economy Network are a good place to start the conversation about how to incorporate forests into the bill.

Sincerely,

Doug Heiken, Oregon Wild
PO Box 11648, Eugene OR 97440
dh@oregonwild.org, 541.344.0675

Dear Isabel Hernandez,

Please support amendments that include logging on private and public land when you address carbon bill recommendations for Oregon.
The science behind keeping our trees is relevant to our future.

Thank you
L. Stovall

Thank you for accepting comments on SB 1070

To the Workgroup on Agriculture, Forestry, Fisheries, Rural Communities and Tribes:

We are aware that logging and tree farms on private and public lands are serious contributors to climate change. Addressing their impacts is essential to an effective climate agenda. The proposed amendments of 16 Nov 2017 are a good step in the right direction. Please insure that forest practices will increase carbon density and be more resilient to the hazards caused by climate change.

Maxine Centala
Concerned Citizens for Clean Air
PO Box 375
Seal Rock, OR 97376

Dear Ms Hernandez,

I have recently been informed that it is being proposed that carbon emissions from logging and commercial tree plantations, on public and private land, be included as part of the Clean Energy Jobs bill - SB 1070. I strongly support this proposal, since it has been established that timber industry emissions constitute a large percentage of Oregon's total carbon emissions profile. I hope that this proposal will be incorporated into the bill, and into the final legislation.

Thank you,

Nancy Harrison
1900 SW Sunset Blvd.,
Portland OR 97239

Dear Isabel Hernandez:

I have learned of amendments proposed for SB 1070 that would address the impacts of logging and tree plantations on public and private lands in Oregon. I am writing in support of the proposed amendments to help address climate concerns.

You may know of A.O. Wilson's recommendation that 50% of Earth be restored/left in a natural state to give the planet a chance at healing. That is the goal, and any way we can move toward it is of the utmost importance.

Thank you for your attention,
Susan Haywood

Hi Isabel,

Half of Oregon land is forest land, and the current illegal over-harvesting is having major impact on CO2 emissions. I strongly support John Talberth's proposed amendments to the proposed legislation. Addressing the massive climate impacts of logging and tree plantations on both public and private lands is absolutely essential to an effective climate agenda and that the proposed amendments are a good step in the right direction.

Thanks,
Tom

Tom Bender
Sustainable Architecture and Economics
38755 Reed Rd.
Nehalem OR 97131
503-368-6294
cell 503-440-9525
tbender@nehalemtel.net
www.tombender.org

Hello Ms. Hernandez,

I have been following the development of the Cap and Invest/ Oregon Clean Energy Jobs Bill over the past years with great interest. Nothing is more important to our children's future than a livable climate.

Addressing the massive climate impacts of logging and tree plantations on both public and private lands is absolutely essential to an effective climate agenda

.

The amendments (
Folding the Timber Industry into Oregon's Climate Agenda Proposed amendments to SB 1070
)
proposed by John Talberth of the Center for a Sustainable Economy are logical, timely and very much needed to provide clean good jobs in Oregon rural areas.

Most sincerely,
Emily Herbert
2120 NE Halsey #29
Portland, OR 97232

Our lives begin to end the day we become silent about things that matter. Martin Luther King Jr.

Confederated Tribes *of the*
Umatilla Indian Reservation

Board of Trustees

46411 Timíne Way • Pendleton, OR 97801
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December 7, 2017

Senator Michael Dembrow
900 Court St. NE, S-407
Salem, Oregon 97301

Representative Ken Helm
900 Court St. NE, H-490
Salem, Oregon 97301

Dear Senator Dembrow and Representative Helm:

The Confederated Tribes of the Umatilla Indian Reservation (CTUIR) appreciates your effort on the SB 1070 Cap and Invest initiative. The CTUIR is deeply concerned about climate change and we have undertaken numerous projects to minimize our carbon emissions including solar, wind and bio-fuel.

We understand it is late in the process, however we would like to ensure that the legislation specifically identifies tribes as participants in the certain aspects of the bill's implementation, rather than relying upon an uncertain regulatory process to address tribal participation. Further, we hope to become more involved in the legislative hearings, drafting and passage of any bill intended to address climate change, an issue that is dramatically affecting us all.

The CTUIR has extensive experience in implementing legislation that was not specifically contemplated to include tribal governments. We have discovered in other legislative and regulatory processes that if tribes are not specifically acknowledged in legislation as parties, ensuring tribal inclusion in regulations is extremely difficult if not impossible. The proposed legislation, SB 1070, only mentions tribes once and only in reference to parties to be consulted in the development of regulations. The CTUIR would like tribes to be expressly included in Sections 9(12) and 16(2)(c).

Further, Section 16 identifies the components of the Climate Investment Grant Program. Section 16(6) identifies specific elements of the grant program. Specific language in Section 16(6) to call out tribes as potential recipients of grants would go a long way to avoid any uncertainty as to whether tribes are eligible to receive those grants. Language such as a new subsection 16(6)(d) could be added to the indicate that grants may be awarded to tribal governments, associations or programs. We feel this has the potential to avoid significant confusion and argument during implementation of the law.

As noted, we look forward to working closely with you, other legislators, state agencies and all other parties in developing this legislation and seeing it through to implementation. We recognize the final bill may be very different but request that the concepts outlined above be adopted in the appropriate sections. Climate Change threatens all nations and must be addressed immediately.

Respectfully,

Gary Burke

Gary Burke, Chairman
Board of Trustees

Ostephe Charles

Lewis & Clark Montessori Charter School

Macocharles@lcmcs.org

December 11, 2017

Representative Ken Helm

rep.kenhelm@state.or.us

Dear Senator Lee beyer,

As a proud Oregon citizen, I am pleased to provide you with an opinion on the bill that you are working hard on. Although this bill has not officially been presented, I agree it is in the best interest of all Oregonians. The Clean Energy Jobs Bill (Bill 1070), which is currently being discussed, has the goal of providing jobs relating to clean energy. I think that people on Native American reservations should benefit from this too, and that your committee needs to pay special attention to their voices when drafting it.

If you didn't know, Oregon is one of the leading states in clean energy. By approving the clean energy jobs bill, there would be many new and sustainable jobs that could open up. I think that it's important to consider all populations in Oregon, and how especially the underrepresented can benefit from it. According to the US department of indian affairs," Many Indian reservations are well positioned to provide access to a stable source of competitively priced energy. For example, of the 326 American Indian reservations, more than 150 have the resource capacity needed to sustain a 1 to 25 megawatt renewable and/or natural gas power generation facility."A great way to create secondary jobs and proceed to circulate money locally is by utilizing the power generated from renewable resources for new industries on reservations.

By doing this you open up many different clean energy ways you could go by such as wind turbines and water energy. Which are both very easy and plentiful in the use of making energy. It is very important to consider all populations of people in Oregon, and I was glad to know that you have a work group partly dedicated to the fair representation of Native Americans.

Thank you for your time and thank you for hearing my opinions. I really appreciate what you and your coworkers are doing.

Sincerely,

Ostephe Charles

Representative Helm (Rep.KenHelm@oregonlegislature.gov), Representative Haas (Sen.MarkHass@state.or.us), Representative Nosse (Rep.RobNosse@oregonlegislature.gov), rep.barbarasmithwarner@oregonlegislature.gov, and SB 1070 Workgroups via Beth Reiley (Beth.Reiley@oregonlegislature.gov) and Beth Patrino (Beth.Patrino@oregonlegislature.gov)

12/21/2017

Re: Clean Energy Jobs bill, Senate Bill 1070

Greetings Representatives Helm, Haas, and Nosse, and Smith Warner,

Please consider these comments as small business input on SB 1070 (2017). BESThq LLC is a collaborative business community supporting small business through relationship, empowerment and inclusion. As an Oregon Benefit Company, BESThq supports an equitable economy powered by clean energy and supports policies enabling Oregon's present and future generations to live in a healthy environment. BESThq and partners highlight certain aspects of SB 1070 in addition to some proposed bill language. The Voices committee is an advocacy arm of the hundred plus firms of BESThq LLC, which draws from the many diverse business of the community.

Of the businesses we represent, though we have been following the work groups we have found it difficult to perceive where small business fits and provide input, and because it has been unclear where small business "fits" we offer this input to all to consider at this earlier stage.

Small business is a significant part of Oregon's economy according to the Oregon Secretary of State[1] and the Oregon Employment Department. Approximately 90,400 Portland General Electric and 74,000 Pacific Power small nonresidential ratepayers are by far the second most numerous classes of ratepayers in Oregon's investor-owned utility territories.[2] Therefore, understanding possible impacts on small business in Oregon is important. We note and appreciate that the existing bill language does articulate the role of women and minority owned businesses in various provisions. Due to our concern of the potential difficulty in measuring this we refer to "COBID certified businesses", yet not with the intent to exclude businesses that are not certified. SB 1070 will impact ratepayers risking possible rate increases and/or changes in conditions of service. Additional risk is how utility state consigned auction proceeds are distributed and expended if small business is not proportionally represented in decision-making.

Representation on committees: The legislation presents opportunities for small business to avoid or mitigate negative impacts. The various rules advisory and project funding committees envisioned in the measure should include groups representative of small business. These representatives would be members of the bill's various rule advisory and project funding committees to ensure the voice of small business is represented in significant decisions and actions that will directly affect small business.

Measurables: Oregon has tools ready to measure impact of this bill on small business.

- Metrics measuring participation of COBID certified firms and Oregon benefit companies in any SB 1070 related project should be a part of this legislation.

[1] Small businesses are critical to Oregon's economy. More than half our workforce is employed in jobs created by small businesses. http://sos.oregon.gov/business/Documents/2016-small-business-annual-report.pdf

[2] UE 294 I PGE I Exhibit 1402 / Cody p 1 http://edocs.puc.state.or.us/efdocs/HTB/ue294htb9539.pdf ; Pacificorp DBA Pacific Power UE 263 Request for General Rate Revision http://edocs.puc.state.or.us/efdocs/HAR/ue263har83528.pdf, Table A-1

- Bill language should include reference to the existing statutory mechanism of ORS 183.336.[3] A fiscal impact statement could include measurement of participation of COBID firms, Oregon benefit companies, and North American Industry Classification System ("NAICS") codes.[4]
- Including NAICS codes either needed or utilized in related projects could be included in RFP reporting.
- Legislative sponsors could call on the lead agency to consult with Employment Department to identify metrics to best assist analyze economic impact.

Thank you for considering these comments and engaging with us on this very important work.
Signed,

BESThq LLC Voices Committee, including the following:

Diane Henkels, Henkels Law LLC, Committee Co-Chair, Constituent of Rob Nosse
Sydney Schilling, BESThq LLC, Constituent of Ken Helm
Ron White, BESThq LLC, Constituent of Ken Helm
Mary Anne Harmer, H Collaborative LLC, Constituent of Mark Haas
Michelle Halle, Barlow Strategies LLC, Constituent of Barbara Smith Warner

[3] See Statute at: https://www.oregonlegislature.gov/bills_laws/ors/ors183.html

[4] One example of statement of fiscal impact on small business is in the AR 603 Community solar docket: http://edocs.puc.state.or.us/efdocs/HCB/ar603hcb112914.pdf and contrast this with the numbers in the Oregon information in this report: http://www.thesolarfoundation.org/wp-content/uploads/2017/02/National-Solar-Jobs-Census-2016-Appendix-A.pdf

Senate Bill 1070 (2017) Text:

https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/SB1070/Introduced

Makes all provisions related to carbon pollution market and distribution of auction proceeds operative January 1, 2021. Authorizes Environmental Quality Commission, Public Utility Commission, Department of Transportation and Oregon Business Development Department to adopt rules prior to operative date.

Whereas climate change and ocean acidification caused by greenhouse gas emissions threaten to have significant detrimental effects on public health and the economic vitality,

Whereas any climate policy should address leakage to ensure a level playing field between in- state and out-of-state companies to prevent jobs from leaving this state;

Section 7:
Add "**Department of State**" (to include the Office of Small Business Assistance)
Add to 7(e): One member appointed by the [Commission on … Small Business?], or add to "Five members appointed by the Governor who reflect the geographic, demographic, and **economic** diversity of the state

Section 8: Revise G and divide into two:
(G) One member who represents the interests of industrial and large businesses as defined in ORS impacted by climate change
(H) One member who represents the interests of small [and COBID certified] businesses.

Revise Subsection 5(a): Include **(E) How [COBID certified] businesses are benefitted by/impacted by expenditure of auction proceeds.**

Review Subsections 11 & 12 for small business:
(11) "High road agreement" means an agreement among multiple stakeholders that specifies goals for a project or program that are related to the quality and accessibility of economic opportunities provided by that project or program, and that includes:
(a) Strategies for advancing the specified goals based on metrics that may include but are not limited to:
(A) Requirements for wages and benefits; (B) Workforce and business diversity;
(C) Training and career development; and (D) Environmental benefits;
(b) A mechanism for implementing the agreement; and
(c) A process for evaluating the progress of a project or program toward achieving the goals specified in the agreement.
(12) "Impacted communities" includes, but is not limited to, the following communities most at risk of being disproportionately impacted by climate change:
(a) Communities with a high percentage of people of color, low-income households, immigrants or refugees relative to other communities;
(b) Linguistically isolated communities;
(c) Communities with high exposures to pollution or toxics relative to other communities; and
(d) Rural communities with unemployment rates that are above this state's mean state- wide unemployment rate.

Review Subsection
(18) "Project labor agreement" means a collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific construction project and that, at a minimum:
(a) Binds all contractors and subcontractors on the construction project through the inclusion of appropriate specifications in all relevant solicitation provisions and contract documents;
(b) Allows all contractors and subcontractors to compete for contracts and subcontracts without regard to whether they are parties to any other collective bargaining agreement;
(c) Contains guarantees against strikes, lockouts and similar job disruptions; and

(d) Sets forth effective, prompt and mutually binding procedures for resolving labor dis- putes that arise during the term of the project labor agreement.

Section 13:
(c) Nonvolumetric, on-bill climate credits applied annually or semiannually to residential customers or small business customers with 50 employees or less; or
(d) Other weatherization and energy efficiency programs.
(2) The Public Utility Commission shall adopt rules necessary to implement this section. In adopting rules under this section, the commission shall:
(a) Consult with the advisory committee established under section 7 of this 2017 Act; and
(b) Develop rules that prioritize uses of the proceeds that benefit low-income residential customers.

Section 14: Insert in subsection 4(b): **COBID certified businesses**

Section 16: Insert in subsection 2(c):
(c) The commission shall consult with the Environmental Justice Task Force, the Oregon Health Authority, **the Secretary of State (Office of Small Business Assistance)**, other state agencies,

Section 17: Distinguish small and large businesses and provide both in Climate Investments in Impacted Communities Advisory Committee:
(f) One member must represent the interests of large business.
(g) One member must represent the interests of small business [as defined by .]

Section 20: Just Transition Grant Program of the Oregon Business Development Department
(2)…Governor determines necessary and that represent the demographic and geographic **and economic** diversity in this state.
Insert **(g) At least one representative of small business.**

Section 32: Insert:
"…The report also may discuss measures the state may adopt to mitigate the impacts of global warming on the environment, the economy and the residents of Oregon and to prepare for those impacts…"**The Commission shall consult with the Secretary of State Corporate Division and the Employment Department regarding data indicating impacts on the economy and measures that may be adopted to mitigate the impacts."**

Section 38:
Insert (2) "(c): Rulemaking undertaken pursuant to (2)(b) of this Section shall comply with ORS 186.833, follow a stated methodology stated in the reporting, and include explicit reference to government and private sector reports of relevant information on which conclusion regarding small business impacts are based."