

To the members of the Joint Committee on Carbon Reduction,

Thank you for your commitment to action to stabilize our climate and ensure a healthy environment for all!

I have personally studied carbon pricing systems extensively and wanted to follow up with a few of the things I've learned, in the hope that the Clean Energy Jobs Bill can avoid some common pitfalls and emerge from this legislative session as the most advanced carbon pricing mechanism in the country:

1. Free allowance allocations. All cap and trade mechanisms face a heavy showing from various industries when it comes time to allocate allowances, and each one will make the case for why it should be entitled to free allowances either at the beginning of the program or forever. But, it is very important that this bill limit free allowances as much as possible, for several reasons. First, across the systems I've studied there has simply been no evidence to suggest that EITE industries move to other jurisdictions when carbon pricing is enacted. Second, EVERY industry has the responsibility to start making heavy emission cuts as soon as possible, and this bill will do them no favors by delaying the inevitable. Third, an oversupply of free allowances has the effect of depressing the carbon price, diminishing the program's efficacy as a carbon reduction mechanism and leaving it vulnerable to criticism and possible rollback (a valuable lesson learned early on by the EU emission trading system that bears repeating).

2. Interim targets and scientific review. This bill sets an interim 2035 target for emission reductions, which is extremely important not only to keep, but likely to strengthen. We know that only sudden and drastic emission reductions can possibly stave off unimaginable climate impacts, so the quicker we are able to pass this bill and the more stringent its targets are, the better chance we will have. Portions of the bill (and in particular those related to the review of EITE industry emissions) should be strengthened to require periodic review against the best available science, to ensure these covered entities are staying on the leading edge of pollutant reduction technologies. This is a great way to ensure the kinds of onsite reductions demanded by the environmental justice community.

4. Equity lens. The heart and soul of this policy is its focus on righting the wrongs committed against those communities that climate change impacts the most, and this MUST be the crucial point that carries this bill across the line. Too many jurisdictions have thought of their carbon pricing policies as isolated economic tools, but as a researcher of carbon pricing systems one of the biggest takeaways I've learned is that jurisdictions that can center their impacted communities, and effectively communicate the benefits to and on behalf of these communities, emerge with much stronger systems overall, both in terms of positive economic impacts and in terms of their ability to weather political changeover.

Thank you again for all your hard work and leadership on this crucial issue!

Kind regards,

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