

2/18/2019

Testimony in Support of House Bill 2020: Establishing a Cap-and-Invest greenhouse gas emissions program.

Joint Committee on Carbon Reduction

Submitted by: Catherine Macdonald, The Nature Conservancy

Thank you for the opportunity to provide testimony in **support of House Bill 2020.**

The Nature Conservancy is a science-based and non-partisan global conservation organization. TNC was incorporated in Oregon in 1961. Today we have over 70,000 supporters statewide with members in every county in Oregon. Our staff, based in communities across the state, work collaboratively with tribes, private landowners, government agencies, elected officials, businesses, and other natural resource stakeholders to develop innovative solutions to the major challenges facing people and nature.

Reducing emissions, increasing carbon sequestration and improving ecosystem and community resilience are top priorities for The Nature Conservancy in Oregon and around the world.

Carbon pricing is an important element of a comprehensive approach to reducing greenhouse gas (GHG) emissions. Economists overwhelmingly consider carbon pricing as a less costly approach to reducing emissions relative to other regulatory approaches.

The legislation you are advancing has three advantages:

- **the declining cap creates certainty that emissions will be reduced;**
- **the trading mechanism and offsets provides regulated entities with options for meeting their compliance obligations; and**
- **revenue generated by the program can be invested in additional emission reduction, natural and working lands sequestration practices and strategies for adapting to the unavoidable impacts of climate change.**

We recognize that an economy-wide mechanism such as **carbon pricing must be carefully designed** with Oregon's economy and business sectors in mind, including our natural resources sectors. We will not succeed in meeting our climate mitigation and adaptation goals if measures to reduce our GHG footprint negatively impact our economy, drive businesses out of Oregon or do harm to climate impacted communities.

We greatly appreciate the time and attention legislators have invested during the last three legislative sessions studying carbon pricing programs. We want to **thank the Joint Carbon Reduction Committee for engaging experts and stakeholders and gathering input during the Interim** to inform development of HB 2020. To avoid the most significant impacts from climate

change we need to act quickly to reduce emissions and increase sequestration in natural and working lands.

We appreciate the opportunity to provide input to this important bill. We submitted written comments with additional background and will submit more detailed recommendations for amendments in the coming week with a focus on the natural and working land elements and offset provisions.

Tonight, I want to highlight two specific elements we ask that you add to the bill:

1) In addition to maintaining strong interim targets, direct the Carbon Policy Office (CPO) and Oregon Global Warming Commission to develop a goal and recommendations for achieving net neutrality at the earliest practical date:

Carbon stores in Oregon’s natural and working lands, especially Oregon’s forests, are substantial. The CPO and OGWC should work with the Oregon Watershed Enhancement Board and the Departments of Agriculture, Forestry, Fish and Wildlife and Land Conservation and Development to develop the recommendations. If designed well, Oregon can provide landowners with incentives to increase those carbon stores while improving our natural resource economy.

In 2018, the IPCC stated that, “limiting global warming to 1.5°C will require rapid and far-reaching action.” Oregon is well positioned to demonstrate leadership by charting the path to carbon neutrality through a combination of aggressive emission reduction and increased carbon sequestration in natural and working lands.

2) Set five-year investment targets in statute and extend the targets each biennium: Just as regulated entities need to be able to predict and plan for future requirements of a Cap-and-Invest program, predictability is critical for efficient investment of the funds generated by the program.

The bill should require the **Carbon Policy Office to make recommendations for extending the targets each biennium for approval by the Joint Climate Action Committee.**

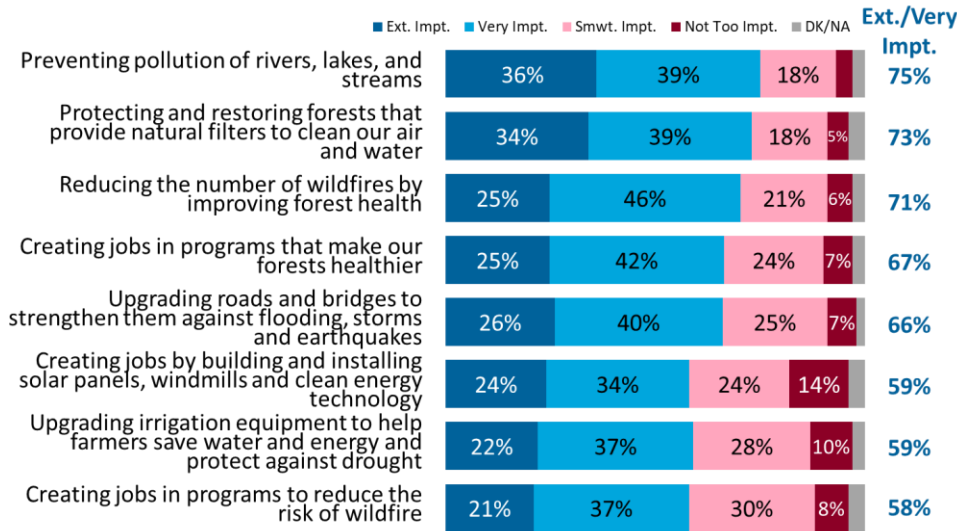
Investment targets will help voters feel confident about how the money will be spent. In addition, investment targets will help the agencies, landowners, businesses and non-profit organizations needed to invest the funds will be able to plan for effective implementation.

Further we recommend that a substantial **percentage of the funds generated by the program be dedicated to help offset emissions and build resilience through natural and working land practices.** The definition of natural and working lands should be expanded to encompass the concept of “working waters.” We also recommend that 17 (c) be expanded to all of Oregon’s diverse habitats, through the following edits: “Lands **and waters** consisting of forests,

woodlands, grasslands, sagebrush steppe, deserts, freshwater and riparian systems, wetlands, coastal and estuarine areas, marine habitats, watersheds, wildlands or wildlife habitat.

Polling we conducted in December 2018, **demonstrates that a solid majority of voters want to see funds from a Cap and Invest program invested in healthy forests, clean rivers and clean energy.** By contrast, only 16 percent of urban voters and 15 percent of rural Oregon voters felt that it was “extremely” and “very important” to invest funds in rebates to rural drivers.

Voters top preferences for how to invest funds generated through a Cap and Invest Program



In closing, I urge you to pass a bill with:

- **few exemptions,**
- **strong interim targets,**
- **provisions to allow linkage with the Western Climate Initiative**
- **cost containment measures including offsets and the minimum necessary free allowances** to reduce impacts to businesses sectors and low-income Oregonians; and
- **the emergency clause.**

Climate change is an urgent problem. We have precious little time to act. In addition, by going into effect on passage, the state will have the longest possible window for developing rules to guide the program and clearing any legal challenges.

What you do here in Oregon is important. Oregon can help build momentum for subnational action on climate change. Thank you all for your leadership and hard work to advance a smart carbon pricing policy.

For More Information Contact: Catherine Macdonald, cmacdonald@TNC.org, (503) 802-8134