



Northwest Pulp & Paper
ASSOCIATION

February 6, 2020

The Honorable Michael Dembrow, Chair
Senate Environment and Natural Resources Committee
900 Court St., NE
Salem, Oregon 97301

RE: Legislative Counsel Draft 19 to SB 1530 to SB 1530-2 to SB 1530-27

Dear Senate Environment and Natural Resource Committee Members:

Northwest Pulp & Paper Association is opposed to SB 1530 and particularly the -27 amendments.

The path of Oregon's cap-and-trade bills continue to head in the wrong direction for our Energy Intensive and Trade Exposed (EITE) pulp and paper mills.

As highly energy-intensive, trade-exposed (EITE) facilities, Oregon's pulp and paper mills continue to need an exclusion from the cap-and-trade legislation in order to not be placed at a significant competitive economic disadvantage with facilities in other states and countries without similar carbon pricing systems. Only an exclusion from the program will prevent against facility curtailments and production shifts. Production shifts of pulp and paper products from Oregon will lead to greenhouse gas (GHG) emissions increasing in other jurisdictions. This "leakage" of GHGs – and jobs – will make the global problem worse, not better. We do not believe it is the intent of the Legislature to make the problem worse, but SB 1530 and the -27 amendments will do exactly that.

To be clear, some have characterized this legislation, and the new amendments, as having "no direct regulation" on pulp and paper mills. This is not the case and does not mean that Oregon's pulp and paper sector will be exempt from increased costs and red tape affecting our competitiveness with other locations. Oregon mills compete globally, and higher costs for mills – like that which will be imposed by SB 1530 and the -27 amendments, make them less competitive nationally and internationally.

As SB 1530 has been recently diluted with the proposed amendments, it becomes clearer that EITE protections just aren't there – mills would face higher energy, transportation and administrative costs and have less rate relief assistance and access to natural gas price assistance and energy efficiency grant programs.



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Specifically,

- For trade exposed natural gas users, full rate relief is not guaranteed even in the initial years because the -27 amendments decrease potential rate relief by adding new PUC rules.
- For trade exposed natural gas users, the \$50 million for energy efficiency grants in LC draft 19 has been reduced down to a \$10 million revolving loan fund in SB 1530 -27 amendments.
- The new DEQ office, PUC, and maybe Business Oregon's unelected bureaucrats will write the majority of rules implementing the program – a huge grant of authority.
- Our mills are located in rural Western Oregon and our transportation fuel costs will increase.

Sincerely,

Kathryn VanNatta
Northwest Pulp & Paper Association