



February 6, 2020

SB 1530

Senate Committee on Environment and Natural Resources

Chair Dembrow and Members of the Committee:

Thank you for the opportunity to provide some feedback on SB 1530, which would establish a cap and trade program in the State of Oregon.

The Pacific Propane Gas Association (PPGA) is the state trade association representing Oregon's propane industry. Our membership includes small multi-generational family businesses and large corporations engaged in the retail marketing of propane gas to Oregonians. PPGA members provide propane to the residential, commercial, agricultural, transportation and industrial markets throughout Oregon.

We want to sincerely thank you for the language in the A-27 amendment which benefits low to moderate income residential propane users. That is truly appreciated. It ensures that all consumers in this category will be helped, not only electric and natural gas customers.

Currently, users of propane have found value in propane's environmental benefits, versatility and affordability. There are many environmental and customer benefits of using propane. Propane is an approved clean fuel listed in the 1990 Clean Air Act. Substituting propane for other fuels such as gasoline and fuel oil is an economical and viable step toward cleaner air. Using propane reduces the greenhouse gas carbon dioxide and air pollutants like carbon monoxide and nitrogen oxide. Propane is extremely efficient because it is employed directly at the point of use. Additionally, the fuel has much versatility due to its portability and many applications.

PPGA agrees there is a compelling need to combat climate change and believes propane is part of the solution to reduce greenhouse emissions in Oregon. With that said, PPGA is generally concerned about the increased fuel costs that will be experienced by families, schools, farmers and businesses by a cap and trade proposal. Based on experiences in California, propane prices increased 10-15 cents per gallon with the passage of cap and trade legislation. Although we appreciate the amendment which mitigates the increase in fuel costs for low to moderate income customers, we want to warn you that many other users who rely on propane will see their prices spike as a result of this legislation. This will mean higher bills to heat homes and cook for families, higher costs for schools that utilize propane fueled school buses, and higher costs for farmers who use propane to help produce the agricultural products that feed the state.

PPGA does not believe a cap and trade program is the most cost-efficient way to decrease greenhouse gas emissions in Oregon. Programs such as weatherization, adoption of more fuel-efficient appliances and equipment, and programs that incentivize adoption of clean fuel vehicles are much more successful at reducing emissions than punitive measures like cap and trade.



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PPGA currently offers rebates—funded by the industry—to customers to help efforts to adopt highly efficient appliances and equipment. Additionally, we offer rebates to support fleets to purchase propane vehicles. Currently, nearly 1,000 school buses in Oregon run on propane Autogas. Oregon has the largest percentage of school bus penetration in the country. This has allowed Oregon schools to spend more money on things that matter most: expenses to educate kids—not fuel transportation costs. Fleets operated by the Portland Public Schools, Willamette Valley Transport, and Benton County Sheriff’s Department have all moved to utilize propane vehicles for cheaper and cleaner fuel. We worry a cap and trade program limits the value of these kinds of incentives because the fuel price will increase as a result of that program.

Thank you for allowing us to share our thanks, comments, and concerns on this legislation. We welcome the opportunity to engage in policy efforts that will result in meaningful reductions in greenhouse gas emissions.

Sincerely,

A handwritten signature in black ink that reads "Matthew Solak". The signature is written in a cursive style with a large, sweeping initial "M".

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