



Northwest Pulp & Paper  
ASSOCIATION

February 20, 2020

The Honorable Paul Holvey, Chair  
House Rules Committee  
900 Court St., NE  
Salem, Oregon 97301

***RE: House Bill 4167***

Dear House Rules Committee Members:

**Northwest Pulp & Paper Association is opposed to HB 4167.**

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 HB 4167 will do exactly that.

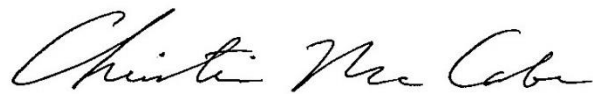
To be clear, some have characterized this legislation as having "no direct regulation" on pulp and paper mills. This is not the case and does not mean that Oregon's pulp and paper sector will be exempt from increased costs and red tape affecting our competitiveness with other locations. Oregon mills compete globally, and higher costs for mills – like that which will be imposed by HB 4167, make them less competitive nationally and internationally.

As HB 4167 and SB 1530-A have moved through the legislative process, 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.

Specifically,

- For trade exposed natural gas users, full rate relief is not guaranteed even in the initial years as the relief will be “nonvolumetric” bill credits subject to a PUC formula.
- For trade exposed natural gas users, the \$50 million for energy efficiency grants in the bill drafts has been reduced down to a \$10 million revolving loan fund.
- The new DEQ office, PUC and Business Development Department’s unelected bureaucrats will write the majority of rules implementing the program – a huge grant of authority.
- The majority of our mills are located in rural Western Oregon and our transportation fuel costs will increase.

Sincerely,

A handwritten signature in black ink that reads "Christian McCabe". The signature is written in a cursive, flowing style.

Christian McCabe  
Executive Director  
Northwest Pulp & Paper Association