

HB 3196 A STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Action Date: 03/27/23

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 6-4-0-0

Yeas: 6 - Andersen, Helm, Kropf, Levy E, Marsh, Pham K

Nays: 4 - Levy B, Osborne, Owens, Wallan

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/6, 3/8, 3/27

WHAT THE MEASURE DOES:

Defines terms. Authorizes Environmental Quality Commission (EQC) to establish by rule a fee to be paid by community climate investment entities. Establishes that the fee 1) be reasonably calculated to cover the costs to the Department of Environmental Quality (DEQ) of administering and overseeing those portions of the climate protection program related to community climate investments; and 2) may not exceed five percent of the total community climate investment funds received by a community climate investment entity during the period for which the fee applies. Establishes the Community Climate Investment Oversight Account (Account), separate and distinct from the General Fund and requires fees collected be deposited into the Account. Establishes that the Account consists of moneys deposited into the Account and moneys transferred or appropriated to the Account by the Legislative Assembly and that interest earned by the Account be credited to the Account. Establishes that all moneys in the Account are continuously appropriated to the DEQ and may be used only to pay the costs of administering and overseeing those portions of the climate protection program related to community climate investments.

ISSUES DISCUSSED:

- History of Oregon's Climate Protection Program's Community Climate Investment Program
- Priorities of Community Climate Investment Program
- Definition of "environmental justice"
- Entities eligible to receive investments
- Administrative costs

EFFECT OF AMENDMENT:

Establishes that interest earned by the Community Climate Investment Oversight Account be credited to the Account.

BACKGROUND:

According to the Department of Environmental Quality (DEQ), the Climate Protection Program (CPP) "aims to: reduce greenhouse gas emissions to address the worsening effects of climate change; achieve co-benefits from reductions in other air contaminants; enhance public welfare for Oregon communities, particularly environmental justice communities including communities of color, tribal communities, communities experiencing lower incomes, rural communities, and coastal communities; and accelerate the transition from fossil fuels to lower carbon energy sources." To meet these goals, the CPP limits fossil fuels' greenhouse gas (GHG) emissions from natural gas utilities and liquid and gaseous fuel suppliers to a certain amount each year and the limit declines over time. Fossil fuel suppliers receive annual compliance instruments from DEQ—the total number of compliance instruments is equal to the yearly limit—which allows them to emit one ton of GHGs for each instrument. Each

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year the suppliers must meet the established cap on GHG emissions with a limited number of compliance instruments, which may be banked or traded by the suppliers. Fuel suppliers are able to earn a limited number of compliance credits by voluntarily contributing funds to third-party community climate investment entities which invest the funds in Oregon-based projects that reduce GHG emissions.

House Bill 3196 A authorizes the Environmental Quality Commission to establish by rule a fee to be paid by community climate investment entities and would establish the Community Climate Investment Oversight Account.