

Chair Sollman, Vice Chair Findley, Members of the Committee and Staff:

We appreciate the opportunity to comment on HB 4083. I am Phil Carver, Co-Coordinator of 350 Salem OR, the Salem chapter of the global climate organization 350.org. We work at the local, state and federal level to advocate for policies that will urgently and effectively address the climate emergency.

I received a Ph.D. in natural resource and utility economics from Johns Hopkins University in 1978. I worked as a Senior Economist and Senior Policy Analyst for the Oregon Dept. of Energy and Public Utility Commission from 1980 to 2017.

350 Salem OR strongly supports HB 4083 - the COAL Act.

The COAL Act sets the goal of moving our state's investments out of dirty coal and keeping our pensions and state finances safer. PERS and the Oregon Short Term Fund have between \$700M and \$1B invested in coal over the past 3 years in publicly-traded funds.

The COAL Act will encourage, but does not require, the Treasury to phase out investments in coal and halt new investments in coal. It does require annual reports on the phase out of coal – the most crucial part of the bill.

As a professional energy economist, I can state unequivocally that coal is a dying industry. **Investing in dying industries is excessively risky, especially for a state managed fund.**

According to a study released by Germany's Mercator Research Institute on Global Commons and Climate Change (as reported by *Electrek*) the cost of solar power has dropped 87% and battery storage by 85% in the past decade.

Although these two were the primary areas of inquiry, the think tank further notes that wind power, heat pumps, and other clean energy technologies are also seeing dramatic price drops.

In contrast, no new coal-fired plants are planned in the U.S. It takes ten years from announcement to completion for coal-fired plants. That means it's impossible for there to be any new coal-fired plants between now and 2034. As coal is a mature technology and renewables and batteries are dropping in cost, it is implausible that there will ever be any new coal plants.

Instead of new coal-fired plants, most (possibly all) current plants will be shut down by 2050.

The U.S. Energy Information Agency ([Annual Energy Outlook 2023](#)) projects that U.S. coal-fired generating capacity will drop below half of 2022 levels by 2050. In the Reference case, coal-fired capacity falls 64% to 73 GW by 2050. In another scenario where we assume lower zero-carbon technology costs than in the Reference case, we project coal-fired capacity falls 88% to 23 GW by midcentury.

“In the Low Zero-Carbon Technology Cost (Low ZTC) case, we assume the cost of zero-carbon technologies declines by about 40% by 2050 compared with the Reference case.”

***“Of the retirements, 61 GW come from coal-fired plants that owners and operators have already announced plans to retire.** [this is a third of existing capacity – emphasis added]. *Various factors such as an aging coal fleet, environmental regulations, and competition from natural gas-fired, solar, and wind plants have contributed to the declining economics of coal-fired capacity.**

The bill only relates to coal used to generate electricity (thermal coal). When there are no coal-fired plants, coal companies will have no one to sell to. Yet the Treasurer has roughly a billion dollars or more invested in coal companies! The energy jobs and investment returns of the future are in renewable electric generation and energy efficiency, not in the dead-end coal industry.

Even without consideration of the climate crisis and future generations, the Treasury should divest of coal investment to protect Oregon’s investments from financial losses. While this Treasurer has pledged to have net-zero carbon investments by 2050, there is no guarantee his successors will follow through. Legislative guidance is needed.

Sincerely,
Phil Carver, Co-Coordinator
350 Salem OR