

Submitter – Philip H. Carver, Ph.D.
On Behalf of the 350 Salem Oregon
To the Senate Committee On Energy and Environment
Hearing of April 9, 2025

Supplemental Testimony SB 1187 - Fuel Price Effects

Greetings Chair Sollman, Vice-Chair Brock Smith and members of the Committee

These remarks expand on earlier testimony as a professional economist that SB 1187 payments made by fossil fuel extraction companies will have zero effect on Oregon fuel prices.

World oil and refinery markets control the price of oil and petroleum products in Oregon. Many of these oil companies will not be touched by SB 1187. Even those affected will be unable to pass along the cost.

Lump sum costs under SB 1187, unaffected by future behavior, cannot affect the supply curve in the future. Although there is oligopolistic behavior in world oil markets (e.g. OPEC), the price is generally determined by competitive behavior, meaning the intersection of the supply and demand curves. Therefore, the payments by oil companies will not affect prices. Under SB 1187 they will not be able to pass the costs to consumers.

Similarly for the North American market for natural gas. There are roughly 30 U.S. oil and gas extraction companies and 20 in Canada. The market is fully competitive. SB 1187 payments for past actions cannot affect the future supply curve. The costs of SB 1187 payments will come out of these company's profits, not by increases in natural gas prices to consumers.

Thank you for the opportunity to testify