



## **12 Key Issues with the 2019 House Bill 2020**

Oregon PSR (Physicians for Social Responsibility)

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House Bill 2020 seeks to put a cap on Oregon's carbon emissions and invest allowance proceeds from polluters into clean energy. The current version of the bill provides industries with excessive free allowances, exemptions, and loopholes. We're working hard to secure balanced legislation that will help stabilize our climate and better support underserved communities. **Here are 12 ways that HB 2020 must improve:**

- **Carbon Reduction (CO<sub>2</sub>e) Goals Must Be Stronger. (Section 1)**

Reducing Oregon's carbon footprint to 45% below 1990 emissions levels by 2035 is a good start. The best available science tells us we must do better: increase that reduction to 55% and add a goal of 25% below 1990 levels by 2025. HB 2020 sets a final target of 80% below 1990 levels by 2050. The bill should establish a goal of 100% below 1990 emissions levels by 2050.

- **Rulemaking for the Program Must Be Broad, Inclusive, and Equitable. Need a Commission Form of Governance for Accountable Rulemaking & Oversight. (Section 9)**

Boards or commissions with clear guidelines for equitable representation of communities most impacted by climate change are preferable to vaguely defined advisory groups. Too much power given to a single individual for rulemaking and governance is not appropriate.

- **Burning Garbage is Not Renewable Energy, Should Not Be Exempted (Section 10)**

Burning garbage, plastics, and medical waste emits greenhouse gases (GHG), threatens health and is not a renewable energy process. The bill must not exempt municipal/medical waste incineration and must not define incineration as a source of renewable energy.

- **Major Emitters Including Forestry, Agriculture, Marine, Aviation, and Railroad Industries Must Not Be Exempted In Perpetuity. (Section 10)**

These sectors are given a completely free pass under the current bill draft despite their enormous GHG emissions. In addition, the proposed Jordan Cove LNG Export Terminal and Pacific Connector fracked gas pipeline must be covered and not given any exemptions.

- **Fluorinated Gases Must Never Be Exempted. (Sections 11-13)**

The bill exempts dangerous GHG associated with semiconductors including hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride until 2026, and gives the Carbon Policy Office the option to repeal that sunset. Pound for pound, these gases are tens of thousands times as potent as carbon dioxide and last for hundreds of years in the atmosphere.



- **Electric Utilities Must Pay Their Fair Share - No Free Allowances. (Section 15)**

HB 2020 allows electric utilities to receive 100% freely allocated allowances until 2030 and exempts emissions from burning fossil fuels in Oregon if that power is paid for by or shipped to other states. There must be no free allowances for electric utilities.

- **Energy Intensive, Trade-Exposed Manufacturers (EITEs) Must Be Better Regulated. (Sections 14, 18)**

Manufacturers of pulp, plastics, cement, steel, and more are given 100% free allowances in 2021 and HB 2020 leaves too much room for continued exemptions. EITEs must not receive any more than 25% of their compliance portfolio of allowances for free at any time.

- **Offsets: Oregon-Only, Capped at 2%, No link to Global Markets. (Section 19)**

An offset project can mean pollution is still harming a community elsewhere. Offsets must be kept to a bare minimum of covered entities' compliance portfolios and have strict oversight. Keeping offsets in Oregon ensures benefits stay local and impacts can be more easily monitored.

- **The Allowance Market Must Not Have a Price Ceiling and California's Pre-2021 Allowances Must Not Be Retired in Oregon. (Section 21)**

In order for the market to incentivize GHG reductions, allowances must not be given a price ceiling. Additionally, California's pre-2021 allowances must not be permitted for use in Oregon's market. No banking of allowances should be allowed, either.

- **Impacted Communities Need Investments for a Just Transition. (Section 29)**

The 2018 cap and trade bill allocated 50% of the Climate Investments Fund to impacted communities. We need similar or stronger guarantees so that communities most impacted by climate change receive the investments needed for climate resilience and mitigation.

- **Bill Must Allow "Renewable Energy" Investments Only. "Carbon-Free" or "Low-Carbon" Language Can Be Co-Opted to Fund Nuclear Power Technology And Forest Biomass. (Section 31, Subsection 6)**

Nuclear power is a highly expensive, carbon-intensive form of non-fossil fuel energy. Use of investment dollars for nuclear is an inefficient use of funds to support a polluting process. Biomass can incentivize clear-cuts and logging, now accounting for 35% of our carbon emissions.

- **Do Not Repeal the Energy Facility Siting Council CO2 Standard or Proof of Need. (Sections 54-60)**

New incentives to expand fracked gas power are created with free distribution of allowances to electric utilities and deletion of the existing price on carbon for electric generators. Additionally, the bill should not eliminate the existing requirement for "proof of need" for generating facilities. Creating a new Climate Authority and Carbon Policy Office while immediately and wholly eliminating accountability and rulemaking functions of the OR Department of Energy and the OR Department of Environmental Quality is not wise. They should work in close concert.

