



March 1, 2017

TO: Chair Dembrow, Vice Chair Olsen and Members of the Committee  
Senate Committee On Environment and Natural Resources  
Chair Helm, Vice Chair Johnson and Members of the Committee  
House Committee On Energy and Environment

FR: Jennifer Hudson, Assistant General Counsel  
Schnitzer Steel Industries, Inc.

RE: Testimony in opposition to HB 2135, HB 2468, SB 557, SB 748 and LC 1242

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On behalf of Schnitzer Steel Industries, Inc., please accept this testimony offering grave concerns over the concepts outlined in HB 2135, HB 2468, SB 557, SB 748 and LC 1242. Chief among these concerns is the fact that while it is clear from these bills that the cost for manufacturing businesses to comply with the laws and carbon tax as proposed will be quite high, there are absolutely zero assurances that the commendable goal of reducing greenhouse gas (GHG) emissions in a meaningful way will be achieved through the programs.

These bills are broad in scope and create a whole new bureaucracy. While outlining only the most general framework for programs that will have significant impact on affected businesses, the bills actually leave the critical details to the Environmental Quality Commission (EQC) to be decided by rulemaking at a later date. Advisory committees will convene, but the membership of the committees are not defined to ensure balance.

These bills do not take a scientific approach to the problem the State is trying to solve. Setting arbitrary reduction goals without considering available technologies used in reduction or alternative energy and raw material sources is unlikely to create a climate where businesses can both comply and remain competitive. Programs like these increase electricity costs for business and residential customers. GHG emissions are linearly proportional to energy consumption. As a result, a mandate to reduce GHG by 20 percent, 45 percent and up to 75 percent means that manufacturers will have to reduce energy consumption by the equivalent amount. Many businesses, such as ours, are already operating as efficiently as possible because energy savings impacts the bottom line. For industries that produce products using electricity and natural gas, which are the cleanest form of energy, compliance will require reducing production by up to 75 percent or substituting production through trade. Neither option is sustainable for manufacturing businesses nor beneficial to the environment in the long run.

Thank you for the opportunity to submit this testimony and for your consideration. Please don't hesitate to contact me if you have any questions or would like to discuss further.