

TESTIMONY SB 1530
SENATE ENR COMMITTEE
JOHN KAUFMANN, 4-FEB-2019

My name is John Kaufmann. I worked for 35 years in energy efficiency, energy policy, and climate change for the Scientists' Institute for Public information (NYC), Oregon Dept. of Energy, and Pacific Northwest National Laboratory. I am retired and live in Salem (97304).

I support SB 1530 and urge its passage. SB 1530 is the culmination of several years' work. It may not be perfect, but it is more than good enough to pass. We cannot wait any longer for perfection that will never come. It is getting late – climate disruption is already upon us. Pass the bill now, and adjust it later as necessary.

The key make-or-break issues as I see it are how the bill treats EITIs, agriculture/timber/ranching, and rural Oregonians. They all have legitimate concerns, and they are critical to Oregon's economy and the success and acceptance of the bill. They must be "kept whole" by this legislation – i.e., the bill must not put them at a cost disadvantage in national and international markets. If they are hurt by the bill, it will hurt Oregonians broadly and it will be the end of climate legislation in Oregon.

Therefore, I would like to suggest the following changes:

1. I think the bill treats the EITIs fairly. However:
 - a. The bill should contain a "fail-safe" provision that allows the Board to make whatever emergency adjustments to keep an individual EITI or an EITI sector "whole" in the event of a unforeseen consequences. The Board must be empowered to act quickly and decisively in these cases, and not have to wait until the next legislative session to try to get action. (They should report such adjustments to the Legislature, and the Legislature should have the authority to approve or reverse such action at its next session.)
 - b. Does the bill need to allow an adjustment to a natural gas supplier in accordance with any exceptions for a trade-exposed natural gas user, to ensure that EITIs are not hit with high natural gas prices imposed by the supplier that would increase the cost of their product and reduce their competitiveness in national or international markets?
2. Likewise, I think that the way the bill exempts motor fuels for certain areas should protect agriculture/timber/ranching and rural Oregonians. However, there may be areas or unique sectors where it is insufficient. There, I make a few suggestions that may help ensure these groups are held harmless.
 - a. Per (1)(a) above, empower the Board to make any necessary emergency adjustments in the event of unforeseen consequences to these sectors or to certain cities/counties.
 - b. Consider making the exemption according to cities rather than counties, and base it on population size. This would allow suppliers to easily exclude all rural areas, westside as well as eastside, to reduce unintended consequences. It would also be clearer and allow for better compliance and better enforcement.

- c. Consider separate exceptions for gasoline (intended largely personal vehicles) and diesel (intended for farm equipment) by population size. For example, the exception for gasoline may apply to cities less than 5,000, while the exception for diesel may apply to cities less than 15,000. Staff can determine the appropriate population size.
 - d. Provide for exceptions for propane used in agricultural (as opposed to residential) applications. I trust staff, in coordination with nurseries and others that use propane, can come up with a way to do this.
3. One area that I believe remains unaddressed is trucks that originate in Oregon but whose destination is out-of-state – i.e., transportation of Oregon-made goods to out-of-state markets. The EITI provisions, as I understand them, apply to emissions used in manufacturing processes. However, added transportation costs potentially could hurt the competitiveness of Oregon-based products. I don't have the answer, and it may not even be a big enough cost to be a problem. Perhaps this will not be a problem because of the provisions relating to truck stops. But I think staff and the committee should look at the issue, add an appropriate provision/exception if deemed necessary, and in any event authorize the Board to make any emergency adjustments in the event of unforeseen costs.
4. A comment was made at the Feb. 4 hearing that all trucks, even those destined for local delivery, will go to truck stops that are exempt from the bill's standards to refuel. The committee should consider whether this is indeed likely and what the impact would be, and consider any revisions to the bill as appropriate to prevent this unintended consequence. Perhaps there is something that could be added to the bill that, in order to be eligible for the exception, facilities (truck stops) have separate pumps for semi-tractors as opposed to unitary trucks, price accordingly, and report their sales appropriately.
5. I believe other provisions of the bill address other sectors appropriately. Even if there are problems, I don't believe they would be "deal-breakers." I believe unforeseen consequences in these other provisions could be adequately addressed administratively or in the next legislative session. However, the Committee may want to consider extending the emergency adjustment provisions that I discussed above more broadly to cover all unforeseen consequences. I know the Legislature does not like to delegate such broad authority – but it may be necessary to deal swiftly with unforeseen problems, and help ensure the success and acceptance of this bill.

I urge passage of SB 1530. Climate change is a critical issue. We cannot wait for the federal government. We must join with neighboring California (and potentially Washington) and other jurisdictions to form a bloc that can, together, make a significant impact, provide an example, and set the proper tenor.

The longer we wait, the greater the damages from climate change and the more it will cost us. Are we going to wait for an Australian-like conflagration here to galvanize us to action? By being out-front on this critical issue, Oregon businesses will be better positioned to profit from the coming transition.