Dear Chairmen Dembrow and Helm,

Thank you for the opportunity to participate in today's session of the Oregon Work Group on Agriculture, Forest, Fisheries, Rural Communities and Tribes.

The Working Group on Seafood and Energy is a trade association representing leaders in seafood production, coastal communities and tribes who depend on both healthy fisheries and affordable, reliable energy supplies. We are very pleased to see Oregon's legislature step up to develop a strong and effective policy that has potential to achieve these priorities

Our comments are offered to reflect the concerns and aspirations of people who have a lot at stake. Most of our members have a direct interest in protecting fishery resources from multiple impacts of unchecked carbon emissions. These impacts are real and present threats today. Seafood generates tens of billions of dollars in economic activity in Oregon and Washington and it is one of the pillars of the Northwest's culture. The rich fishery resources that underpin all of this are at risk.

In 2015, overheated waters killed half the returning adult sockeye salmon returning to the Columbia River. That same year, high carbon dioxide levels in seawater and a persistent "blob" of unusually warm water off the West Coast led to a coastwide shutdown of Dungeness crab fisheries driven by domoic acid from a massive toxic algae bloom. The algae thrive, and grow more toxic, in warm, CO2-rich water. This bloom also shut down razor clam harvest that draws hundreds of thousands of visitors to the Pacific Northwest coast every year.

Ocean acidification is a major concern to our members. Starting in the mid-2000s, seawater acidified by carbon emissions began killing young oysters and other shellfish within their first few days of life in hatcheries in both Oregon and Washington. Only by buffering seawater in the spawning tanks have hatcheries been able to protect the 'seed" supply for shellfish farms up and down the coast. The rest of the ocean offers no such protection.

Many of our members are also people who burn fuel for a living. They operate diesel powered vessels and generators, and they run energy-intensive fish plants. Many of them live and work in rural communities that cannot practically execute solutions that fit better in wealthy, high-density cities, but they still want to be part of the solution. They need a carbon solution that they can live with. That means a policy that doesn't drive fuel prices through the roof or disrupt reliable energy supplies. It also means they are looking for a policy that helps them afford to make the investments necessary for them to reduce fuel consumption and emissions.

All of our members share an abiding interest in making sure that any carbon pricing system is effective and well managed. If the money is squandered, it does nothing to reduce the risk to seafood supplies, jobs and communities from uncontrolled carbon emissions.

Our members also know that we must deal with the consequences that can no longer be avoided. For that reason, they view adaptation and resilience as necessary investments along with emissions reduction.

We offer the following initial recommendations below.

1. **Allocate a portion of all carbon revenues (suggested: 25%) for adaptation and resilience to carbon impacts, remediation of carbon pollution, and related research needs**. This should include both marine and terrestrial environment. To maximize carbon reductions, we recommend crafting the policy to reward projects that offer verifiable and long-lasting carbon sequestration benefits in soil, water, or durable goods. This can be done by assigning additional "ranking points" to adaptation and resilience projects that sequester carbon.

   RATIONALE: Fisheries face many urgent and increasing risks caused by carbon emissions. Therefore our members have an interest in seeing every dollar of carbon revenue deliver the maximum possible reduction in emissions, even as they recognize the need to deal with the unavoidable consequences that are already occurring.

2. **Where labor standards guide investment of carbon proceeds, use a local wage standard (e.g. average wages by county).**
   RATIONALE: That rural communities and enterprises that lack the wealth and resources of major metropolitan areas would otherwise risk losing access to the economic and environmental benefits of this policy. Much of Oregon's fishing industry is situated in communities that cannot compete with Portland wages. If costs are artificially inflated, fewer emissions-reducing projects will be undertaken; many good projects may not occur at all.

3. **Cap direct bill assistance at a maximum of 15% of discretionary investments, preferably less.** Instead, we support this bill's intention to provide assistance for low-income people by focusing a portion of carbon revenue on investments to help them "become the solution," by funding new energy-saving projects in their homes, vehicles etc.
   RATIONALE: This drives lasting reduction in energy bills, while also reducing emissions. Bill assistance delivers only a bandage, not a solution. Wherever possible, assistance designed to ease the inequitable effects of a carbon price should also drive emissions reductions.

4. **Maximize emissions benefits in transportation investments by setting guidelines for use of Highway Fund Climate Investments** Account: Suggestions:
   —Reserve at least 85% of funding for projects that measurably reduce emissions and/or increase capacity to do so.

—Reward extra points to projects that measurably increase resilience to and indirect impacts of carbon emissions and climate change on water supplies, fisheries, forests, soils, estuaries, floodplains.

Rationale: Transportation is the largest source of GHG emissions in Oregon, accounting for more than 1/3 of total emissions, and the sector's emissions are growing—driving 60% of the 2015 increase in Oregon's total emissions (OGWC 2017).

5. **Climate Investments Grant Program (within Highway Fund)**
   a. **provisions for impacted and distressed communities: Consider making investments roughly proportionate to pollution reduction. The principle: invest to solve the problem where it occurs—not where it does not.** Then address socioeconomic objectives as an overlay "to the extent feasible."

      RATIONALE: reducing emissions is (or should be) job 1. Provisions in this measure risk concentrating a lot (up to 90%) of the money where it might not deliver.

      Currently SB 1070 reserves at least 50% of funds for projects in "impacted communities," and at least 40% for "economically distressed areas," with an "emphasis placed on projects or programs that support job creation or job education and training opportunities." Further, these places "may be, but need not be, considered mutually exclusive."
      RISK: Potentially up to 90% of all money goes to "impacted" and "distressed' communities.
      —Can these places possibly generate enough emission reductions to justify taking that much of the money?
      —What about the rest of the state?
      —What if most emissions come from other places? Should up to 90% of the funds go to these specially designated places instead, leaving as little as 10% for everywhere else?

      DEFINITIONS:
      "IMPACTED:" Not yet determined. Env Quality Commission is tasked to "consult with the Environmental Justice Task Force, the Oregon Health Authority, other state agencies, local agencies and local officials in adopting by rule a methodology for designating impacted communities"
      "ECONOMICALLY DISTRESSED": designated by OR Business Development Department.

   b) **Clarify explicitly that energy efficiency and emissions reduction would be eligible for grant funds under this bill in order to reduce emissions from highways, improve freight mobility, and reduce congestion.** This should

include mobile and stationary equipment that directly or indirectly supports these objectives in multiple ways, thus improving the environmental and transportation performance of the Oregon highway system. For example, this would include:
— freight mobility improvements that contribute to emissions reduction and freight mobility over highways by monitoring and managing truck fleets to minimize congestion, idling time, and unnecessary emissions that result from undetected maintenance issues.
—Fuel efficiency improvements in vessels, trucks, tractors, etc, that produce or handle goods shipped over highways;
—Clean fueling, battery swap stations, and EV charging stations in manufacturing plants, cold storage and ice facilities, etc.
—Fuel efficiency improvements at freight distribution and consolidation facilities that support more efficient over-the-road shipping.

RATIONALE: Two Reasons:
First, transportation (by land, air and sea) constitutes the largest single source of Oregon's carbon emissions. That makes transportation the top target for emission reductions.
Second, much of the work of reducing these emissions must occur off the highway roadbeds, but within the highway system's functional tributaries, distributaries, and its staging and holding areas. Improvements in these peripheral components of the highway system can reduce emissions and congestion from Oregon highways in the same way that floodplains reduce flooding in a river and function as part of the larger river system.

c) **Ensure that funding criteria are technology-neutral, at least in rural areas and resource-dependent communities and industries.**
RATIONALE: This ensures eligibility for any approach that delivers verifiable emissions reductions (or structurally increases capacity for low-carbon economy).

Currently section 36 of SB 1070 emphasizes electrification of transportation as "necessary to reduce petroleum use, achieve optimum levels of energy efficiency and carbon reduction, and meet federal and state air quality standards…." That's true enough, but it produces a geographic inequity: Electrification today appears to be more practical in urban areas than rural ones. Primary resource industries like fishing, farming and logging do not yet have practical options to "go electric."

This policy should meet people where they are (not where we might wish they were). This means it should help them afford to reduce emissions with the means that are actually available to them. A technology-neutral performance standard for emission reductions will achieve that, enabling fuel efficiency

improvements instead of electrification where appropriate. This may also make it possible to earn greater support and participation from rural and resource-dependent communities.

6. **Allocate a portion of all carbon revenues (suggested: 25%) for adaptation and resilience to carbon impacts, remediation of carbon pollution, and related research needs, (including both marine and terrestrial environments**). Give additional ranking points to proposals that offer verifiable and long-lasting carbon sequestration benefits in soil, water, or durable goods.

   RATIONALE: This approach recognizes the need to deal with the unavoidable consequences of carbon emissions, while also using adaptation and resilience projects to further draw down carbon concentrations.

7. **Add representation to the Greenhouse Gas Cap and Investment Oversight Committee. as follows:**

   — One member who represents Oregon coastal communities and fisheries (e.g. communities that depend on commercial fishing/processing, aquaculture, and recreational fishing and coastal/marine ecotourism).
   — One member with expertise in science of ocean acidification, marine ecosystem response to carbon emissions, or adaptation and remediation strategies to reduce harm.
   —One member from tribal governments to ensure that tribal authorities, rights and interests are recognized.
   —One member from a primary production and/or manufacturing industry that depends on reliable and affordable energy and transportation systems.

   RATIONALE: These additions help to ensure support and participation from people who are important to the political, economic, and environmental success of this policy. Many of them are uncertain about the benefits to their communities, and having a role in oversight can help to ensure that they get a fair shake.

8. **Fund projects to improve fuel efficiency in both vehicles and commercial marine vessels. Specifically:**

   —Facilitate investment by using simple, cheap "input and output" measures to confirm emission reductions in transport (instead of mandating costly "verified" technologies). For example, fuel purchase records, fuel flow meters, and biannual emission tests can prove emission reductions in vessels and trucks.

   RATIONALE: Transportation is the state's largest source of carbon emissions. Cost-effective and practical guidelines are needed to enable investments to reduce emissions from vehicles, marine vessels, tractors, and other mobile fuel-burning equipment.

Thanks again for the opportunity to participate in this process. Feel free to contact us if you have any questions or if we can assist in any way.

Sincerely,

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