

Recommended Language/Changes to Climate Investments

Changes in red to be reviewed by working group

Highlighted sections will be revised with new committee and governance structure.

Utility Proceeds:

SECTION 13. (1) An electric company or natural gas utility that receives the proceeds from the sale of allowances consigned to the state for auction under section 11 of this 2017 Act may use the auction proceeds only for activities, consistent with the purposes of sections 6 to 20 of this 2017 Act as stated in section 6 of this 2017 Act, and administered through outside agencies, that serve to stabilize and reduce energy bills while also lowering greenhouse gas emissions, including but not limited to:

- (a) Bill assistance, which will be provided at least quarterly (per year), and weatherization for low-income residential customers directed to Oregon Housing and Community Services
- (b) Other weatherization, energy efficiency, and decarbonization programs, in the following order, for
 - 1) Low-income residential customers;
 - 2) Schools, public entities, nonprofit entities, and small business customers with 50 employees or less; and
 - 3) Energy intensive industrial customers that, at the time the bill assistance is received, are not covered entities receiving allowances distributed directly and free of charge to address leakage as allowed under section 10 of this 2017 Act;
- (2) The Rules Committee established under this program shall adopt rules necessary to implement this section. In adopting rules under this section, the Committee shall:
 - (a) Prioritize uses of the proceeds in the order above (Section 13.a-b(3)), contain workforce and contracting standards as outlined in Section X, and meet the needs of low-income residential customers in a service territory before using proceeds for subsequent categories listed in 13(b)(2)-(3).
 - (b) Consult with the Public Utility Commission, Oregon Housing and Community Services, and low-income program providers established under section 7 of this 2017 Act.

Transportation Proceeds:

SECTION 14. (1) The Climate Investments Account is established within the State Highway Fund. Interest earned by the Climate Investments Account shall be credited to the account. Moneys in the account are continuously appropriated to the Department of Transportation to be used only for activities that further the purposes of sections 6 to 20 of this 2017 Act as stated in section 6 of this 2017 Act.

(2) The Climate Investments Account shall consist of moneys deposited in the account under section 11 (3)(b) of this 2017 Act.

(3)(a) Of the moneys deposited in the account each biennium:

- (A) At least 40 percent must be used to support projects that are geographically located in impacted communities; and
- (B) At least 20 percent must be used to support projects that otherwise benefit impacted communities.

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- (b) For purposes of this section, the **Department of Transportation** shall designate impacted communities using the methodology adopted by the **Rules Committee** by rule under section 16 of this 2017 Act.
- (4) In distributing moneys in the account, the Department of Transportation shall:
- (a) Consult with the **Climate Investments in Impacted Communities Advisory Committee created under section 17 of this 2017 Act;**
 - (b) Follow a methodology, **as developed in rules, for ensuring that a meaningful share** of the moneys distributed under this section is used to fund projects that involve the participation of businesses owned by women and members of minority groups;
 - (c) **Contain workforce and contracting standards as outlined in Section X;** and
 - (c) To the maximum extent feasible and practicable, give funding preference to projects that will result in the greatest greenhouse gas emissions reductions.
- (5) If a construction project is funded in whole or in part by moneys from the account, the primary contractor participating in the construction project:
- (a) Must participate, **as applicable,** in an apprenticeship program registered with the State Apprenticeship and Training Council;
 - (b) May not be a contractor listed by the Commissioner of the Bureau of Labor and Industries under ORS 279C.860 as ineligible to receive a contract or subcontract for public works;
 - (c) Must demonstrate a history of compliance with the rules and other requirements of the Construction Contractors Board and of the Workers' Compensation Division and the Occupational Safety and Health Division of the Department of Consumer and Business Services; and
 - (d) Must demonstrate a history of compliance with federal and state wage and hour laws.
- (6) If a construction project is funded in whole or in part by moneys from the account, the Department of Transportation **may, on a project-by-project basis, require the use of a community benefits agreement and/or a project labor agreement** if the use of either type of agreement would advance the public interest and be consistent with law.

Industrial Proceeds:

SECTION 16.

- (1) The **Environmental Quality Commission** shall adopt by rule a Climate Investments Grant Program for distributing moneys in the Oregon Climate Investments Fund. The grant program must carry out the purposes of sections 6 to 20 of this 2017 Act as stated in section 6 of this 2017 Act.
- (2)
- (a) Moneys must be distributed through the **grant and proceed allocation program** developed under this section such that, of the moneys deposited in or credited to the Oregon Climate Investments Fund each biennium:
 - (A) At least 60 percent of the moneys are distributed to projects or programs that are geographically located in most impacted community census tracts; and
 - (B) **At least 10 percent of the moneys are distributed to projects or programs that benefit low-income households and/or communities who live outside of prioritized most impacted census tracts.**

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- (C) 15% Just Transition
- (D) 15% other that maximizes GHG emission reductions

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(4) **The commission** shall determine the form and method of **allocating proceeds** and applying for grants from the grant program, the eligibility requirements for grant applicants and general terms and conditions of the grants.

(5) The rules adopted by the **commission under this section shall provide that the grant committee consult with the Climate Investments in Impacted Communities Advisory Committee** created under section 17 of this 2017 Act in reviewing grant applications and making determinations of funding based on a scoring system developed by **the commission**. **The scoring system shall require climate resilience and reduction of greenhouse gas emissions and give funding preference to projects and programs that prioritize multiple benefits including, but not limited to, the following:**

- a. Demonstrate a measureable impact on reduction of greenhouse gas emissions and climate adaptation, mitigation and resilience;
- b. Target most impacted communities, **prioritizing community participation in development and identification of projects**, to mitigate disproportionate impacts of climate change and/or climate policy, including, but not limited to, anti-displacement strategies, affordable housing, transportation cost savings, community resilience and investments in non-road infrastructure;
- c. Help communities that are dependent on natural resources to develop and adopt sustainable practices, including, but not limited to, habitat and fish restoration and other supports for subsistence lifestyles;
- d. Facilitate the research and development of clean energy infrastructure and technology;
- e. Support community-based clean energy projects and energy efficiency and conservation measures, including strategies focused on reducing fuel consumption;
- f. Promote low-carbon economic development opportunities;
- g. Create affordable housing closer to employment centers via low-carbon transportation options, including transit connection, trails, paths and active transportation facilities;**
- h. Complement efforts to achieve and maintain federal and state air quality standards;
- i. Make use of domestically produced products to the maximum extent feasible; **and/or**
- j. Promote high quality job creation, job training and job retention for historically underserved communities.

(6) Projects benefitting most impacted communities that are eligible for funding under utility and transportation sector proceeds should be maximized through those funds.

(7) Technical assistance proceeds and resources should be provided through administrative fee and/or program proceeds as well as leveraged with other revenue/financial sources.

- a. Ensure financial and technical resources are available for most impacted communities, **prioritizing minority and women owned businesses/organizations**, to engage in development and oversight of program as well as to apply and access program proceeds.

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- b. Ensure financial and technical resources to under-resourced jurisdictions to develop, **with required coordination and planning with local impacted communities**, climate action and climate resilience plans, **which provide economic, environmental and social benefit to most impacted communities.**¹
 - c. Identify a lead state agency and funding sources for inclusive planning process to mitigate transition losses for workers and communities potentially impacted by industrial decline due to climate policy.
- 5) Proceeds can be distributed through both grant based programs and automatic allocation (such as to affordable housing next to low-carbon transit).
- a. Where Native American populations on a reservation or tribal trust lands of a federally recognized tribe in Oregon qualify for program proceeds, that tribal government will administer proceeds.

¹ See: <http://sgc.ca.gov/Grant-Programs/Transformative-Climate-Communities-Program.html>