

# Clean Energy Jobs / General Comments

## Homework Responses Bullet Points

**Question 1:** What aspects of a cap-and-invest policy as it is being discussed in Oregon are you most concerned about for your organization/industry/constituents/customers?

### GENERAL

- Building quantified terms into legislation, with scheduled reviews and resets, can show the way for other states to meet their own share of carbon reductions.
- We have genuine concerns about whether a state or regional cap and trade policy is the right one for Oregon's electricity sector.
- We are concerned that a market based system will take us in the wrong direction by encouraging paper-based compliance for some period of years.
- The bill must not be undermined with loopholes, sunsets that erode market certainty, or creating too much inflexibility in statute.
- The accountability reporting proposed from the Public Utility Commission and the Global Warming Commission are not frequent enough.
- Our priority is to ensure that cap-and-invest does not undermine existing policies and programs that are working in Oregon. The two policies at the top of the list are the Renewable Portfolio Standard (RPS) and the voluntary renewable energy market.
- Related to the RPS, how do we ensure that compliance with cap-and-invest does not undermine RPS compliance; is cap-and-invest meant to lead to additional emissions reductions in the electric sector beyond what the RPS drives; and how will emissions reductions in the electric sector be attributed? Further, could cap and invest be designed to support utilities' acquisition of economically desirable renewables, not just renewables to comply with the RPS?
- Programs are indeed achieving regulatory surplus (defined further below); how do we ensure the integrity of Renewable Energy Certificates (RECs) sold in the voluntary market or to other states?
- Acknowledges importance of adaptation and resilience (Sec 6)—The purpose of the bill is not only to reduce GHGs but also to promote adaptation and resilience in the face of climate change. As the damaging impacts of climate change grow, it is important for Oregon to protect people from the harm caused by climate change while simultaneously working to reduce emissions.
- Clear definitions on offsets, free allowances, and consigned allowances on local pollution reduction, reinvestment of garnered revenue, and the reduction of greenhouse gas emissions.
- The cap-and-invest program will impair the ability of Oregon companies to compete in the domestic and world economy.
- The policy should be complementary to and be able to work effectively with existing policies that reduce GHG emissions. Some of the policies in place for the utility sector include the state renewable portfolio standard, the public purpose charge, low-income weatherization funds, and utility voluntary green power programs. State GHG emission reduction policy should make gains in all of these areas (renewables, energy efficiency, low income energy efficiency) that are incremental to these existing policies.
- The policy should maintain a focus on GHG emission reductions, while at the same time ensuring consideration of other environmental values such as other air and water pollutants and fish and wildlife impacts. Policies should, to the maximum extent possible, also help meet public demands and legal requirements for abundant salmon, healthy rivers, clean and affordable energy, and help preserve the Northwest's treasured quality of life.
- Distributed energy resources (such as solar and storage) are tools that will be necessary to reach our GHG emission reduction goals in the utility sector, but it is unclear how this policy will assist in

achieving increased implementation of these resources.

- Any policy should recognize that the atmosphere belongs to the public, and therefore no “rights to pollute” will be allocated automatically to any emitter or polluter.
- The policy should carefully consider the role of existing hydropower in our region. Key considerations include:
  - The extent to which high and low water years impact the regulated system.
  - The fact that hydropower output is limited in our region and actions of non-regulated utilities will impact the overall availability of hydropower to replace GHG emitting resources as energy and capacity sources.
- Supports a process that works through the details and that generates a clear program – rather than leaving many complex issues all for rulemaking.
- Adequate monitoring to inform policy updates.
- ORECA believes that any serious, comprehensive State effort to reduce carbon emissions should review the full range of State policies that contribute to carbon emissions -- especially those proposed by the State.
- Oregon’s regulators should not regularly intervene in the market to create ordained outcomes.
- Alignment of Oregon’s carbon policies. The policies espoused by the State of Oregon are not fully consistent when it comes to reducing carbon emissions. For instance, the Oregon Department of Fish and Wildlife (ODF&W) is pursuing an aggressive plan to increase spill at the federal dams on the lower Columbia and Snake rivers, which significantly reduces clean, carbon-free hydropower generation. Increased spill will force the Bonneville Power Administration (BPA) to rely more heavily on non-specified market purchases, which is estimated to increase carbon emissions by 840,000 metric tons a year.<sup>1</sup> ORECA believes that any serious, comprehensive State effort to reduce carbon emissions should review the full range of State policies that contribute to carbon emissions -- especially those proposed by the State.
- The policy discussion to date has not addressed a foundational issue—whether adopting a cap-and-trade program in the near-term is the most effective way for Oregon to meet its emission reduction goals.
- The Clean Energy Jobs bill is critical to Oregon doing its fair share to reduce climate pollution. The bill must not be undermined with loopholes, sunsets that erode market certainty, or creating too much inflexibility in statute. The sooner SB 1070 is adopted, the sooner the benefits of this valuable legislation can start flowing to Oregon, which will already be in 2021 at the earliest after three years of rule-making process.
- Layering cap-and-invest regulation atop the clean fuels program (CFP) has a high likelihood of adding to the aggregate cost of reducing emissions ultimately borne by consumers. The CFP program could undermine the efforts of a natural gas utility to achieve demonstrable reductions when coupled with a cap-and-invest program. Natural gas utilities could displace extracted fuel with biogas/renewable natural gas from such sources as landfills and wastewater treatment plants. However, if the owners of those facilities have a greater financial incentive to participate in transportation sector, then natural gas utilities will be deprived of a means to lower actual emissions
- My primary concern is that we are not able to tell industry how much the cost of this initiative will cost them. I understand that it is market based, but we need to be able to give a fiscal impact estimate to them in order to truly forecast the impact of this bill. I am also concerned about the disparate impact to low income households who spend a proportionately higher amount of their monthly income on utilities.

## **SCOPE**

- Are all anthropogenic and biogenic greenhouse gas emissions considered under the definition of

“carbon dioxide equivalent” and covered by the cap?

- The reductions that the bill calls for are not strong enough or quick enough.
- The primary goal of SB 1070 should be to facilitate reduction in overall greenhouse gas emissions in Oregon.
- Greenhouse gas emission limits (Sec 2(2) and Sec 10(1)(b))—The bill would establish statewide greenhouse gas (GHG) emission limits of 20 percent below 1990 levels by 2025, 45 percent below 1990 levels by 2035, and 80 percent below 1990 levels by 2050. The bill would set the program’s emissions cap in accordance with the proportionate share of emissions from entities covered by the program. We believe this level of ambition is very important to spurring investments and deployment of clean energy technologies that can put Oregon on a pathway to feasibly decarbonize the economy in mid-century.
- Covers four-fifths of statewide GHG emissions (Sec 9(21))—The program would include all the major emitting sectors in Oregon: transportation fuels, electricity production (including imports), natural gas use, and the industrial sector. We believe it is wise to cover these emissions sources, which represent more than 80 percent of Oregon’s emissions.
- What emissions are considered subject to the program? Does this apply only to fuel combustion for direct use and for electricity production? Does it include biogenic (woody and non-woody)? Does it include process emissions? Process emissions reductions may require huge capital investments to alter their production processes. For some companies, the only way to reduce process emissions is to cut production.
- Any effort to remove or lower the threshold below the 25,000 mtCO<sub>2</sub>e- would create an unnecessary administrative burden on small, rural electric cooperatives and, by DEQ’s own admission, provide little benefit to the ultimate objectives of the bill.
- Look towards an effective cap-and-trade/invest policy that applies economy wide as the primary policy to tackle GHG emissions rather than increasing RPS policies.
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- The relationship between the proposed cap and trade program and existing greenhouse gas emissions reduction laws and rules is unclear. Without greater clarity and consideration, cap and trade could amount to double regulation of the electric sector’s emissions due to existing renewable portfolio standard (RPS) and Senate Bill 1547 requirements.
- The policy does not clearly state that only actual or direct emissions will be subject to the cap, or that only emissions from generation resources in Oregon rates may be subject to the cap.

## **INVESTMENTS**

- As should be the case with the treatment of other sectors, the legislative process and subsequent rule-making processes should clearly outline the role of working lands and rural communities in the Climate Investment Fund and Just Transition Fund created by S.B. 1070.
- How can this bill ensure that moneys raised under the program will be spent on activities that reduce greenhouse gas emissions?
- The conversation needs to consider and incorporate the other revenue raising discussions that the state is having.
- How to ensure the most effective expenditure of auction proceeds that are constitutionally restricted to being spent in the road right-of-way.

- How to support investments in reducing GHG emissions from transportation that are not eligible for Highway Fund dollars.
- Opportunities for investment in and development of distributed and community scaled renewable energy and energy efficiency projects.
- Use and distribution of program revenues.
- Funding should support Oregon resiliency planning and projects. Climate change is creating less reliable power and water systems.
- Current grant structure does not appear to ensure consideration of certain types of emissions reductions projects.
- As it is currently written, SB 1070 does not adequately address Oregon’s housing issues or maximize the opportunity to use revenue from a cap and invest policy to help solve the problem.
- SB 1070 would benefit from improved clarity about the priorities for Climate Investment program funds and specificity about the percentage of funds that these priorities should receive.
- The current structure for guiding investments appears to rely too heavily on grants rather than capturing potential efficiencies through formula-based investments.
- By giving more funding to projects that achieve greater energy consumption reductions and emissions reduction per dollar, the state could ensure that cap-and-invest revenue is deployed in an efficient and effective manner.
- The second mechanism is the Just Transition and Oregon Climate Investments funds. Some of the language regarding these funds could potentially provide resources for adaptation and resilience for our natural resources.
- The third mechanism is resources dedicated to the State Highway Fund. From the current language, it is less clear that these resources will be available for adaptation and resilience of natural resources, though there are certainly potential investments to increase resilience that are directly related to highway spending, such as relocation of roads and removal of fish-passage barriers.
- What kinds of projects and programs are envisioned for the several funds and accounts into which cap-and-invest revenues will be deposited? Who may apply for grants and funds? How will the state assure that it is using revenue to address greenhouse gas reductions? A majority of the funds are to be distributed to projects or programs in impacted communities and economically distressed areas. What kinds of projects and programs are envisioned in these areas? How can we assure that revenues collected to drive reductions in greenhouse gas emissions are not used for existing projects and programs that should be funded from other state sources? How can we assure that there is transparency and accountability for the expenditure of revenues?
- There should be a clear understanding of the investments associated with the policy and how costs and benefits will accrue to residents, businesses, and impacted communities in the state.
- Investing revenues from carbon pricing policies into clean energy solutions and infrastructure;
- What kinds of projects and programs are envisioned for the several funds and accounts into which cap-and-invest revenues will be deposited? Who may apply for grants and funds? How will the state assure that it is using revenue to address greenhouse gas reductions? A majority of the funds are to be distributed to projects or programs in impacted communities and economically distressed areas. What kinds of projects and programs are envisioned in these areas? How can we assure that revenues collected to drive reductions in greenhouse gas emissions are not used for existing projects and programs that should be funded from other state sources? How can we assure that there is transparency and accountability for the expenditure of revenues?

#### **WESTERN CLIMATE INITIATIVE/LINKAGE**

- We are gravely concerned by any conversations that threaten linkage, particularly any that

significantly reduce the rigor of Oregon’s program. There should be no erosion in stringency from the current bill.

- That the policy be designed to coordinate with existing systems in neighboring states/ provinces.
- Joining the Western Climate Initiative: Does joining an international market in carbon allowances mean that we’ll have less control over regulating carbon pricing? As the carbon trading market becomes increasingly global, how does the locus of decision-making shift?
- Policy needs more attention on language that ensures state is not injured in the event Oregon or other linked market participants exit the carbon market. (aka Prenuptial language)
- Will Oregon have a board member on the WCI? Who appoints this?
- Allows for linkage with other jurisdiction (Sec 10(5))—The bill would allow Oregon to link its cap-and-trade program with other states or countries. This will create a more liquid market and allow greater opportunities for covered entities to pursue low-cost emission reductions.
- Integrating with WCI and California markets reduces this monopsony power and can help avoid some of the market monitoring expenses that will go along with the allowance market.
- There should be clear intent and resources committed to ensure that Oregon’s policy effectively connects to other state and/or regional cap and trade systems, as appropriate.
- We believe an Oregon cap-and-trade/invest policy needs to be consistent and compatible with other jurisdictions (note: “consistent” does not mean identical).
- Chief amongst them is the directive to create a program that can link with other jurisdictions’ carbon markets. Linking provides economy-of-scale benefits like lowest cost compliance and a structured regional trading market that would be less expensive than Oregon setting up and administering one by itself. We are gravely concerned by any conversations that threaten linkage, particularly any that significantly reduce the rigor of Oregon’s program. There should be no erosion in stringency from the current bill.
- Linkage of a program with the Western Climate Initiative would require that Oregon comply with program “requirements” already established by the WCI’s participants and may necessitate that the State adapt its program over time to the dictates of another state (California) and Canadian provinces.

**Question 2:** What changes would you suggest be made to cap-and-invest as it is currently being discussed to address the concerns you have?

## GENERAL

- Require local (statewide) stakeholder engagement.
- Include a mechanism to review and update methodologies based on new data.
- Provide sufficient funding to conduct needed studies with enough rigor to inform rulemaking to best achieve the goals identified above.
- Strengthen the purpose statement, priorities and principles to help guide rulemaking and implementation.
- However, avoid being overly prescriptive in the legislation to allow for effective adaptive management of the program.
- It makes sense to invest more time upfront to ensure clarity on intent and effect of the statutory language with the possibility and goal of actually shortening the rule-making timeframe.
- There needs to be recognition by the state and clear communication to the citizens of the state that any cap-and-invest program will not affect greenhouse gas emissions or climate change such that harm to the state from climate change can be reduced. Likewise, the citizens must be informed that

a cap-and-invest program in Oregon will impose increased costs on every business and household in Oregon. It is not just the “big polluters” that will pay, but everyone will pay.

- *Section 6: Statement of Purpose:*

*Page 4, Lines 1-3 – Modify to read: “and to promote adaptation and resilience of this state’s natural and working lands, communities and economy in the face of climate change and ocean acidification.”*

Rationale: Strengthens the purpose statement, to include adaptation of natural and working lands in addition to communities and our economy and recognizes that increased greenhouse gases in the atmosphere result in both climate change and ocean acidification. The bill’s purpose should be to promote adaptation to all three critical elements and both impacts.

- *Sections 7 and 8: Rules Adoption and Implementation Oversight*

*Page 4, (1) – The Environmental Quality Commission should be directed to do additional research to inform rulemaking. In addition to the leakage study Section 10 (2), an analysis of the differential impacts to rural and low-income Oregonians should be done to guide rulemaking.*

*Page 4, Line 15-17 – Include the Department of Forestry and the Department of Agriculture to the list of agencies to be consulted by the Environmental Quality Commission in developing rules*

*Page 4, Line 44, Add (H) – One member who represents a land conservation organization*

Rationale: Inclusion of these agencies and organizations can provide important input to rulemaking and program oversight relative to impacts to and the role of natural and working lands and the design of any new offset protocols.

- Our first suggestion is to defer any required implementation of an Oregon program until 75% or more of the countries in the world are committed to implement similar measures. That is the only way to make sure there is level economic playing field for Oregon producers and exporters.
- We suggest that the costs and benefits of cap-and-invest to Oregon’s economy, businesses, and citizens needs to be studied before any plan is finalized and implemented.
- As needed, existing program statutes should be reviewed for amendment to improve their integration with Oregon carbon and climate policy, and access to program revenues. Doing so could reduce program implementation costs, achieve efficiencies in administration, capture and promote existing technical assistance capacity in project development and implementation, and establish greater alignment in agency direction to achieve comprehensive state climate goals.
- We strongly encourage a broader discussion of carbon policy measures that is not solely focused on California-style cap and trade.
- state that it does not limit local communities’ ability to set their own GHG emissions reductions goals that go beyond the minimum required at the state level.
- The fee should apply to the life-cycle emissions related to the development of or importation of fracked natural gas for consumption in Oregon or elsewhere. This bill should help to further avoid rural Oregon being targeted for GHG emissions and fossil fuel export projects.

## **SCOPE**

- Require State to improve air pollution data collection and reporting; require expedited pollution control and prevent hotspots of pollution and carbon emissions.
- Prevent any increase in and/or reduce the emissions of toxic air contaminants or criteria air pollutants. Consider the potential for direct, indirect, and cumulative emission impacts from market-based compliance mechanisms, including localized impacts in communities that are already

adversely impacted by air pollution.

- Keep greenhouse gas emission reduction as job one.
- The bill should allow the emission reduction targets to be updated based on best available science and reflective of evolving technology. We have seen the 10 U.S. states with existing cap-and-trade programs strengthen their targets since program implementation because the programs have so successfully decoupled emissions from economic growth.
- The bill should allow the emission reductions targets to be updated based on best available science.
- Increase the required reductions and the rate they are required by.

## **INVESTMENTS**

- To the maximum extent practicable, program revenues should fund and leverage existing agency programs and staff capacity designed to achieve direct and ancillary carbon and climate related benefits. As needed, existing program statutes should be reviewed for amendment to improve their integration with Oregon carbon and climate policy, and access to program revenues. Doing so could reduce program implementation costs, achieve efficiencies in administration, capture and promote existing technical assistance capacity in project development and implementation, and establish greater alignment in agency direction to achieve comprehensive state climate goals.
- The revenue received from a GHG reduction mechanism should support: investments in clean renewable energy technologies, clean energy research and development, energy efficiency programs and measures, clean advanced non-fossil fuel technologies, environmental remediation activities, low-income energy programs, support and appropriate adaptation measures for impacted communities and displaced workers, and should not be expended or rebated in any way that would result in increased consumption of fossil fuels.
- Consider incorporating health co-benefits as a criterion for prioritizing investments.
- More clarity about how much money will be available to invest in projects like in-conduit hydropower generation.
- We recommend that reinvestment revenues subject to the Highway Trust Fund be prioritized for areas that bear the greatest burden of transportation-related air toxics emissions and have shown success at reducing GHG emissions, while ensuring representation of impacted communities and local control of dollars.
- The decision making structure must be both simplified and clarified to ensure a clear oversight structure that includes meaningful representation of impacted communities. We define such representation as at least 40% of relevant parties representing impacted communities.
- We might be able to reduce opposition to the bill if some of the proceeds were directed toward helping certain hard-hit industries adapt to the new rules.
- All new infrastructure projects proposed for Oregon that would require a significant amount of allowances should go through a statewide cost and benefits analysis to evaluate how that project will fit with our state's climate goals.
- Broaden use of Highway Trust Funds

## **WESTERN CLIMATE INITIATIVE/LINKAGE**

- While one of the objectives of cap and invest is to link with larger markets in the WCI, it is important to understand the criteria California will use to evaluate future jurisdictions as linkage candidates. Much of the discussion has been centered on California's AB 398, which extended their cap and trade program through 2030. However, it is California SB 1018 that sets out the criteria by which their Attorney General's office will evaluate other cap and trade programs for potential linkage. Therefore, we caution against the use of AB 398 as a guiding document when considering linkages

under SB 1070, when SB 1018 is the appropriate guidance to consider. (Please see our piece on linkage here: <https://climatetrust.org/the-question-of-linkage-scorcher/>)

- Where details matter, make sure they are defined to allow Oregon to join other jurisdictions in the Western Climate Initiative (WCI).
- We recommend reducing some of the prescriptive language in SB 1070 around how auctions are held, such as specifying quarterly auctions, time periods, and three-year compliance timelines. Those details are better left to rule-making where modifications and updates can be made more readily to ensure linkage and a well-functioning program over time.
- Market linkage offers not only further flexibility towards lowest cost solutions but also market certainty, liquidity, economy of scale benefits and increased revenue from the program.
- Our second suggestion is to drop the insistence that Oregon's system match the California model and the existing carbon market. Oregon should focus on reducing carbon emissions...period. The existing carbon markets are too cumbersome, require far too much complex documentation and measurement, penalize states with higher regulatory requirements, penalize early adopters and require long term agreements that encumber the land and are unacceptable to most landowners.
- Limit Western Climate Initiative to North American and explicitly say that we won't link to China and other countries.

#### **COST CONTAINMENT**

- The functioning of the market is very sensitive to the rules we use for price containment and speed bumps. This should probably be specified in the legislation rather than later rule making because of its pivotal role in price formation, volatility and revenue.
- There is another mechanism that can provide some of the benefits of bankability, even increasing the benefits of bankability while reducing the costs, a carbon futures market similar what already exists for California and European carbon allowances on the Intercontinental Exchange.
- Carbon charge pricing needs to be set at a high enough level as to where the eschewing of carbon intensive fossil fuels is cost effective and the revenues garnered for investment will be high enough to garner more substantial clean energy jobs and initiatives.
- No price ceiling on emissions allowances; real reductions require a meaningful price on carbon.
- Limit or prohibit allowance banking.
- I think we need to set a price for the credits for the first couple of years so we can offer determinate pricing and keep businesses from leaving the state because of the perceived risk.

**Question 3:** What opportunities do you believe exist for your organization/industry/constituents/customers from implementation of a cap-and-invest policy as it is currently being discussed in Oregon?

#### **GENERAL**

- What does a fair outcome look like? Is this defined in economic terms, environmental terms, social terms or some other metric?
- Is the goal of a legislative outcome to reduce global emissions or Oregon emissions? Are there other goals of this program?
- We also believe a cap and invest policy provides a predictable regulatory environment in which to plan current and future opportunities. Cap-and invest provides companies with regulatory certainty and gives companies flexibility to meet the targets at the lowest cost.

#### **SCOPE**



- *Preamble Section:*  
Page 2, line 16, Insert the following –  
“Whereas, greenhouse gas reductions from emissions sources and sinks can help address climate change and its impacts to human communities and ecosystems; and Whereas, the state has a vested interest in protecting human communities, Oregon’s economy and natural and working lands from the unavoidable impacts of climate change and ocean acidification; and”  
Rationale: Clarifies that atmospheric greenhouse gases can be reduced through increased sequestration as well as avoided emissions;  
*Section 1: Greenhouse Gas Definitions:*  
Page 3, line 20 – Correct spelling of hexafluoride
- Page 3, Line 21 – Add the following definitions:  
“Greenhouse gas reduction” includes the removal of carbon dioxide from the atmosphere through carbon sequestration as well as reduced or avoided emissions of greenhouse gases. (source: California AB 1608)  
“Working lands” means lands used for farming, grazing, or the production of forest products.  
“Natural lands” means lands consisting of forests, grasslands, deserts, freshwater and riparian systems, wetlands, coastal and estuarine areas, watersheds, wildlands, or wildlife habitat, or lands used for recreational purposes such as parks, urban and community forests, trails, greenbelts, and other similar open-space land. For purposes of this paragraph, “parks” includes, but is not limited to, areas that provide public green space.  
Rationale: Provides additional language to further clarify that atmospheric greenhouse gases can be reduced through sequestration as well as avoided emissions; provides definitions of natural lands and working lands consistent with California laws.

## **INVESTMENTS**

- We believe that mitigation of climate pollution should be the priority for allocating proceeds in the next decade.
- To support significant investments like those described here, it will be necessary to identify auction proceeds that are not constitutionally restricted to being spent in the road right-of-way.
- Spending cap-and-invest proceeds on affordable transit-oriented housing would both reduce GHG emissions and support impacted communities, a key priority of the proposed legislation.
- A cap-and-invest program could provide opportunities to reduce greenhouse gas emissions while improving the solid waste and recycling services provided to residents and businesses in the Portland metropolitan region and potentially offsetting some of the costs of providing those services.
- Increase funding for clean energy research and investment
- Incentivize the affordability of clean and renewable technologies.
- Page 12, Line 35 & 36 – Modify 4 (c) to read  
To the maximum extent feasible and practical give funding preferences to projects that will result in  
(A) the greatest greenhouse gas emission reductions; and  
(B) co-benefits including but not limited to reducing risks resulting from climate change and ocean acidification and improving the resilience of natural and working lands.  
Rationale: Better reflects the dual purpose of the legislation as stated.  
*Section 16:*

- Page 13, Line 29 – 33 – As stated in comments above, we support prioritizing investment of auction proceeds in impacted communities as defined in Section 9 (12). However, we would like a better understanding of the geographic extent of the impacted communities to help evaluate whether the proposed percentages make sense. Further, it might make more sense to state that spending funds in impacted communities is a priority of the program in the bill and establish percentages during rulemaking to avoid unintended consequences and allow for efficient adaptive management.  
Rationale: This change would facilitate adaptive management of the program to achieve the best outcomes for Oregon.
- Page 13, Line 29 – Modify (1) by adding the following statement to the end of second sentence “including, but may not be limited to, renewable energy, carbon sequestration in natural and working lands, weatherization, energy efficiency, climate resilience and water conservation.”  
Rationale: Ties the Oregon Climate Investment Fund to the purposes of the legislation and clarifies the kinds of projects that would achieve the purposes.
- Page 14, Line 20 – Insert a new:  
(3)(d)(l): “Natural resources and carbon sequestration.”  
Rationale: Adds an important area of expertise to the grant committee.  
Page 14, Line 39 – Insert a new (5)(h): “Enhance the resilience of natural and working lands”  
Rationale: Adds an important outcome/criterion to the grant evaluation program.  
Section 25:  
Page 20, Lines 28 & 30 – Correct from ~~(3) to (4)~~ to (5) and (6)

#### **WESTERN CLIMATE INITIATIVE/LINKAGE**

- Page 9, Line 16 Insert and immediately after the semicolon (“;”):  
Line 18 (ii) – Strike out the semicolon (“;”) and insert in its place the following: “any other greenhouse gas emissions reduction that otherwise would occur.” Lines 19 and 20 (iii) – Delete.  
Rationale: The proposed changes to the language on additionality is intended to better align SB 1070 with the language of California’s AB 32 and of the other jurisdictions in the Western Climate Initiative.
- *Section 11:*  
Page 10, Line 6: Insert after “annually” the following: “for allowances from the current and previous annual allowance budgets and four auctions for allowances from the future annual allowance budget”  
Rationale: This is intended to clarify that the maximum number of auctions annually indicated in line 6 should include four auctions each year for the current/previous vintage allowances and four auctions each year for the future vintage allowances, consistent with other Western Climate Initiative (WCI) jurisdictions currently implementing a linked carbon market.
- Page 10, Line 19 – The legislation currently requires establishment of an auction floor price, which we support. What are the implications of not including the ceiling and price containment points (i.e. “speed bumps”) that were included in AB 398? Will it impact our ability to link to California and the other jurisdictions in the WCI? How will it affect the performance of the program in Oregon?  
Rationale: Linking to other jurisdictions in the WCI is critical to an effective carbon pricing program for Oregon.

#### **COST CONTAINMENT**

- What are cost containment mechanisms? Please provide examples.

- What cost controls are being proposed for the price of allowances (both floor and ceiling) over the life of the program? How will these prices be set and influenced over time? For instance, statutorily or by regulation? Would these prices be influenced by the goals identified in the answers to the questions above?