

# Cap and Trade Questions + Answers

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## How does Cap & Trade work? Allowances & Auctions

1. How does the Cap and Trade Program regulate Greenhouse Gas Emissions?
  - a. The state would set a cap on total greenhouse emissions, and many industries using natural gas, electricity, and energy products would be required to buy pollution permits (allowances) to cover their emissions. It is pay to pollute.
2. How do they get these permits?
  - a. They will have to go to an auction sanctioned by the state to buy these allowances in a bid.
3. What if they get out bid and cannot buy any permits to pollute (allowances)?
  - a. Then they have three options
    - i. Buy these allowances from someone who out bid them at the auction for a higher price.
    - ii. Ask the government (Office of Greenhouse Gas Reduction) for more. At this point the bill specifies that they will be sold to the out-bid business at the "ceiling price." The ceiling price is also set by the board and bureaucrats. This is found in section 28 (9) (a) of SB 1530.
    - iii. Or they can leave the state. The bill's euphemism for businesses leaving the state because of the higher costs throughout the bill is called "leakage."
  - b. Every year, the cap on emissions will come down (because the office of greenhouse gas allows less and less allowances into the auction each year) and there will be fewer pollution permits available. That reduced supply each year drives up the floor cost of

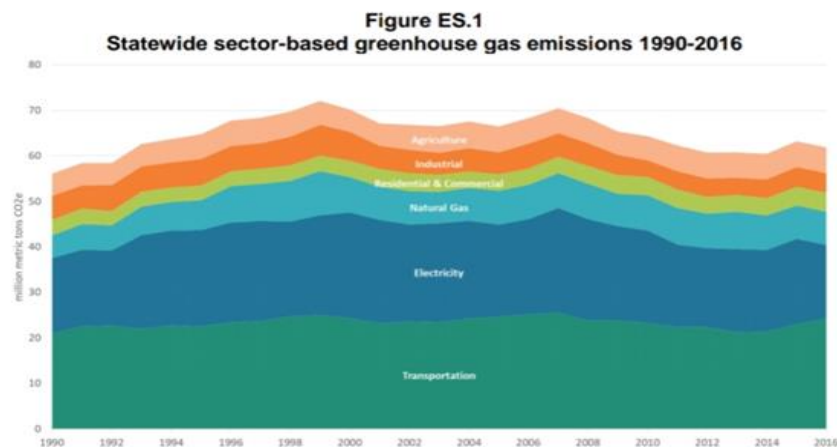
each allowance sold but the demand is still the same unless companies find new equipment to reduce their emissions.

4. How do they know how many allowances to put into the auction each year?
  - a. It is based on their reduction goals of the bill: 45% below 1990 levels by 2035 and 80% below 1990 levels by 2050. This can be found in section 5 of the bill.
5. So, what is the current floor price for allowances in California?
  - a. The bidding currently starts at \$22 per ton of CO<sub>2</sub>. To put that in perspective, that translates into an average fuel increase at the pump of around .20 to .22 cents per gallon increase.
  - b. Keep in mind, that is only the starting bidding price. The cost can be driven up by large bidders and can be ripe for abuse if the market is cornered and not properly managed.

## The Reduction Goals of C&T (LC 19 or SB 1530)

1. The goal set in the cap and trade bill, is to reduce GHG emissions to 45% below 1990 levels by 2035 and 80% below 1990 levels by 2050. Is this even realistic?
  - a. Well, what were 1990 levels in Oregon? Around 58 million metric tons. What is 80% below 1990 levels? Approximately 12 million metric tons.
  - b. No, it is unrealistic to reduce emissions to 12 million metric tons. To put that in perspective, Oregon Democrats could ban all cars on the road so no one could drive and simultaneously ban all-natural gas but still not meet those unrealistic reduction goals.<sup>1</sup>

Oregon's Greenhouse Gas Emissions Through 2016



- c.
2. It looks unrealistic, but why are Democrats so stuck on these reduction goals?
  - a. They are unwilling to negotiate the structure of this bill or come up with realistic goals because these goals are what is required to “link” and enter into contracts with California and Canada's Cap and Trade program.

<sup>1</sup> <https://www.oregon.gov/deq/aq/programs/Pages/GHG-Inventory.aspx>

- b. This is fundamental to understanding this bill. If these unrealistic goals are not in the structure of the bill there is no connecting to other states. It also accounts for why Democrats cannot negotiate on the bill or make any meaningful changes Republicans need for their districts. They are determined to force Oregon into agreements and an emission scheme with California and Canada to buy and sell “allowances” (pay to pollute) at an auction.
3. So What if we have these goals. Aren't they better than nothing?
- a. I realized that I have failed in communicating the cap decline and DEQ chart properly. See, it is not just a “goal” in the bill. It is actually the standard by which the supply of all allowances will be circulated into the auction each year. There is nothing more important than that fact of the bill to articulate and it is the heart and very foundational problem of the bill. It is easy to call it a “goal” because that is what is first said in section 1 of the bill. And this is also a misunderstanding in the news. The democrats changed that specific section from [policy] to **goal**.
- b. This is extremely misleading to the readers until they get to section 5 of the bill. In section 5 1 (b)(a) to section 5 1(C) those same reduction “goals” in section 1 have now become the statutory and mandated supply upon which sets the amount of allowances into the auction. For example, the main mechanism in this bill to increase energy costs is based on the supply of allowances allowed into the auction. Lower the supply and the cost increases because demand is still the same unless new technologies of production are used.
- c. Its not enough to say these goals are unrealistic – they are actually mandating bureaucrats in the office of greenhouse gas to dictate the supply of these allowances each year on that supposed “goal,” and in turn, deciding the annual cost of energy increases every single year. This is precisely why this bill is so bad. They are not merely goals, they are literally a statutory mandate of cost increases every year. All based on the economics of supply and demand just like any commodity. So, when the office of greenhouse gas is not meeting these supposed “goals” (precisely because they cant just looking at all the sectors in the chart) they will be statutorily obligated under this bill to release less allowances and drive up the cost of all energy sectors each year.
4. There is no way the Democrats do not understand the unrealistic aspects of these reduction goals/statutory increases... Isn't LC 19 or SB 1530 only applicable to certain industries and not everyone is included in your DEQ chart?
- a. Yes, Democrats do understand that their reduction goals are unrealistic. They will continue to add more businesses and industries in future sessions. Their leading legislator champions of Cap and Trade have articulated that very intent.<sup>2</sup>
- b. And yes, not all industries and groups from the DEQ chart above are included in the current bill. However, it doesn't change the fact that the ones that are included, must reduce their emissions based on the exact same cap reduction mandate each year outlined in the bill. Again, section 5 of the bill.
5. What is Oregon's GHG emissions in comparison to the world and the United States?

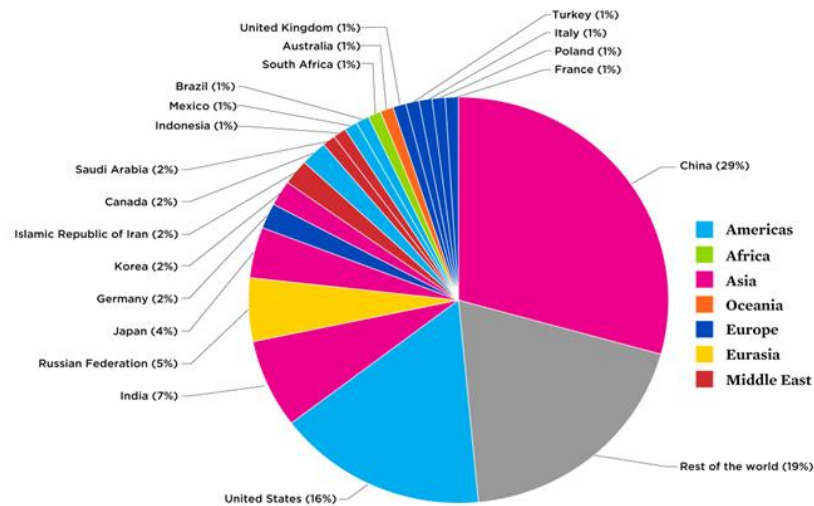
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<sup>2</sup> <https://www.portlandmercury.com/news/2020/01/16/27818235/a-tug-of-war-over-cap-and-trade>

- a. Of the 50 states, Oregon ranks 47<sup>th</sup> in least emissions per capita.<sup>3</sup>
- b. Oregon is not just one of the lowest emissions per capita, we are also one of the lowest emitters of carbon, according to the U.S. Energy Information Administration.<sup>4</sup>
- c. By countries around the world, the united states ranks 18<sup>th</sup> in emissions per capita.<sup>5</sup>
- d. OSU professor Phillip Mote, professor in the College of Earth, Ocean, and Atmospheric Sciences, said in committee testimony that If Oregon reduced its emissions, it would be “imperceptible” on the global scale. May, 22, 2018 Joint Carbon Committee time: 47:34 to 47:49<sup>6</sup>
- e. Even [cap and trade] proponents acknowledge it will have an imperceptible impact on global warming.” --Editorial “The Astorian”<sup>7</sup>

6. What country has the highest emissions in the world?

- a. China, according to the “Union of Concerned Scientists.”<sup>8</sup>



b. \_\_\_\_\_ © 2019 Union of Concerned Scientists

7. But doesn't China have a Cap and Trade Program?

- a. Yes, they do. But theirs does not have a similar plan to Oregon's. In fact, China is building more coal plants around the world.<sup>9</sup>

<sup>3</sup> <https://www.worldatlas.com/articles/us-states-by-carbon-dioxide-emissions-per-capita.html>

<sup>4</sup> <https://www.eia.gov/environment/emissions/state/analysis/>

<sup>5</sup> <https://www.getargon.io/posts/environment/climate/greenhouse-gas-emissions/co2-emissions-by-country/>

<sup>6</sup> [http://oregon.granicus.com/MediaPlayer.php?clip\\_id=24903](http://oregon.granicus.com/MediaPlayer.php?clip_id=24903)

<sup>7</sup> [https://www.dailyastorian.com/opinion/editorials/our-view-cap-and-trade-bill-would-be-disastrous/article\\_334955ec-895e-11e9-96de-432b819867d4.html](https://www.dailyastorian.com/opinion/editorials/our-view-cap-and-trade-bill-would-be-disastrous/article_334955ec-895e-11e9-96de-432b819867d4.html)

<sup>8</sup> <https://www.ucsusa.org/resources/each-countrys-share-co2-emissions>

<sup>9</sup> <https://www.npr.org/2019/04/29/716347646/why-is-china-placing-a-global-bet-on-coal>

c.

## Binding Contracts & Linkage

1. There was explicit language in HB 2020 that allowed the Carbon policy office and the governor to enter into binding contracts with other states but that was taken out of this bill. So why are Republicans still opposed?
  - a. The Democrats took out the explicit language to enter into binding contracts in their new bill. However, they have directed all rulemaking to “endeavor to develop the rules in a manner that does not preclude participation by the state of Oregon in regional greenhouse gas emissions reduction programs.” Section 5 (9)
  - b. When LC was asked how they will make contracts under the new bill with California, it was made clear to Senate caucus staff it would be done through rule.
2. Why should we care if the state enters into contracts with other states through rule?
  - a. When the state enters into contracts, it must keep its promise of the contract. This is a Constitutional mandate in Article 1 Section 21 of Oregon’s Constitution.
  - b. This is particularly important for this bill because it involves a 30 year obligation in its cap reduction goals. If we ever want to change the law because the energy costs imposed in the bill are so cumbersome to Oregonians way of life, it will be particularly hard to pull out of a binding contract with other states (California) and countries (Canada).
  - c. For the same reason we have a problem fixing PERS because of the inability to break contracts, the potential problem can also arise from the contracts that absolutely will be entered into under this bills rulemaking authority to bureaucrats and the governor.<sup>10</sup>
  - d. There is also an LC opinion addressing this concern.
3. The Trump Administration is currently suing California and its Cap and Trade program. Why?
  - a. The Trump administration is suing California and many other entities (including the WCI) that helped CA facilitate international contractual agreements (linkage) with Canada. According to the LA Times Trump is suing because, “California’s unlawful cap-and-trade agreement with Quebec undermines the President’s ability to negotiate competitive agreements with other nations, as the President sees fit.”<sup>11</sup>
  - b. In the actual lawsuit, Trump is suing based on Article VI clause 2 of the Federal Constitution that states: “[t]his Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; . . . any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.”<sup>12</sup>

<sup>10</sup> <https://www.oregonlive.com/politics/2015/04/oregon-supreme-court-overturms.html>

<sup>11</sup> <https://www.latimes.com/environment/story/2019-10-23/trump-administration-sues-california-cap-and-trade-canada>

<sup>12</sup> <https://www.justice.gov/opa/press-release/file/1212416/download>

## Tax and Revenue

1. Do the democrats consider this a tax? Why is that important for them to make sure this isn't considered a tax?
  - c. It doesn't need to start in the house like a tax bill is required to do in the Constitution.
  - d. It does not need a 3/5<sup>th</sup> majority requirement. It will only need 16 votes in the Senate because Democrats do not consider this a tax.
  - e. They can add an emergency clause when it is not considered a tax.
2. How much money is Cap and Trade projected to bring into the state through its tax scheme?
  - a. The Legislative Revenue projected it would bring in 1.3 billion in the 2021 -2023 biennium.<sup>13</sup>
3. How much would this cost average Oregonians?
  - a. Based on last years Cap and Trade, which should be very similar to this one, around \$650 dollars a year for a family of four.
4. How did you come up with that \$650 number?
  - a. Legislative Revenue Office issued the amount of revenue the Cap and Trade program would cost in HB 2020 in the [document here](#) based on total allowance revenue at the lowest revenue estimate for allowance sales. That revenue estimate was for the 21-23 biennium. We divided that by 2 for an annual number, then divided by the total population of Oregon [found here](#) from the census bureau. That number is then multiplied by 4, for a family of four.
5. But that was for the old bill. This is a new bill. Isn't that cost estimate misleading to the new bill?
  - a. That is a rough estimate and someone may say this is a different bill. But at its core, the exact same emission reductions are required as in HB 2020. And all allowances sold at auction are based on the hard base line of emission reductions each year. So, the number of allowances sold that is the revenue to the state should be similar to HB 2020. Furthermore, this is just what the state sold, not what the suppliers then pass onto average Oregonian consumers. So, that \$650 per year is probably conservative.

## Gas at the Pump

1. How much is this going to cost us at the pump?
  - a. A forecast by the Legislative Revenue Office predicts that the cost of emission allowances will range between \$19 and \$72 per metric ton when the policy takes effect in 2021, then increase steadily from there.
  - b. In year one, that roughly translates to gas price increases ranging from 19 cents to 72 cents a gallon. By 2030, it's forecast between 36 cents and \$1.45 per gallon. And by 2050, when the policy reaches full effect, per gallon prices could rise between \$1.51 and \$5.64.<sup>14</sup>
2. But those price increases are based on last years bill, correct? Democrats said they carved out rural Oregon from gas price increases in their new bill. So isn't that better?

<sup>13</sup> <https://olis.oregonlegislature.gov/liz/2019R1/Downloads/MeasureAnalysisDocument/51596>

<sup>14</sup> <https://www.oregonlive.com/politics/2019/06/cap-and-trade-what-could-oregons-carbon-policy-cost-you.html>

- a. Well, in section 13 of the new bill it attempts to distinguish urban and rural gas. The issue is still the allowance requirement upon importers of fuel and distinguishing such gas to be dispersed after it has already been taxed at importation. If they cannot figure out how to ensure rural Oregon gas prices are distinguished from the metropolitan districts, and rural Oregon does pay higher prices, all the revenue generated from this cap and trade scheme goes to the urban cities for projects. That is essentially having rural Oregon pay higher gas prices for the benefit of the metropolitan areas.
  - b. Even if DEQ can figure out how to administratively reduce rural gas prices it will not matter by 2025. Why? Because “the total aggregated gallons of motor vehicle fuel annually delivered at delivery points with zip codes inside city limits equal 10,000 gallons or more,” they will be included into the program and see significantly higher gas prices. (found on page 20 line 17 to 19 of LC 19) How many Oregon cities would this cover and have over 10,000 million gallons delivered within their city limits annually? According to DEQ’s presentation, 87% of all Oregon fuel delivered within the state. So, by 2025, much of rural Oregon will be forced into higher gas prices anyway. That presentation from DEQ can be [found here](#).
3. What other gas taxes do we have that Cap and Trade will also add onto?
- a. The new cap and trade scheme by Democrats would increase the cost of fuel without regard to significant increases in the cost of fuel already in the pipeline. Those include:
    - i. Oregon’s Low Carbon Fuel Standard (now five cents a gallon and on its way to 25 cents over the next few years);
    - ii. the 10-cent-per-gallon gas tax authorized by HB 2017;
    - iii. the international ban on bunker fuel for sea transport, estimated to increase the cost of diesel by 20 to 30 percent effective January 2020; and
    - iv. The recently enacted Corporate Activities Tax which exempts fuel sales, but does not exempt other costs of fuel such as freight. The new cap and Trade program callously stacks its 22 cents or more per gallon on top of these increases.

## Transportation

1. How will this bill effect the highway trust fund?
  - a. According to an analysis prepared by legislative revenue office, is that tax revenues under this program will decline precipitously. It could potentially reduce the revenue stream to the Highway Trust fund by as much as 18.5 billion by 2050.<sup>1516</sup>

<sup>15</sup> <https://www.wweek.com/news/2019/05/24/legislative-economist-says-cap-and-trade-bill-will-gut-the-gas-tax-that-pays-for-transportation-projects/>

<sup>16</sup> <https://s3.amazonaws.com/arc-wordpress-client-uploads/wweek/wp-content/uploads/2019/05/24103838/Cap-Trade-Related-to-Transportation.pdf>

## Natural Gas

1. How much will the price of natural gas increase to heat our homes, cook food, among other everyday uses with Cap and Trade?

- a. According to NW natural, from last years Cap and Trade bill:

According to NW Natural:<sup>17</sup>

<u>Residential</u>			<u>Small Commercial</u>		<u>Large Industrial</u>
<u>Year</u>	<u>Increase</u>	<u>\$</u>	<u>Increase</u>	<u>\$</u>	<u>%</u>
<u>2021</u>	<u>11%</u>	<u>\$74</u>	<u>13%</u>	<u>\$338</u>	<u>28%</u>
<u>2025</u>	<u>15%</u>	<u>\$109</u>	<u>17%</u>	<u>\$511</u>	<u>37%</u>
<u>2030</u>	<u>23%</u>	<u>\$200</u>	<u>27%</u>	<u>\$968</u>	<u>54%</u>
<u>2035</u>	<u>38%</u>	<u>\$361</u>	<u>44%</u>	<u>\$1,814</u>	<u>89%</u>
<u>2040</u>	<u>53%</u>	<u>\$567</u>	<u>60%</u>	<u>\$2,956</u>	<u>117%</u>

- b.

## Electricity

1. What would increased electricity costs be?

- a. According to PGE from last years cap and trade program:<sup>18</sup>

- According to PGE applying California to Oregon:

### **Residential Rate Increases**

**2021:** 4.7% - 6.6%

**2025:** 6.5% - 13%

**2030:** 8.7% - 27%

### **Commercial Rate Increases**

**2021:** 5.5% - 7.7%

**2025:** 7.6% - 15.1%

**2030:** 10.1% - 31.5%

### **Industrial Rate Increases**

**2021:** 7.3% - 10.3%

**2025:** 10.1% - 20.2%

**2030:** 13.5% - 42.0%

- b.

## Expedited Supreme Court Review

1. If someone sues over the use of funds in this bill, then what happens?

- a. The Democrats know that any tax from fuel or natural gas is Constitutionally dedicated in Article VIII and Article VIII of Oregon's Constitution. Again, this is one of the reasons that separates us from California's plan. The democrats wanted this bill to skip any district and appellate court and go straight to the Oregon Supreme Court.
- b. The expedited review to the supreme court on the constitutionality of Cap and Trade can be found in Section 87 to 92 of the bill.

<sup>17</sup> <https://olis.leg.state.or.us/liz/2019R1/Downloads/CommitteeMeetingDocument/157910>

<sup>18</sup> <https://olis.leg.state.or.us/liz/2019R1/Downloads/CommitteeMeetingDocument/157938>



## Best Available Technology

1. *The old and new cap and trade bill talks about the use of best available technologies. Can you tell me more about how that works?*
  - a. The office of Greenhouse Gas Reduction will do an inventory of every business and industry under this program and set benchmarks for these industries to buy new equipment for their business that produces less emissions.
  - b. The Office of Greenhouse Gas Reduction in the bill will decide if businesses are using the best available technology and if they met their benchmark. If the businesses under Cap and Trade Plan do not meet the benchmark, they will be fined.
  - c. This is very problematic because it assumes technology that doesn't even exist yet.

## California

1. *What makes California's Cap and Trade program different form Oregon?*
  - a. California doesn't have the Constitutional constraints Oregon does. This is significant in a few ways:
    - i. Oregon's Constitution requires gas tax to fixing roads. California's does not.
    - ii. Oregon's' Constitution requires natural gas tax to go to the common school fund. California does not.
  - b. This is important because California can spend significant amount of its revenue generated from these taxes on objectives that transition its infrastructure and the electrification of electrical vehicles.
  - c. California dwarfs Oregon in size and its economy and has more latitude in absorbing cost increases.
2. *Has California spent their C&T tax money wisely?*
  - a. Actually, there was a recent editorial and headline in the LA times that called out California politicians for using the tax money from their cap and trade program as a "slush fund."<sup>19</sup>
3. *Has California's Cap and Trade program worked to stop forest fires?*
  - a. California has had a Cap and Trade program for almost 8 years, and despite all of their promises when passed, it certainly hasn't stopped their very serious forest fires. Despite California's Cap and trade program brining in billions and billions of dollars in new energy taxes to its citizens, it has only spent 170 million on forest fire prevention.<sup>20</sup>
4. *Has California reduced its emissions with their Cap and Trade Program?*
  - a. To a certain degree, they have been able to reduce emissions but no where even close to their goals. Just a few months ago, according to the Wall Street Journal, in order to reduce businesses from leaving the state, they extended free allowances to major emitters under their program until 2030.<sup>21</sup> This extension of allowances undermines their reduction goals.

<sup>19</sup> <https://www.latimes.com/opinion/editorials/la-ed-cap-and-trade-safe-drinking-water-budget-20190614-story.html>

<sup>20</sup> <https://www.sfchronicle.com/california-wildfires/article/California-doles-out-170-million-in-13139050.php>

<sup>21</sup> <https://www.wsj.com/articles/the-fatal-flaw-in-californias-cap-and-trade-program-1508538322>

## “Impacted communities” of Climate Change

1. *In the new cap and trade bill, it talks quite a bit about redistributing tax money to impacted communities of climate change. Who is considered an impacted community of climate change?*
  - a. Well, in section 103 of the new cap and trade bill, it requires a study between Portland State University and the Oregon Health Authority to conduct research and find out who that might be. The bill directs their study with to say impacted communities by climate change will include
    - i. Rural areas
    - ii. Coastal areas
    - iii. Low income households
    - iv. Disadvantaged households
    - v. High unemployment individuals and households
    - vi. Linguistically isolated communities
    - vii. Low levels of home ownership
    - viii. High rent burden communities
    - ix. Sensitive populations and
    - x. Residents with low levels of educational attainment.
1. *Has California’s Cap and Trade program helped “impacted communities”?*
  - b. There was a recent study done by the University of California that found California’s Cap and Trade scheme wasn’t helping impacted communities. The study found: “The neighborhoods near the top-emitting facilities that increased emissions were poorer and had a higher share of people of color than neighborhoods near top-emitting facilities that decreased their emissions.”<sup>22</sup>

## Bureaucracy

1. *In the last cap and trade bill, HB 2020, the Democrats created a new agency called the Carbon Policy office and Republicans did not like the expansion of government bureaucracy it created. In the new bill, the Democrats addressed Republicans concerns and didn’t create any new agency. Aren’t Republicans happy that, SB 1530, will create a massive bureaucracy?*
  - a. No, this bill expanded existing bureaucracy in a massive way. They took the carbon policy office in the last bill and made a division of it all under DEQ.
  - b. The Administrator of the “new” Office of Green House Gas Reduction under DEQ has significant authority to increase costs on consumers based on their reduction goals. The administrator for the Office of Greenhouse gas Reduction can be found in section 105 of the bill.
  - c. In fact, the bill attempts to address what happens when the DEQ and the new office of Greenhouse Gas Reduction clash. This can be found in section

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<sup>22</sup> <https://dornsife.usc.edu/PERE/enviro-equity-CA-cap-trade>

- d. The cost just to set up the new Office of Greenhouse Gas Reduction (GGR) appropriates 50 million to the PUC and has a blank line in what it will cost to establish the office of GGR. This can be found in section 108 of the bill.
- e. The GGR board and the members appointed can be found in Section 97 of the bill.

## Transparency and Accountability

1. Ok, so if this creates and sets up one of the biggest bureaucratic and government expansions, Doesn't the bill have transparency and accountability measures?
  - a. Unfortunately, not much. In fact, much of the bill is exempt from public records disclosure.
  - b. The Bend Bulletin editorial board recently called out Democrats Cap and Trade bill on this very issue. They rightfully asked the question: "Would it make you edgy if Oregon government was going to launch a big, new program worth millions and keep secret how well it works?"
  - c. Almost half the bill is exempt from public records disclosure. Its public records exemption can be found in Section 34 of the bill.
2. Ok, so what exactly is it exempting from public records in those sections that would concern me as a journalist?
  - a. The auctions and sale of allowances to out of state speculators.
  - b. The offset credits that can be used anywhere in the United states.
  - c. The contract and agreements or how they were entered into with other states are also within these sections that are exempt.

## Oregon's Current Emission Reduction Laws

1. What Has Oregon Already Passed to Encourage a Healthy Environment?
  - a. The Low Carbon Fuel Standard (LCFS),
  - b. The Renewable Portfolio Standard,
  - c. Coal to Clean,
  - d. The Energy Trust of Oregon,
  - e. Clean Fuel Law,
  - f. Tax benefits for solar,
  - g. Tax credits for wind,
  - h. BETC,
  - i. Electric car subsidies.
  - j. Moratorium on off shore drilling
2. Just because we are doing all of this already, doesn't mean we can't do more, right?
  - a. Well, Oregon is doing quite a bit already actually. One of the main problems is that we do not know how much all of these energy increases are already costing Oregonians. For example, to this day, we do not know exactly how much the LCFS is increasing fuel costs.

When it was passed in 2015, LRO issued a “indeterminate” revenue impact statement.<sup>23</sup> Depending on who one asks, it is now costing anywhere from .5 cents a gallon to .30 cents a gallon.

- b. It is also important not to rush such an all-encompassing bill during the short session that has exempted many public records. The Business Energy Tax Credit was a complete disaster for the state. People went to prison over the corruption in the BETC program.<sup>24</sup> To this day, the Department of Energy hid behind a claim of attorney client privilege when Senators asked them in committee why they issued these credits beyond their statutory mandate.<sup>25</sup> And there are many special interests ready to make money off this program. Not too long ago we had a governor resign over influence pedaling on environmental issues.<sup>26</sup> Given the history of these kinds of programs, the last thing Cap and Trade should do is exempt itself from many public records requests. Given this Oregon history it is prudent to move forward with accountability and transparency when crafting such legislation and Democrats have not done that for Cap and Trade.
- c. Oregon Republicans support a climate metric bill that would account for all the costs associated with what the legislature has already passed to deal with this issue.

## Republicans Plan

### 1. BUT WE MUST DO SOMETHING! What are Republicans solutions?

- a. Republicans encourage innovation over intimidation. We prefer a carrot over the brute force of a stick. The entire mechanism in Cap and Trade is to raise energy costs so high, it discourages their use.
- b. In last years bill, Republicans put forward over 100 amendments to the bill. Many solutions can be found in searching through those amendments.<sup>27</sup>
- c. We should focus on planting more trees and utilizing Oregon’s carbon sink. The Democrats Cap and Trade scheme does not properly take into account how much Oregon’s forest and ocean sequester (take carbon out of the air). That is like having two sources of income (emission reduction and sequestration), but only accounting for one (emission reduction) when paying bills. Republicans support planting more trees to sequester carbon<sup>28</sup> and encourage what is already being done to reduce emissions.
- d. We can further incentivize industry with tax credits and other means to transition to cleaner production.
- e. We can incentivize individuals with rebates for electric vehicles.
- f. We need to expand our electricity grid to handle EV’s.
- g. Climate metric bill: This is what you are already paying to reduce emissions. This is paramount to even having a discussion because we need to know what we are already

<sup>23</sup> <https://olis.oregonlegislature.gov/liz/2015R1/Downloads/MeasureAnalysisDocument/25213>

<sup>24</sup> [https://www.oregonlive.com/politics/2017/06/ex-energy\\_department\\_official.html](https://www.oregonlive.com/politics/2017/06/ex-energy_department_official.html)

<sup>25</sup> [https://www.oregonlive.com/opinion/2016/02/state\\_agencies\\_avoid\\_public\\_sc.html](https://www.oregonlive.com/opinion/2016/02/state_agencies_avoid_public_sc.html)

<sup>26</sup> [https://www.oregonlive.com/politics/2015/02/gov\\_john\\_kitzhaber\\_resigns\\_ami.html](https://www.oregonlive.com/politics/2015/02/gov_john_kitzhaber_resigns_ami.html)

<sup>27</sup> <https://olis.oregonlegislature.gov/liz/2019R1/Measures/ProposedAmendments/HB2020>

<sup>28</sup> <https://www.washingtonexaminer.com/policy/energy/to-combat-climate-change-house-gop-aims-for-1-trillion-trees>

paying as Oregonians for our emission reduction through the MANY bills already passed tackling this issue.