

Common Objections and Responses to Oregon Healthy Climate Act 2016

PolicyInteractive Research 1.29.16 (contact: info@policyinteractive.org)

1. **Objection:** *Oregon is too small to make a difference; we're just a small state producing one quarter of a percent of the world's emissions.*

Answer: True, Oregon is too small to make much difference, if we go-it-alone. The Act is designed to join other jurisdictions, producing a larger, consolidated impact and exemplifying pathways for the nation. If enacted, we could join with three jurisdictions that together represent the sixth largest economy in the world: Quebec, Ontario and California. A number of other states, including Washington State and New York, express interest in joining this policy group. The Act legislative intent states:

Whereas by joining together with other leadership jurisdictions similarly resolved to address climate change and ocean acidification, Oregon will help encourage more states, the federal government and the international community to act.

2. **Objection:** *The rural areas are going to get screwed, as usual.*

Answer: The rural areas are most likely to benefit. The act addresses distressed economies, which includes rural districts, providing geographic diversification and special focus toward economically distressed rural areas. The legislative intent in the act precedes the specifics contained in the act:

[G]lobal climate change has a disproportionate effect on disadvantaged communities, which typically have fewer resources to adapt to climate change and are therefore the most vulnerable to displacement, adverse health effects, job loss, property damage and other effects of climate change; and climate change policies can be designed to protect disadvantaged communities, rural communities and workers from economic costs and can provide co-benefits to and within these communities that include, but are not limited to, opportunities for job creation and training, investments in infrastructure, affordable housing investment, economic development, air quality improvements, energy savings and conservation and increased utilization of clean energy technologies.

3. **Objection:** *Low income people, those least adaptable to costs and policy directives will be hurt disproportionately.*

Answer: The same answer as #2 (above) applies here. Additionally, the Act provides advisory roles for these designated stakeholders in the administrative rule making. It is worth noting that existing stakeholder organizations for low income or other dispossessed sectors endorsed the HCA session because they see the need to address climate change and approved of the protections built into the Act.

4. **Objection:** *The policy will increase the price of energy, making Oregon less competitive than other markets.*

Answer: It is true that the Act anticipates a fee on greenhouse gas emissions, but this doesn't necessarily translate to increased energy prices or overall costs. Currently, fuel prices are almost 50% below peak price due to decreased demand and increased supply. This Act requires

reduction of fossil fuel through policy driven performance measures that rapidly advance alternative energy and provide the prospect for both lowering emissions and stable energy costs. After three years of implementation, California's AB32 policy indirectly increases the price of a gallon of fuel at the pump by 13 cents (or less than 5% of the total cost). More importantly, reinvestments will grow Oregon's economy as well as improvements in efficiency and alternative fuel developments promise to more than offset that increase due to a reduction in fuel price volatility over the long term. Efficiency increases force prices downward by lowering demand.

In the big picture, without concerted near term action, the economic damages from global warming, drought, ocean acidification and flooding are predicted to be extreme. Regarding Oregon's competitiveness to other markets, our largest neighbor – California – already prices carbon emissions. Without additional action in Oregon, we are simply free-riding on their efforts and losing the opportunity to prosper in an innovative marketplace. Our goal is to join this emission pricing marketplace and thereby induce other states to join so that damaging market inequities are negated and prosperous market dynamics are optimized.

5. Objection: The DEQ and EQC are not trustworthy to administer a program of this type.

Answer: The HCA was preceded in the 2015 session by HB3470, which provided considerably more discretionary rule making to the DEQ and EQC. This 2016 HCA undertakes a considerable of the specification of how the act will function. Yet, any policy implementation requires a administrative branch of government. Observation and experience strongly suggests that while legislatures desire to be involved in 'the details', they are ill-suited to micro-management because Oregon's legislative branch meets intermittently and generally lacks sufficient staff, full-time status, and often relevant expertise. The Department of Environmental Quality has a specialized administrative commission which meets perpetually and has a staff that is already familiar with greenhouse gas emissions accounting and other practices.

6. Objection: *The current political climate has become very politicized, due in some measure to the recent adoption of low carbon fuel standards in this state. Action in this short session and in 2016 is unlikely.*

Answer: A comparatively small sector of society has politicized this issue, holding the greater good and popular will of Oregonians hostage. Leaders concerned about addressing climate change through GHG emission reduction policies represent a clear majority of Oregonians. They are seeking bipartisan policy support to improve lives of Oregonians, present and future. Evidence consistently shows 60-75% of randomly surveyed registered Oregon voters consistently support broad policy address climate change. (Survey evidence available on request at info@policyinteractive.org.)

7. Objection: *The legislative proposal in question is modeled after the California statute, which entails a massive and highly skilled bureaucratic infrastructure to monitor and enforce its standards. Is Oregon able to make a commensurate commitment of resources and manpower? More study is needed.*

Answer: This objection is a red herring. Very basically, the Act mandates Oregon to enforce a goal Oregon's Legislature adopted in 2007. The Act then authorizes new tools for agency administration. Agency administration reports they are prepared to move ahead with this proposal. Staffing will be less than five FTE (California with a population and economy 10 times that of Oregon, which sets a lot of the initial standards for this policy, uses a staff of 30, of which 15 are specific to the Cap and Trade policy). Ontario, which is five times the size of Oregon, is now in the

middle of implementation and uses a staff of 10, some of which are dedicated to work we do not envision in our Act.

Moreover, the Act language recognizes that climate policy will never be a static process nor is the Act the end-all be-all. In essence the Act specifies destination points, stipulates biannual legislative oversight and five-year interim course corrections based on performance and evolving information. Scientific bodies that study climate change argue that we are well past due to adopt effective policies like this act. Deferral of action because of perceived "more study needed" is a perpetual excuse by special interests who may never be ready for action to limit emissions.

8. Objection: *Oregon already has a forward-looking regime for mitigating climate change and carbon emissions. For the time being, this should be adequate.*

Answer: This objection is false. It would be a valid argument if Oregon were on-track to meet its own 2007 legislatively adopted goals -- but we are not. Current Oregon policy aims to be 10% below our 1990 emissions by 2020; current federal EPA tracking of emissions by each state shows Oregon to be 29% above 1990 levels while we should be about 5% below 1990 levels, thus we are over 30% off track. Currently it appears we are increasing our emissions by 3% per year whereas we should be decreasing by about 3% per year. This means the objection of 'we should be OK for the time being' is way off base and getting worse with each passing year.

9. Objection: *2017 will likely provide the next best opportunity to move the ball forward on innovative and progressive new legislation, possibly "Cap and Trade" as in California. In the meantime, we need to study the California record and better identify Oregon's needs and capabilities.*

Answer: Things are not going to get easier if we wait. Each year that we delay reducing emissions we eat further into our limited "carbon budget" to remain below 2° C temperature increase, which means we would need even steeper reductions in later years of the program to remain below these numbers. Additionally, legislators that are with us now may not be there in 2016 due to retirement or losing their seat. Lastly, the 2017 session will be prior to a midterm, non-presidential, election year which may make some politicians less likely to want to pass strong climate legislation. A different rationale is noted by a key senate proponent; the 2015 legislative "long" session was marred by a major stalemate between two marginally related policy objectives: a transportation funding package and a low carbon emission fuels policy. Current intelligence suggests that the Transportation funding package will not be tackled in the '16 short session. For those interested in both transportation funding AND a comprehensive greenhouse gas emission policy, the preferred pathway is to move the Act though in the '16 session, clearing the way for a discussion of a transportation funding package in the longer '17 session. The need to study policy in California, Quebec, and Ontario is built into the Act through administrative implementation processes at the Agency level. The Act stipulates targets and methodology; the Agency must undertake the implementation consistent with a deliberative, informed and publicly involved rulemaking process.

There will always be a reason to delay action, even if that reason becomes "it's too late". It is time to get started.