

OACD POLICY BRIEF: OREGON CLEAN ENERGY JOBS BILL



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BACKGROUND

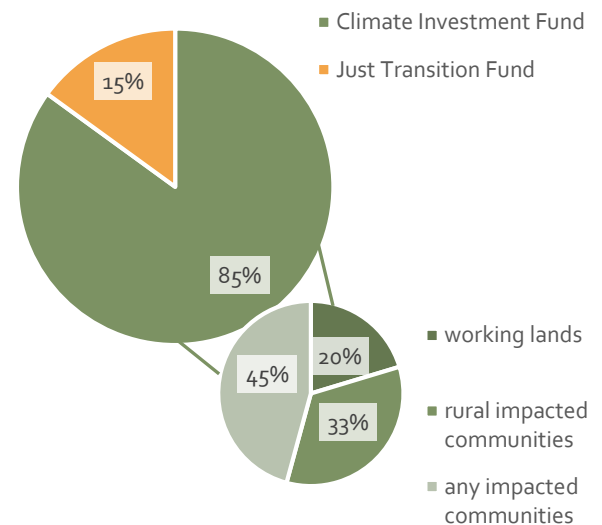
The “**Clean Energy Jobs Bill**” (2018 SB 1070, “CEJB”), proposing a greenhouse gas “cap-and-invest” program in Oregon, is under revision after not passing in the 2017 or 2018 legislative sessions. The revised bill is expected to pass in 2019. The revision occurs in part through an Interim Committee on Carbon Reduction co-chaired by Speaker of the House Tina Kotek and Senate President Peter Courtney. Preliminary work on administrative rules is underway through the Governor’s Office, with former director of Climate Solutions, Kristen Sheeran, as the Carbon Policy Director. Funding and coordination through the office supports rulemaking by agencies indicated in the bill, including the Oregon departments of Environmental Quality and Energy. Two advisory groups are also being created that are particularly relevant to OACD: the Forest Carbon Advisory Group (FCAG), and the Interagency Workgroup on Working Lands (IWWL), which analyze and discuss offsets and direct payments as they relate to woodlands and working lands.

CEJB is relevant to OACD and Districts in three different capacities: eligibility for funding from the revenues of the CEJB carbon market, advisory roles to relevant commissions and agencies, and direct representation on committees or workgroups. First, although most revenue is expected to come from transportation and be reserved for the Transportation Decarbonization Investment Fund, a substantial portion of remaining revenues are reserved for working lands and rural communities. 85% of non-transportation related revenues will be deposited in the Climate Investment Fund (CIF), 20% of which is reserved for projects benefiting working lands. Another 20%, *at least*, of CIF benefits rural impacted communities. The remaining 15% of non-transportation revenues will form the Just Transition Fund, for “financial support for workers dislocated or adversely affected by climate change or climate change policies” (Fig. 1).¹ This could include agricultural and forestry workers. Revenues from electric company or natural gas utility participation in the market must go toward greenhouse gas reduction or mitigation of increased energy bills.²

In the second capacity, OACD and Districts could be included among local government entities, which the Transportation Commission is required to consult with when deciding on use of the TDIF. The Transportation Commission must also enter into partnerships with local service districts in order to “encourage cooperation... to maximize the efficiency of transportation systems.”³ Finally, OACD and/or Districts could seek direct representation on the cap-and-invest advisory committee, offsets protocol committee, and/or IWWL. The cap-and-invest advisory committee requires one representative each of agricultural and forestry interests, and two representatives from environmental organizations. The Interagency workgroup on Working Lands is an opportunity in the near future, and may convene before the next legislative session. Even if OACD and Districts are not directly represented in these groups, Districts could be involved in, for example, offset verification and communications with landowners during program implementation.

District constituents could be affected both positively and negatively. While the program would target fossil fuel suppliers and some large, high-emissions operations, some other natural resource industry organizations and stakeholders

Figure 1. Allocation of Non-Transportation Funds



are concerned by expected increased fuel costs. On the positive side, there is financial assistance for conservation and efficiency from the Climate Investment Fund, and the ability to use or sell offsets. Offsets must be validated as “real, permanent, and additional” to status quo practices, and could be sold to entities covered in Oregon, California, Ontario, or Quebec carbon markets. Under the Senate version of the bill 8% of a covered entity’s emissions can be offset, compared with 4% under the House version. Districts could become involved in the carbon offsets directly with landowners seeking to maximize or verify their offsets, and with policy and rulemaking regarding offsets through the Offsets Protocol Committee.

OPPORTUNITIES AND CHALLENGES

- Allies include: Sustainable Northwest—SNW Policy Director (Dylan Kruse) has argued for OACD/SWCD representation on the Working Lands Workgroup to bring the practitioner perspective to the table.
- Challenges: Many agricultural trade and industry organizations (e.g. Farm Bureau, Oregon Cattlemen’s Association) oppose the bill. OACD involvement will need to be tactful so as not to alienate these organizations.

OPTIONS

Options are listed from most passive to most active.

1. Status quo: stay uninvolved and address opportunities to advise on the bill, if it passes, as they arise.
 - Pros: Conserve OACD’s limited resources.
 - Cons: Future input may be less compelling, and Districts’/OACD role may be diminished. Administrative rules could be less advantageous to Districts than if OACD becomes involved early. Language in the bill isn’t specific enough to assume agencies will see Districts as important or required advisors.
2. Neutral on CEJB itself, but opine on details through IWWL and later advisory roles.
 - Pros: Avoid conflict with trade groups and perhaps environmental groups. Could increase reputation and role as an important decision maker in CEJB rules and implementation.
 - Cons: Weaker alliance with proponents of the Bill, who seek our input.
3. Support CEJB and weigh in through advisory roles and/or representation on IWWL.
 - Pros: Aligned with mission of promoting conservation across the state. Stronger alliance with proponents of the bill, could bolster persuasiveness of input.
 - Cons: Likely conflict with trade/industry groups, and with some District constituents.
4. Oppose CEJB and weigh in through advisory roles and/or representation on IWWL.
 - Pros: Strengthens relationship with trade groups and some District constituents.
 - Cons: Likely conflict with environmental groups, some of our partners and some District constituents. Risk of losing funding from CEJB programs. Weakens reputation as a neutral, important voice to have at the table.

RECOMMENDATIONS

Based on the political context and OACD’s role as a nexus of environmental and agricultural interests, I would recommend Option 2. If remaining neutral on the Clean Energy Jobs Bill itself presents obstacles to our goals in influencing the policy, the position can be reevaluated. Involvement in the Interagency Working Lands Workgroup and other advisory roles relating to the bill is consistent with OACD’s goals of increasing funding and a voice in government for SWCDs. Remaining neutral on the bill while informing the associated administrative rules and similar implementation details is also consistent with NACD positions on climate change policies: NACD encourages policymakers to incorporate local SWCDs’ expertise and resources, and opposes policies that will increase costs for agriculture and forestry operations.

¹ SB 1070 LC 44 2018 Section 33

² SB 1070 LC 44 2018 Section 25

³ SB 1070 LC 44 2018 Senate Draft, ORS 174.116