

2017 SB 1070: THE CLEAN ENERGY JOBS (CEJ) BILL

SUMMARY

Purpose:

The CEJ bill will impose a cap on greenhouse gas (GHG) emissions including but not limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons) resulting from in-state activities and electricity generated elsewhere but used in-state via a quota of emissions allowances (cap). Proceeds from the auction of allowances are invested in reducing emissions and promoting renewable energy.

Emissions Targets:

The bill initiates a cap on GHG emissions for 2021 and schedules reduction through 2050 with these targets compared to 1990 emissions levels:

1. Goal of at least 20% reduction by 2025;
2. Limit of at least 45% reduction by 2035;
3. Limit of at least 80% reduction by 2050.

Reason:

In supporting this proposal, the legislature acknowledges, among other things that US National action is occurring too slowly so states have a responsibility to act, and that by doing so Oregon can both position itself as a leader in the field and benefit economically.

It is also recognized:

1. that climate change itself and programs designed to address it can have a disproportionate effect on impacted communities, and
2. that effective climate change policies can redress these imbalances by levelling the playing field.

Bill Details:

1. DEQ establishes emissions cap that declines annually.
2. Establishes a climate pollution auction of allowances for Greenhouse Gas (GHG) emissions per metric ton (i.e. any gas causing global warming).
3. Addresses GHG emissions from emitters of 25,000 tons CO₂e annually averaged over 3 years (this represents fewer than 100 entities emitting over 80% of the state's climate pollution).
4. Schedules maximum of 4 auctions annually during which bidder collusion is barred.
5. Requires that allowances are purchased at auction during which a floor price will be set; though this will rise over time.
6. Imposes a penalty for non-surrender of allowances at rate of four allowances for every one not surrendered (every unit of excess pollution).
7. Permits unused allowances to be carried over to following cycles or traded.

8. Requires that GHG emissions reductions achieved are real, permanent, quantifiable, verifiable and enforceable.
9. Allows linkage with other cap and trade programs.
10. Assigns the primary task of making rules not included within the bill to EQC, (the Oregon Environmental Quality Commission = Oregon Department of Environmental Quality) with advice from the Environmental Justice Task Force, Indian Tribes, Public Utilities Commission (PUC), Oregon Departments of Energy and Transportation, with input from an Advisory Committee¹.
11. Establishes a Greenhouse Gas Cap and Investment Program Oversight Committee² to provide oversight and evaluate program effectiveness and recommend to EQC, the Governor, and Legislature additional legislation regarding the climate pollution market.
12. Offsets that generate GHG emissions reductions or atmospheric removals are permitted providing they otherwise would not occur. However, offsets may not apply if they are otherwise required by law, and may not exceed 8% of compliance instruments submitted during any compliance period though greater restrictions may be imposed to protect impacted communities are possible.
13. Instructs DEQ to study feasibility of life cycle and fugitive emissions assessment.
14. Leakage prone industries that are likely to shift emissions out of state may receive free allowances.
15. Utilities receive some free allowances which they return to the auction pool to generate funds that they must use **for low income residential bill assistance, bill assistance for energy intensive industries** not receiving free allowances, **residential and small business climate credits, and weatherization/ energy efficiency programs**. Utilities also purchase Allowances to cover their emissions. The Public Utilities Commissions will adopt rules to govern this section.
16. Entities identified in (14) and (15) will be evaluated every five years.
17. Participating entities pay registration fee to cover program administration.

Fund Disbursement:

Because of state requirements, auction funds raised from the transportation sector are assigned to a Climate Investment Account in the State Highway

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Fund to be used by the Transportation Department as follows:

1. 20% to projects in impacted communities,
2. 20% to projects benefitting impacted communities,
3. Remainder serving greenhouse gas emissions goals administered through advisory committee. Advice will come from the Climate Investments in Disadvantaged Communities Advisory Committee³.

Funded projects should reduce greenhouse gas emissions.

The non-transportation auction funds are assigned:

(a) 85% to the Oregon Climate Investment Fund to be expended on projects consistent with the goals of the bill as follows:

1. 50% to projects geographically located in impacted communities,
2. 40% to economically distressed areas (defined by Oregon Business Development Department) promoting job creation / education or retraining.

(b) 15% to the Just Transition Fund to support communities adversely affected by climate change programs to support economic diversification, job training, and mental health services.

The Oregon Climate Investment Fund shall be operated by a Climate Investment Grant Program

1 – Rule-making Advisory Committee:

Appointed by Governor – comprising one representatives from each of the following Commissions: Asian and Pacific Islanders Affairs, Black Affairs, Hispanic Affairs, Indian Services, five reps reflecting geographic and demographic diversity of the state with qualifications on the issue.

2 – Greenhouse Gas Cap and Investment Program Oversight Committee

Appointed by Governor – comprising 1 Senator, 1 House Rep., 1 Governor Rep., 1 impacted community rep, 1 labor organization rep, 1 environmental organization rep, 1 covered entity rep, 1 climate scientist, 1 impacted business rep. Staffing for this committee is provided by DEQ.

3 – Climate Investment Grants Program Committee

Appointed by Governor with Senate confirmation required. Comprising representation from:

- Each Congressional District
- Ethnic diversity with expertise in renewable energy,
- Civil rights / racial equality,

administered by a committee³ and disbursed to promote GHG emissions reductions as above. The EQC, with input from the Environmental Justice Task Force, Oregon Health Authority plus other state and local agencies will designate disadvantages communities. Grant application reviews shall include input from the Climate Investments in Disadvantaged Communities Advisory Committee⁴. Projects must address atmospheric greenhouse gas reduction goals.

Construction projects resulting from these funds shall require that contractors:

- Offer an apprenticeship program,
- Must be eligible to receive state contracts,
- Must have a history of compliance with federal construction contractor rules, and may be required to employ high road standards.

The Just Transition Fund is established within the Department of Treasury with fund disbursement managed by a Just Transition Grant Program within the Oregon Business Development Department advised by the Greenhouse Gas Cap and Investment Program Oversight Committee².

DEQ is tasked with exploring the feasibility of undertaking full life cycle assessment of emissions (including fugitive emissions) and incorporating this into the program when possible.

Committees

- Energy efficiency / climate resilience for low income residents,
- Water conservation,
- Financing the above,
- Job training/contracting with businesses owned by women or minorities,
- Climate / environmental justice,
- Climate science;

4 – Climate Investments in Impacted Communities Committee

Seventeen-member committee, Governor appointed: at least one member from each Congressional District from among: Membership: 8 recommended by Environmental Justice Task Force 3 representing labor interests

- 3 with expertise in sustainable development
- 1 representing cities
- 1 representing counties
- 1 representing business interests

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