THE CLEAN ENERGY JOBS (CEJ) BILL w/amednments 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 air contamination source emitters of 25,000 tons $CO2_e$ annually averaged over 3 years (this represents fewer than 100 entities emitting over 80% of the state's climate pollution).
   Includes all electricity service providers notwithstanding emissions threshold,
   Investor-owned utilities (IOUs)
   Consumer-owned utilities (COUs)
   Exempts methane emissions from landfills generating electricity,
   Natural gas marketers and utilities,
   Fuel importers (except aviation and marine and importers with *de minimus* emissions.
   S - exempts fluorinated gases from semi-conductor manufacturing for 5 years.
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 Committee[1].
11. Establishes a Greenhouse Gas Cap and Investment Program Oversight Committee[2] 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% (H: 4% in S) half of which must benefit Oregon of compliance instruments submitted during any compliance period: DEQ prohibits offsets in impacted communities. Offsets must be in US or a linked jurisdiction. Oregon Departments of Agriculture and Forestry and Environmental Justice Commission involved.
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 Transportation Decarbonization Investment Fund to be used in programs that

1. Meet constitutional restrictions
2. Are consistent with goals of the cap and invest programs

The remaining funds are assigned:

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

1. 60% to impacted communities (1/3rd in rural communities),
2. 20% to working lands
3. 20% throughout Oregon

(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 administered by a committee[3] 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 Committee[4]. 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 Committee[2].

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

Program Advisory Committee (PAC) of 21 members:

Oversees rulemaking and submits funding recommendations to Governor and Legislature:

5 recommended by Environmental Justice Task Force
2 represent Tribes
3 represent rural Oregon
3 represent business (1 covered entities; 1 small business; 1 businesses impacted by climate change)
2 represent local government
2 represent labor unions
2 represent environmental organization s (with climate mitigation expertise)
1 member with climate science expertise
1 represents public health equity

Joint Legislative Committee on Climate

Receives reports from PAC, including funding recommendations, submits funding recommendations to Joint Legislative Committee on Ways and Means.

Just Transition Funds will be administered by Higher Education Coordinating Committee (HECC)

Southern Oregon Climate Action Now
SOCAN
Confronting Climate Change
http://socan.info