

Southern Oregon Climate Action Now

**SOCAN**

Confronting Climate Change

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**Comments to DEQ on the Issue Brief and Teleconference Session Regarding:  
Program Development to Reduce Greenhouse Gas Emissions: Illustrative Scenarios**

Colleagues:

I write on behalf of the 1500 Southern Oregonians who are Southern Oregon Climate Action Now in relation to the above-mentioned program. I appreciate the effort undertaken by DEQ staff to develop these scenarios and share them for discussion.

Before addressing the document and discussion, I would like to offer an overarching expression of concern that emerged during this discussion and was strengthened later in the day during a discussion within the OCAP Statewide coalition Transportation policy group. When I first looked at the scenarios, I was struck by the difference among them in terms of the Cap Trajectory. What struck me was the differences compared to the goal established in EO 20-04. As we know, the EO establishes a very clear goal for 2050 of GHG emissions 80% lower than 1990, with an interim target of 45% below 1990 level by 2035. From this charge, I assumed either that each agency would accept responsibility for achieving these targets for emissions within its purview, or that some coordinating entity, maybe the Governor's Carbon Policy Office, would assume a coordinating role that would ensure that where differences occur among agencies in their GHG reduction plans, the plan overall would achieve the interim target and final goal. From the discussion regarding the scenarios, my confidence that one or other of these mechanisms was in place has dwindled. Indeed, my sense from the discussion was that, as enthusiastic and energetic as DEQ has been in developing a plan, there is no expectation that the plan developed would achieve the EO interim target and final goal for GHG emissions within its purview. This is troubling since it became evident from later discussions, that neither is the Department of Transportation developing plans that would assure transportation emissions would be reduced according to the stated interim target and final goal. This is troubling because the inference I draw is that agencies are essentially developing plans that assign the 'heavy lifting' to achieve the EO goal to other agencies. This seems to be a roadmap for program failure.

Now, to the document and discussion session:

## Introduction and General Comments:

While the Cap and Reduce (C&R) program is primarily directed at reducing greenhouse gas emissions, it should be remembered that IPCC 2018 and the EO both recognize the importance of reducing the atmospheric greenhouse gas concentration through carbon sequestration as well. It's clear that reducing emissions is not enough. Indeed, the current atmospheric concentration of GHGs in carbon dioxide equivalent ppm is over 500 and for a 1.5°C rise above pre-industrial level this needs to be well below 500. To be successful the OCAP must promote carbon sequestration. Absent requirements imposing sequestration - with penalties, this is unlikely to happen without incentives. In the probable covid-compromised budget of the next decade, it is unlikely that substantial state funds will be available to provide the necessary financial incentives to promote sequestration. Since the C&R program is the only place where alternative compliance options (ACOs) or instruments (ACIs - previously known as offsets) are possible, these should be required as options that allow investment by polluters in sequestration. ACOs should not just provide mechanisms for promoting emissions reductions, they should include C sequestration options.

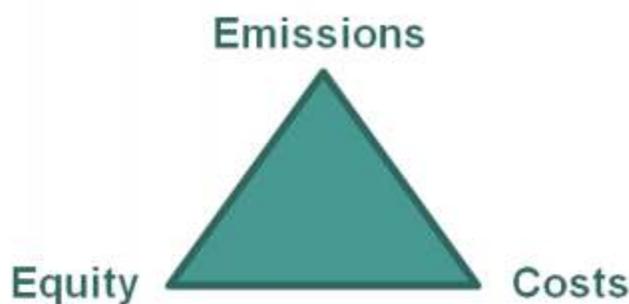
There is no doubt that historically offsets have allowed polluters to continue polluting and emitting toxic co-pollutants. This compromised the air quality of communities living in the vicinity of the polluter. However, this problem was addressed in both the Oregon 2019 Bill (HB 2020) and the 2020 Bill (SB1530) by allowing DEQ to preclude offsets in such situations. It is perfectly reasonable to stiffen this barrier to ongoing social injustice by making such preclusion a requirement. In order to prevent polluting entities from taking advantage of ACOs rather than reducing their own emissions, regulations could also require that any industry seeking to use this mechanism must have a plan in place demonstrating how they are using or anticipate using best available technology to reduce emissions. It is not only inappropriate simply to reject ACOs because there have been problems historically when these problems can be addressed through rulemaking, but also we should recognize that rejecting ACOs also compromises our goal of reducing the atmospheric concentration of greenhouse gases and thus addressing the climate crisis. It should not be forgotten also that ACOs have the potential to provide economic input into rural and impacted communities addressing historic economic imbalances suffered by such communities. Rejecting ACOs means rejecting such economic benefits.

While carbon sequestration is not directly a Cap & Reduce function, it is critical for the overall plan that mechanisms be established within this segment of the overall plan to incentivize that aspect. Absent such accommodation, I fear that the carbon sequestration element will be lost from the EO.

If compliance flexibility allows investment in carbon sequestration through ACOs, a critical question is how these will be counted. Although the stated goal of the EO is to reduce emissions and promote Carbon sequestration, the obviously implicit goal is to reduce future atmospheric greenhouse gas concentrations in order to slow global warming. If we accept that our goal is to reduce the atmospheric concentration of greenhouse gases, a ton of carbon (or

CO<sub>2</sub>e) emissions reduction is exactly equivalent to a ton of carbon (or CO<sub>2</sub>e) removed. This suggests that a 1:1 equivalence should be designated. Establishing any other relationship implies that either emissions mitigation or C sequestration is better yet there is no scientific basis for arguing such a case.

I appreciate that the following triangle is not intended to suggest that any one element is more or less important than the others. However, there appears to be an implicit bias underlying the designation of the economic consideration as being only one of cost. This suggests that there is no possibility that economic gains can accrue to those reducing emissions (or sequestering carbon). As was mentioned during the session, to acknowledge the cost/benefit potential, this corner would better be labeled 'economics.'



It is also critical that any economic costs or benefits be accounted in terms of the economic costs/benefits of alternative actions or no action at all and the social cost of emissions. Failing to undertake fair economic accounting will likely continue to promote the false frame that addressing the climate crisis is too costly when there is abundant

evidence that economic benefit is a more likely outcome.

### **The Scenarios:**

I will comment in relation to the headings rather than the scenarios

### **Initial Cap -**

The notion that a low initial cap must be accompanied by a steep trajectory seems to lack imperative and have been arbitrarily imposed on the scenarios. While there is certainly a sound argument for imposing a low initial cap (much like the argument for a steep trajectory, below), this should be accompanied by recognition that some entities have undertaken steps to reduce emissions prior to the establishment of the program. A mechanism should be included to offer programmatic reward for such efforts.

### **Trajectory -**

The evidence tells us that we need a steep trajectory for emissions reductions simply because, as the 2018 IPCC points out, we only have a decade to take a huge bite out of the problem. Failing to adopt such a trajectory could potentially compromise the success of the entire venture, as progress gets bogged down in resistance, evasion, and prevarication.

In relation to the accompanying commitment in Scenario 1 we also find a high level of compliance flexibility suggesting a relatively unfettered array of ACOs. Given the historical abuse of ACOs, this would be a mistake. It is essential that ACOs should not be the first response of polluting industries. Rather, it should be available only to those who have either

incorporated the best available technology to reduce emissions, or can demonstrate plans depicting clearly how and when this technology will be installed.

Additionally, I reiterate the point made above: any program imposed by DEQ should demonstrate a clear intent to achieve the interim target and final goal established by the Executive Order of at least 45% below 1990 emissions by 2035 and at least 80% below the 1990 level by 2050. Given that the best science tells us that we need to achieve net zero emissions by 2050, the emphasis on 'at least...' should be a focus for the program developed by DEQ. This, surely, means a rapid emissions reduction should be imposed.

#### **Distribution of Instruments -**

The adjustment "based on other requirements, such as development of long-term emissions reduction plans..." is only included in scenario 1? It seems wise to offer incentives for planning emissions reduction whatever the scenario.

The basis for distribution of compliance instruments being the percent of emissions attributable to a given entity precludes the possibility of any new industry opening up in the state if it is likely to generate emissions. Surely a mechanism needs to be in place to allow start-ups.

#### **Trading Instruments -**

It seems reasonable to allow Trading of unused instruments regardless of other factors since this will allow entities finding emissions reductions difficult to adopt an option that allows them to avoid penalties while achieving emissions reductions through an entity selling unused compliance instruments. This also adds an incentive to entities reducing emissions on the trajectory to decrease emissions even more than easily possible. Trading unused allowances does not compromise the program targets, and should not compromise social justice goals so long as appropriate rules are developed to prevent such an outcome

#### **Alternative Compliance Options -**

Within scenario 1, there seems no reason why priority should not be given to ACOs that are within state. This would enhance the ability of the program to address social justice and equity issues.

I also reiterate the point made above about ACOs for carbon sequestration, the entire Climate Action Plan may well lack a mechanism for encouraging sequestration unless ACOs are available. Additionally, the elimination of ACOs from Scenario 3 arbitrarily precludes the economic benefits that such might offer to rural and impacted communities in terms of promoting renewable energy and incentivizing carbon sequestration in our natural and working lands.

#### **Compliance Instrument Reserve -**

The problem identified in Scenario 1 regarding costs to consumers is generated largely by the arbitrary elimination of a compliance instrument reserve to address such concerns; it is an artefact of the scenario design.

**Final Note -**

I am concerned about the option: "...an exemption or financial assistance program would be provided for natural gas emissions from low-income households." Given the fugitive emissions from the natural gas lifecycle, rather than being awarded any exemptions, natural gas should be phased out altogether.