



The League of Women Voters of Oregon, established in 1920, is a grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

September 24, 2024

To: [Nicole Singh](#), DEQ, Senior Climate Change Policy Advisor

Re: Climate Protection Program (CPP) 2024 Proposed Rulemaking - **Comments**

The League of Women Voters of the US believes that climate change is a serious threat facing our nation and planet, and supports climate goals and policies consistent with the best available science to ensure a stable climate system for future generations. The League advocates in favor of laws, regulations, and policies to mitigate climate change and its impact.

The League of Women Voters of Oregon (LWVOR) has participated actively in CPP rulemaking since 2021, and we strongly support the program's goals of significantly reducing greenhouse gas (GHG) emissions; promoting benefits and alleviating burdens for environmental justice (EJ) communities; and containing costs for businesses and consumers. As the CPP was designed to achieve half of Oregon's targeted emissions reductions by 2035, we urge DEQ and the Environmental Quality Commission (EQC) to restore this essential program to its original scope by the end of this year, and to strengthen the program rules in several key areas noted below.

The original CPP showed positive results in reducing GHG emissions from 2021 to 2023. It is essential that DEQ maintain the science-based emissions cap trajectory established in the previously adopted rules, so that the CPP can achieve at least the same level of cumulative emission reductions by 2035.

LWVOR commends DEQ for proposing to retain the core of the Community Climate Investment (CCI) program, enabling EJ and community-based organizations to proceed with the millions of dollars worth of emissions-reducing projects and investment options they have identified. DEQ's latest rule proposals would enhance the program's value by requiring that at least 15% of CCI funds used for implementing eligible projects must benefit Oregon's federally recognized tribes and tribal communities. We oppose allowing the regulated entities to use offset investments—particularly those outside of Oregon—as an alternative means of program compliance. Offsets would run counter to the CPP's key priorities of reducing emissions and co-pollutants in Oregon and promoting benefits for EJ communities.

We believe the following proposals would improve upon the previous program rules:

- **Industrial source emissions:** DEQ proposes to directly regulate large stationary industrial sources' natural gas emissions under the declining emissions cap, rather than holding the natural gas utility responsible for meeting those facilities' capped emission reductions. Large industrial facilities are likely to have more resources and options to reduce emissions when regulated directly, thereby lowering potential costs. At the same time, DEQ proposes to continue using the site-specific Best Available Emission Reduction (BAER) approach to regulate industrial process emissions not subject to the cap. We believe all industrial pollution, including process emissions, should be held to mandatory limits. DEQ has requested comment on whether and how it might regulate BAER source emissions under the cap. We urge DEQ to use its proposed forthcoming rulemaking to resolve this issue in favor of eliminating the BAER approach and regulating all covered large stationary source emissions under declining emission caps.

- **Shorter compliance period:** DEQ proposes to use two-year compliance periods rather than the three-year compliance periods in the previous CPP. The shorter compliance periods could better incentivize regulated entities to reduce their emissions while maintaining compliance flexibility. However, DEQ should require immediate compliance within the first year of program restoration to make up for the delay in emission reductions due to fossil fuel industry lawsuits.
- **Review of cost impacts:** The proposed rules would commit DEQ to (1) investigate the cause(s) of any disproportionate increase in the statewide retail costs of refined fuels in Oregon and report to the EQC as to whether the CPP rules should be modified to ameliorate the cost increase, and (2) regularly request information from the Oregon Public Utility Commission to determine whether retail natural gas customer rates have increased significantly due to a utility's cost to comply with the CPP, and to consider rule changes that might address those impacts.

We oppose DEQ's proposal to award additional compliance instruments in 2025 to fuel suppliers that achieved "early" emission reductions under the previous CPP. According to DEQ, this one-time award would recognize what those suppliers would have banked or traded had the CPP proceeded as planned. The industries that sued successfully to overturn the program should not benefit from an injection of millions of additional free instruments at the top of the program that could threaten the CPP's ability to deliver near-term climate, economic, and public health benefits.

Regulated entities and other CPP opponents argue that the program is too expensive for Oregon to afford. LWVOR believes that Oregon can't afford **not** to adopt a strong and effective CPP, as climate inaction comes with its own heavy costs. Climate change is already causing economic losses for Oregonians, notably through wildfire and severe drought. The costs of public health and safety risks are increasing daily, and they fall first and worst on our most vulnerable communities. Reducing those risks can create economic benefits and improve public welfare statewide. ICF's macroeconomic analysis in 2021 found that a program like the CPP could significantly reduce GHG emissions while maintaining the overall health of the economy, with net positive trends for gross state product, income, and jobs. Substantial benefits can accrue from creating new jobs through clean energy projects that receive CCI funds as well as federal investments through the Inflation Reduction Act.

We call upon DEQ to strengthen its proposed rules as outlined above, and we urge the EQC to vote to restore the CPP this year, to ensure that this vital program stays on track to deliver its climate, economic, and public health benefits for EJ communities across Oregon.

Thank you for the opportunity to provide comments on this rulemaking.

Sincerely,



Lisa Bentson
LWVOR President



Claudia Keith
LWVOR Climate Emergency

CC: Matt.Donegan@DEQ.Oregon.gov, Mark.Webb@DEQ.oregon.gov,

Karen.Moynahan@DEQ.oregon.gov, Amy.Schlusser@DEQ.oregon.gov