HB 2020 vs. SB 1530

Provided by:
Office of Sen. Michael Dembrow, Chair Senate Interim Committee on Environment & Natural Resources

Proposal Elements	**HB 2020 (2019)**	SB 1530 (2020)
Cap and Reduce Emissions	Beginning in 2021, cap and gradually reduce economy-wide emissions to 45% below 1990 levels by 2035; to 80% below 1990 levels by 2050.	**Same but starts one year later.** Beginning in 2022, cap and gradually reduce economy-wide emissions to 45% below 1990 levels by 2035; to 80% below 1990 levels by 2050. Same carbon budget; same rate of cap decline.
Purposes of Oregon Climate Action Program	Emissions-Reduction; Adaptation/Resiliency; Sequestration; and Transition Assistance.	**Same.** Except that the Program is now called the Oregon Greenhouse Gas Initiative.
Climate Investments Fund Investments	Broad list of possible investments guided by program goals, with 40% for the direct benefit of impacted communities (low-income, rural, coastal), 10% for the direct benefit of tribes, and 20% for the benefit of working lands. $10 million reserved for training/retraining.	• 20% for statewide emissions-reductions programs • 20% for county/local government emissions-reductions programs • 10% for direct benefits of tribes • 25% to OWEB for direct benefit of natural/working lands • 25% to ODF for forest-health/fire mitigation projects The majority of the above investments must be used for the direct benefit of impacted communities.
Transportation Fuels	Statewide requirement for fuel importers to purchase allowances for emissions; under SB 1051, low-moderate households refunded for any increases in fuel costs based on county of residence.	Regional phase-in of requirement to purchase allowances: tiered system. Tier I (Portland Metro area) begins in 2022; Tier II (all other MPOs in Oregon and cities with fuel delivery > 10 million gallons/yr.) in 2025; Tier III (Frontier Rural) start date unspecified. Tier 1

		and Tier 2 account for roughly 87% of fuels in the state.
Transportation – Trucking	Same as above, but no provision for refunds	Same as above. **In addition**, diesel truck stops within 1.5 miles of the border of a state that does not have emissions pricing will be exempt.
Transportation Investments	Expectation that all investments with revenues from the transportation sector will go into transportation. 50/50 split between state and local, and between emissions reduction and adaptation/resiliency.	Expectation that all investments with revenues from the transportation sector will go into transportation. 80/20 split between local and state projects. 90% of local investments from transportation revenues only in regions covered by the program. Local revenues divided between MPOs and cities, to fund existing or newly approved Metropolitan Climate Plans.
Electricity – from Investor-Owned and Public Utilities	Investor-owned utilities already on a decline path under Coal to Clean (2016) and consequently will be provided a fixed quantity of free allowances until 2030, when that program is fully phased in. No additional cost increases expected from this program. Public utility customers will see no increases for their electricity generated from hydro. Public utilities also given free allowances that decline over time.	**Same.**
Electricity – Non-Utility Suppliers	Electricity Service Suppliers (ESS) required to purchase allowances for emissions from energy generated from fossil fuels (not for energy from renewables).	State will retire allowances on behalf of customers of ESSs that have existing contracts in place as of Jan 1, 2020 through 2025. Provides transition assistance to EITE customers with existing contracts as they transition to lower-emissions contracts.
Natural Gas – Residential	Utilities given free allowances for their low-income customers (approx. 15% of all customers);	**Same.**

	consigned free allowances for 60% of all other residential customers, to be used for weatherization/energy efficiency, renewable natural gas investments, and rate relief. Under supervision of the PUC. Access to Energy Trust of Oregon. Free allowances decline with the cap.	
Natural Gas – Industrial/Commercial	Utility customers treated in the same way as residential customers, with PUC oversight. Those not under PUC oversight (direct marketers of natural gas, which pay to distribute via utility pipelines) must purchase all needed allowances at auction or through trading. Eligible for investment dollars under the Oregon Climate Action Program.	Direct marketers will be treated in a manner analogous to natural gas utility customers (above), with PUC assuring that consigned allowances are used for the purposes of the program and for rate relief and energy efficiency programs. Customers will now have access to ETO.
Emissions-Intensive/Trade Exposed Manufacturers (EITEs)	Includes industries that are trade-exposed and with very high fossil-fuel use. Applies to both their emissions from their industrial processes AND other natural gas uses. About 30 companies. To prevent "leakage," state provides 95% free allowances based on Best Available Technology.	Best Available Technology only applied to process emissions, not to other emissions from natural gas uses. All natural gas now regulated upstream at the utility or marketer/supplier. This reduces EITE status from 30 to 9 companies and removes food processors and pulp-and-paper from direct compliance obligations. They will receive 100% of allowances at Best Available Technology level. Trade-exposed companies' non-process emissions from natural gas use will be handled in a manner similar to other manufacturers, except that: • Manufacturers eligible for 100% consignment and bill credit until 2030 • After 2030 the bill credit

		is reduced to 97% • Starting in 2025 they must have regular (every five years) ETO-type energy-efficiency analyses and implement recommendations under PUC oversight • If investment payback period is greater than five years, they will be eligible for loan/grant program
Other Heating Fuels	Revenues from other heating fuels (oil, diesel, propane) will be used for low-income weatherization and energy efficiency.	**Same.**
Exemptions	Exempts emissions from agricultural and forestry operations, landfills, aviation, watercraft, and locomotive.	**Same.**
Linkage	Linkage with Western Climate Initiative as soon as possible.	Specifies that rules will be written in a way that does not preclude participation in regional greenhouse gas emissions reduction programs.
Offsets	Can use up to 8% overall;4% must be used for projects that directly benefit Oregonians. Oregon-specific protocols created with help from technical advisory committee.	**Same**, except that designation of the advisory committee will be left up to the Board.
Offsets – forest land	Includes provision that protocols must insure that individual offset projects will not temporarily or permanently reduce the potential supply of wood for forest products.	**Same.**
Labor and Purchasing Standards	Strong labor & Buy America standards and preference for products manufactured in an emissions-pricing environment	**Same.**

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Just Transition	$10 million off the top (after Administrative costs) for training/retraining and support for potentially displaced workers. The HECC will help design program.	No specified allocation, but the Board charged with developing a plan to address this priority.
Oversight	By Legislative Joint Committee; all investments determined via the Ways and Means process.	No specific legislative committee specified.
Public Input	Through the legislative process and through a Citizens Advisory Committee and several technical advisory committees.	Board will create citizen advisory committee as needed.
Administration	Through traditional agencies, coordinated by Climate Policy Office. Governor-Appointed/Senate-Confirmed Oregon Climate Board will be responsible for rule-making.	Oversight/Administration of the Oregon Greenhouse Gas Initiative will be through DEQ, with a Governor-appointed, Senate-confirmed Director and an Oregon Greenhous Gas Reduction Board with rule-making authority (i.e., independent of the Environmental Quality Commission).
Role of PUC	PUC authorities clarified to include recognition of climate change. Will be able to plan for and promote increased electrification and use of renewables.	**Same**, with added responsibilities for oversight of consignment and requirements on natural gas customers.
Expedited Review by Supreme Court	Included	**Included**
Emergency Clause	Included	**Included**
Sunset	Periodic legislative review, but no sunset	Regular reports to the Legislature, no sunset
General		Provisions streamlined where possible.
Additional Provisions		New Sections: • Regulation of hydrofluorocarbons (Sec 76-79) • New Ethanol Content in Gasoline Requirements (Sec 85) • New Light Bulb Energy

		Efficiency Standards Added (Sec 86)