The Role of Offsets and Economic Development Opportunities in Oregon’s Clean Energy Jobs Bill

Cindy Chiang, Business Development Manager

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Speakers

• Carl Fink, Founder and Managing Counsel, Blue Planet Energy Law, LLC

• Sheldon Zakreski, Director of Asset Management, The Climate Trust
Oregon Clean Energy Jobs Bill
Offsets and Economic Development Opportunities
Bulk of World Economy Subject to Price on Carbon

Source: IETA
California Cap and Trade Impact

Source: IETA
OREGON PROGRAM GOALS & ATTRIBUTES

Significant reduction of statewide greenhouse gas emissions:
- 20% below 1990 by 2025
- 24% below 1990 by 2035
- 80% below 1990 by 2050

“Promote adaptation and resilience by Oregon’s communities and economy in the face of climate change.”

• **Cap and trade market design**
• **Economy-wide** – covers >80% of anthropomorphic emissions.
• **25,000 mtce threshold** – about 100 companies.
  - ~ 50 large industrial emitters (Cement, agricultural, steel, etc.)
  - power generation
  - fossil fuel suppliers
  - List of Potentially Regulated Entities [link](#)
• **Mandatory, Voluntary** and “Market” participants
• Price **caps and floors** to limit market swing
• Protects Emission-Intensive Industrial Customers (**EITEs**) 
• Designed to [link](#) with other WCI programs (currently California, Quebec, and Ontario)
• Offset use permitted/capped
• **COMPLIANCE BEGINS 2021**
Difference between SB 1507/HB 4001

Senate Bill 1507

• **Free** allowances to Utilities to reflect coal usage/commitments

• Temporary exemption for semiconductor manufacturing through 2025.

• Offsets **capped** at 8% - 4% percent with in-state benefits

House Bill 4001

• **No free** allowances to Utilities to reflect coal usage/commitments

• No exemption for semiconductor manufacturing.

• Offsets **capped** at 4% - 2% percent with in-state benefits
Oregon Offset Requirements

Oregon Offset projects must:

• Be located in the U.S. or in a jurisdiction with which Oregon has linked;

• Not be otherwise required by law; and

• Result in greenhouse gas emissions reductions or removals that:
  
  • (A) Are real, permanent, quantifiable, verifiable and enforceable; and
  
  • (B) Additional: in addition to greenhouse gas emissions reductions or removals otherwise required by law and any other greenhouse gas emissions reductions or removals that would otherwise occur.
“Direct Environmental Benefits” to Oregon

• **No more than 4%** (2% in HB) of compliance obligation may be met by offsets that **“do not provide direct environmental benefits in this state”**
  
  • A reduction in or avoidance of emissions of any “air contaminant” in this state other than a greenhouse gas;
  
  • A reduction in or avoidance of pollution of any of the waters of the state, as the terms “pollution” and “the waters of the state” are defined in ORS 468B.005; or
  
  • An improvement in the health of natural and working lands in this state.
Existing Climate Action Reserve Offset Protocols

- Coal Mine Methane
- Forest
- Grassland
- Nitric Acid Production
- Nitrogen Management
- Organic Waste Composting
- Organic Waste Digestion
- Ozone Depleting Substances
- Rice Cultivation

- Urban Forest Management
- Urban Tree Planting
- U.S. Landfill
- U.S. Livestock
- Mexico Boiler Efficiency
- Mexico Forest
- Mexico Landfill
- Mexico Livestock
- Mexico Ozone Depleting Substances
## Protocol use - Examples from other jurisdictions

**California**
- U.S. Forest Projects
- Livestock Projects
- Ozone Depleting Substances Projects
- Urban Forest Projects,
- Mine Methane Capture Projects,
- Rice Cultivation Projects

**RGGI**
- Landfill methane capture
- Sulfur hexafluoride
- Forestry/afforestation
- End-Use Energy Efficiency
- Avoided agricultural methane.

**Quebec/Ontario**

### Three Priority Protocols
- Landfill Gas
- Mine Methane Capture and
- Ozone Depleting Substances

### Additional Protocols under development
- Fertilizer Management
- Livestock Projects
- Organic Waste Digestion
- Forestry
- Afforestation
- Urban Forest
- Grassland
- Conservation Cropping
- Refrigeration Systems
Oregon Clean Energy Jobs Bill: Offsets and Economic Development Opportunities

Questions/comments?
Oregon Cap and Invest

Climate Action Reserve Webinar

Sheldon Zakreski
February 7, 2018
Presentation Outline

- About The Climate Trust
- The Oregon Trail
- Informing Current Design
- Oregon offset considerations

Image Credit: Courtesy of Appalachian Mountain Club
ABOUT THE CLIMATE TRUST

The Climate Trust mobilizes conservation finance to maximize environmental returns.

*Climate Trust Capital is an independent firm of the mission-driven nonprofit The Climate Trust*
History

- 20 years experience in carbon markets
- Nonprofit organization based in Portland, OR
- Committed over $36M in carbon projects
- U.S. Offsets
  - Sectors: forestry, grasslands, and livestock methane
  - Compliance and voluntary programs
- In 2016, launched Climate Trust Capital Fund I
  – $5.5M pilot Carbon Investment Fund
How Did We Get Here?

2007. Founding Member of WCI
2009. SB 557- 75% reduction by 2050
2016. SB 1574- 75% reduction by 2050
2017. SB 1070- 80% reduction by 2050
2018. SB 1507 & HB 4001 80% reduction by 2050

Oregon has been debating cap and trade for a long time.
The Working Groups

• Four WGs spent Fall 2017 shaping current bills
  1. Ag, Forests, Fisheries, Rural, and Tribes
  2. Environmental Justice
  3. Utilities and Transportation
  4. Regulated Entities

• AFFRT focused on potential for offsets and auction revenues
  • 8% offset usage limit and auction share carve out for natural and working lands
Oregon Offset Considerations

**West Side East Side.** Oregon Forestry Protocol. East of Cascades Forest Carbon potential.

**Grasslands.** Solid potential sector. Currently, three voluntary projects listed with the Reserve.

**Aggregation.** Allowed in Oregon bills. Details to be worked out.
Oregon’s Forests and Farms can play a significant role in reducing GHGs.
THANK YOU!