

The Clean Energy Jobs Bill

House Bill 4001 and Senate Bill 1507

Oregon can cut climate pollution, invest in our clean energy economy, and increase the resilience of our farms, forests, and families.

Cap-and-invest programs are already working in ten U.S. states, where economies have flourished as emissions have decreased. Clean Energy Jobs would strengthen Oregon's economy and support the urban and rural communities across Oregon that are most impacted by climate change.

Caps Climate Pollution

- Limits greenhouse gas emissions, primarily from fossil fuels, responsible for 87% of the state's climate pollution.
- Regulates companies that emit at least 25,000 tons of greenhouse gases per year, including transportation fuel suppliers, utilities (including imported power), and large industrial manufacturing processes.
- Enforces state's existing climate goals by setting an economy-wide price on greenhouse gases and gradually lowering the cap on total emissions.

Statewide Emissions Mandatory Reductions Below 1990 Levels

20% reduction by 2025
45% reduction by 2035
80% reduction by 2050

Enforces the Cap with a Flexible, Market-Based System

Large companies currently emit unlimited climate pollution for free, and the public pays these costs. Under the bill:

- Regulated businesses must hold permits to pollute for each ton of greenhouse gases they emit (called "allowances").
- The pool of available allowances is auctioned by the state and reduces by a set percentage every year, lowering the cap.

Regulated companies are incentivized to find the lowest cost way to meet the limit.

They can:

1. Reduce their emissions through cleaner, more energy efficient investments;
2. Purchase allowances to pollute from a state auction;
3. Trade with other regulated businesses to sell or buy excess allowances; and
4. Meet some of their obligation through offsets, where a different entity in the agricultural or forestry sector reduces their emissions.

Program features

- The program links to the Western Climate Initiative, the regional carbon trading market that includes California, Quebec, and Ontario, giving Oregon's regulated companies more options for reducing their emissions at least cost.
- To protect Oregon companies that are high energy users and face competition from out of state, the bill provides up to 90% free allowances for emissions-intensive, trade exposed (EITE) industries, such as cement and paper manufacturers.
- Regulated companies violating air pollution permits cannot use offsets for compliance.

Invests Proceeds to Accelerate Oregon's Clean Energy Transition

Proceeds from the auction of allowances are invested to accelerate Oregon's transition to clean energy, while improving climate resilience and expanding opportunities for low income and rural communities, communities of color, and impacted workers.

Although the price on pollution starts relatively low (appx. \$16/ton), the auction of allowances are estimated to raise hundreds of millions of dollars per year.

Transportation Decarbonization Investments Fund (for funds restricted to the Highway Trust Fund):

- Supports transportation projects that reduce emissions and increase resiliency, like EV charging stations, transit infrastructure, and critical upgrades for roads and bridges.
- At least 60% of investments benefit impacted communities.

Fund for utilities proceeds: to reduce customers' energy bills and emissions

- Protects low-income households by prioritizing utility bill assistance and improving home energy efficiency.
- Supports projects like home weatherization, making solar panels more affordable, and helping businesses use more energy efficient equipment.

Auction Proceeds Distribution Fund (APDF) (all other proceeds):

- Oregon Climate Investments Fund supports reducing climate pollution and promoting climate adaptation and resilience.
- Emissions reducing strategies support projects like affordable housing near transit,



photo credit: Oregon Department of Transportation

transportation electrification, and energy efficiency and clean energy upgrades for businesses and homes.

- Adaptation strategies support carbon sequestration and climate resilience in Oregon's natural and working lands, including forests and farms.
- 60% of the projects and programs benefit the communities most impacted by climate change, with at least a third benefiting rural areas.
- Just Transition Fund (15% of APDF) supports workforce development, including job creation and training, and includes financial support for workers adversely affected by climate change or in need of transition assistance.

Promotes Transparency and Accountability

- Legislature's Ways & Means Committee determines the budget and appropriates funds to invest proceeds.
- A joint legislative committee on climate oversees the program.
- An inclusive citizen advisory committee makes recommendations on program development and implementation and investments of proceeds.