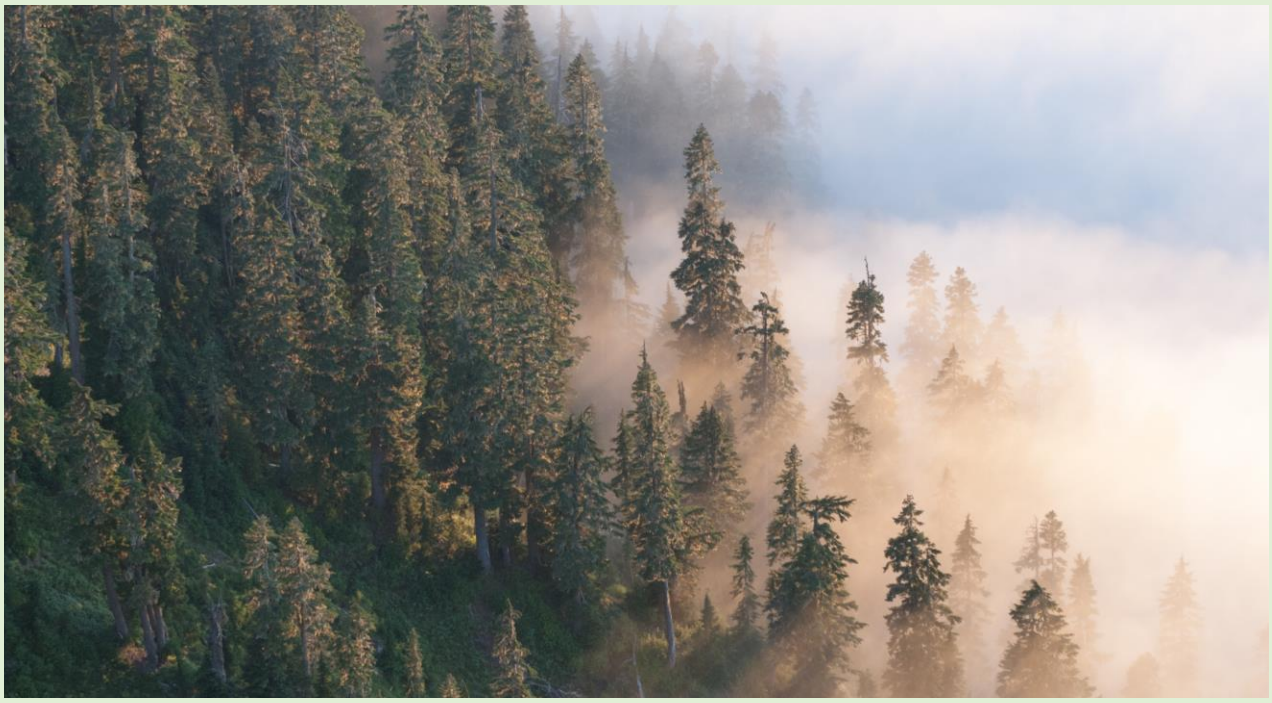
ISSUE BRIEF



Pricing Carbon in Oregon:

Environmental Justice

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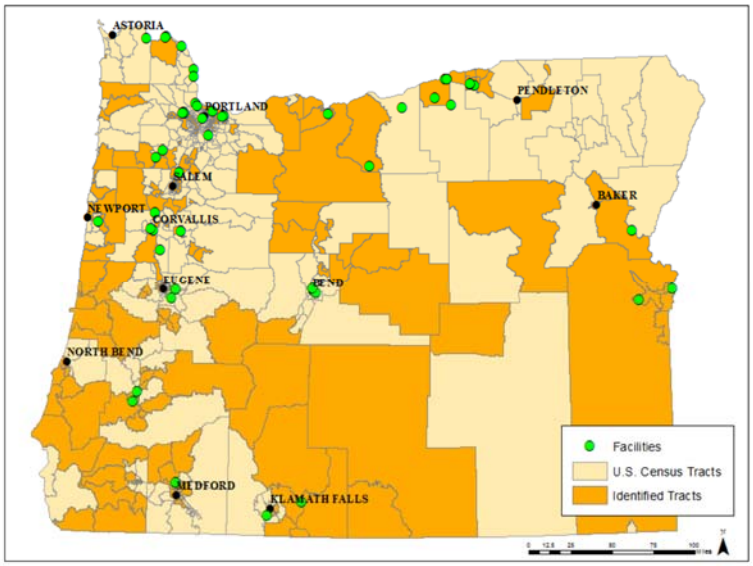
CARBON PRICING AND ENVIRONMENTAL JUSTICE

To date, Oregon has favored a cap and invest approach to carbon pricing due to its ability to ensure emissions reductions levels while providing regulated industry some flexibility in how compliance obligations are met. This approach is thought to be the most cost effective way for Oregon to meet its emission reduction goals.[1,2]

At the national level, cap and trade systems have been criticized by environmental justice advocates for certain flexibility features that reduce compliance costs (such as trading and offsets), but do not require uniform reductions at all point sources of greenhouse gas (GHG) pollution and its co-pollutants, raising concerns about pollution "hotspots" that have a disproportional impact on disadvantaged communities (DACs). [3]

Figure 1: Census tracts vulnerable to climate change and location of regulated facilities. Source: Zapata, Liu, and Harris (2017)



Analysis in Oregon identified tracts from the U.S. Census vulnerable to climate change impacts by using income, race, education, employment, age, cancer risk, and respiratory hazard factors as indicators (figure 1). Results indicated thirty-one potentially regulated facilities (CO_2e emissions > 25,000 metric tons/year) located within tracts identified as vulnerable to climate change. Eight of these facilities were located within two miles of densely populated areas or regional population centers. These facilities tended to emit relatively low amounts of harmful co-pollutants such as CO, NO_x, SO_2 and PM according to the most recent DEQ permits held by the facilities (figure 1).[4]

[1] Oregon Department of Energy. 2012. 10-Year Energy Action Plan Modeling. The Center for Climate Strategies. Salem, OR.
[2] Oregon Department of Environmental Quality (2017). Considerations for Designing a Cap-and-Trade Program in Oregon. Feb 14, 2017.
[3] Gamble, J.L., J. Balbus, M. Berger, K. Bouye, V. Campbell, K. Chief, K. Conlon, A. Crimmins, B. Flanagan, C. Gonzalez-Maddux, E. Hallisey, S. Hutchins, L. Jantarasami, S. Khoury, M. Kiefer, J. Kolling, K. Lynn, A. Manangan, M. McDonald, R. Morello-Frosch, M.H. Redsteer, P. Sheffield, K. Thigpen Tart, J. Watson, K.P. Whyte, and A.F. Wolkin, 2016: Ch. 9: Populations of Concern. The Impacts of Climate Change on Human Health in the United States: A Scientific Assessment. U.S. Global Change Research Program, Washington, DC, 247–286. http://dx.doi.org/10.7930/J0Q81B0T
[4] Zapata, Marisa A., Liu, Jenny H., and Harris, Matthew (October 11, 2017). Findings Brief for Equity Considerations for Greenhouse Gas Emissions Cap and Trade Legislation in Oregon. Coalition of Communities of Color, Oregon Environmental Council, and Portland State University Institute for Sustainable Solutions: https://www.oregonlegislature.gov/helm/workgroup_materials/WG%204%20-%20Marisa%20A.%20Zapata%20Findings%20Brief.pdf

The Clean Energy Jobs work group on Environmental Justice and Just Transition compiled comments, concerns, and recommendations related to the design and implementation of the bill from Oregon stakeholders.[5] These and others, compiled through research and interviews conducted by the Pinchot Institute for Conservation, are summarized as follows:

- Inclusion of Impacted Communities in policy design and governance
- Transparent decision making processes in rule-making and implementation
- Strong representation by members of Impacted Communities on governance and decision-making bodies
- Prevention of pollution 'hot spots' by disallowing trading and use of offsets by regulated facilities located within DACs
- Further restricting use of offsets by facilities with air quality violations (bills in 2018 included this protection)
- Mandatory emission reductions at facilities located within DACs
- Prevent and mitigate displacement of workers and communities
- Allow for local GHG emissions reduction goals in addition to state goals
- Investments of revenue must meet triple bottom line: *social* (benefiting impacted communities), *ecological* (sequestering carbon, reducing emissions, and improving environmental health), and *economic* (mitigate inequality in distribution of costs and benefits)
- Limit allocation of free allowances and use of offsets (specifically non-geographically restricted offsets)
- Ensure that minority- and women-owned businesses benefit from grants and project development
- Allocate a significant amount of proceeds to impacted communities and tribes

Many of these concerns have been addressed in previous drafts of the Clean Energy Jobs Bill through the following provisions:

- Representation from DACs and 'impacted communities' on rule-making advisory councils
- Significantly declining emissions cap to ensure real reductions
- Just Transition Fund to invest in efficiency upgrades, financial support for dislocated workers, and clean energy job training within DACs
- Offset projects that provide "direct environmental benefits to Oregon"
- Allowance consignments to utilities for "direct rate payer benefit," i.e. bill assistance and/or rebates

Any future carbon pricing legislation and rule-making process can build upon these efforts, continuing to address greenhouse gas emissions and climate change in Oregon in the most equitable way possible.

KEY DEFINITIONS

The State of Oregon Environmental Justice Task Force has defined environmental justice as equal protection from environmental and health hazards, and meaningful public participation in decisions that affect the environment in which people live, work, learn, practice spirituality and play. "Environmental

[5] https://www.oregonlegislature.gov/helm/workgroup_materials/WG%204%20-%20Nolan%20Plese%20Homework%20Summary.pdf

justice communities" include minority and low-income communities, tribal communities, and other communities traditionally underrepresented in public processes.

Under the Oregon Clean Energy Jobs Bill of 2018, *impacted communities,* which is inclusive of *disadvantaged communities* (DACs) are defined as communities with above average concentrations of minority and low-income households, high unemployment, high linguistic isolation, low levels of homeownership, high rent burden, and sensitive populations or residents with low levels of educational attainment. In addition, the DAC classification considers communities' geographic locations, historic disadvantage, socioeconomic status, public health, and environmental hazard criteria.[6]

AUTHOR INFORMATION

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[6] Senate Bill 1507 (February 16, 2018). 79th Oregon Legislative Assembly--2018 Regular Session. Retrieved from https://olis.leg.state.or.us/liz/2018R1/Downloads/MeasureDocument/SB1507