

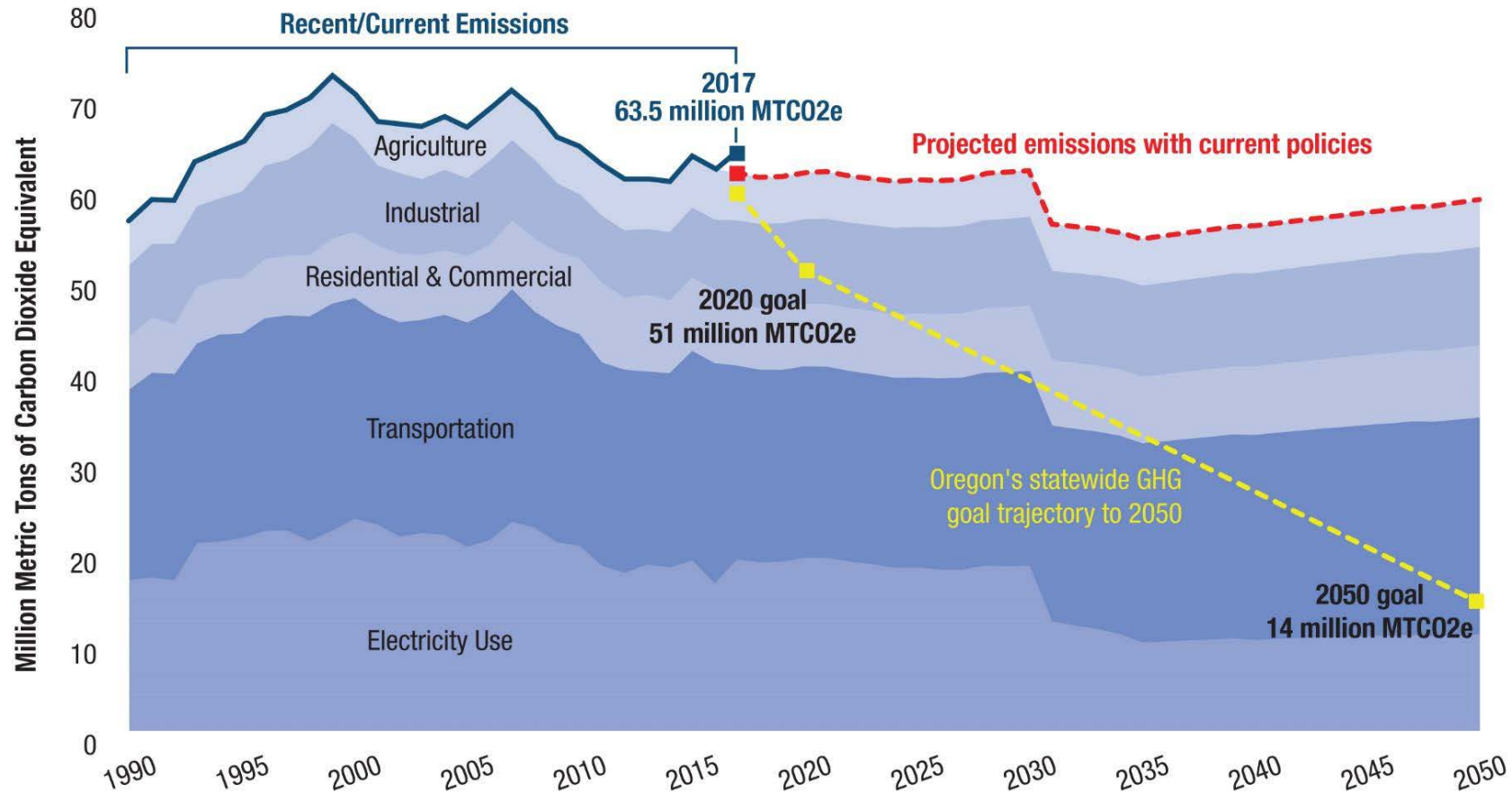


Eugene Water & Electric Board

Summary of Oregon Climate Action Program (HB 2020)

Oregon's Emission Reduction Trends

Existing policy not sufficient to meet state/global goals



Basic Structure of Climate Action Program

- Carbon Emissions are capped by the # of carbon “allowances” issued, allowances declines over time.
- Allowances = a permit for 1 ton of carbon.
- Regulated Entities purchase allowances in auction, “trade” in a secondary market, receive free allowances, or reduce own emissions.
- Quantity of carbon reduction is certain, price is market driven. Program controls keep price from being too high or low.
- Program targets large carbon emitters = over 25,000 annual tons.

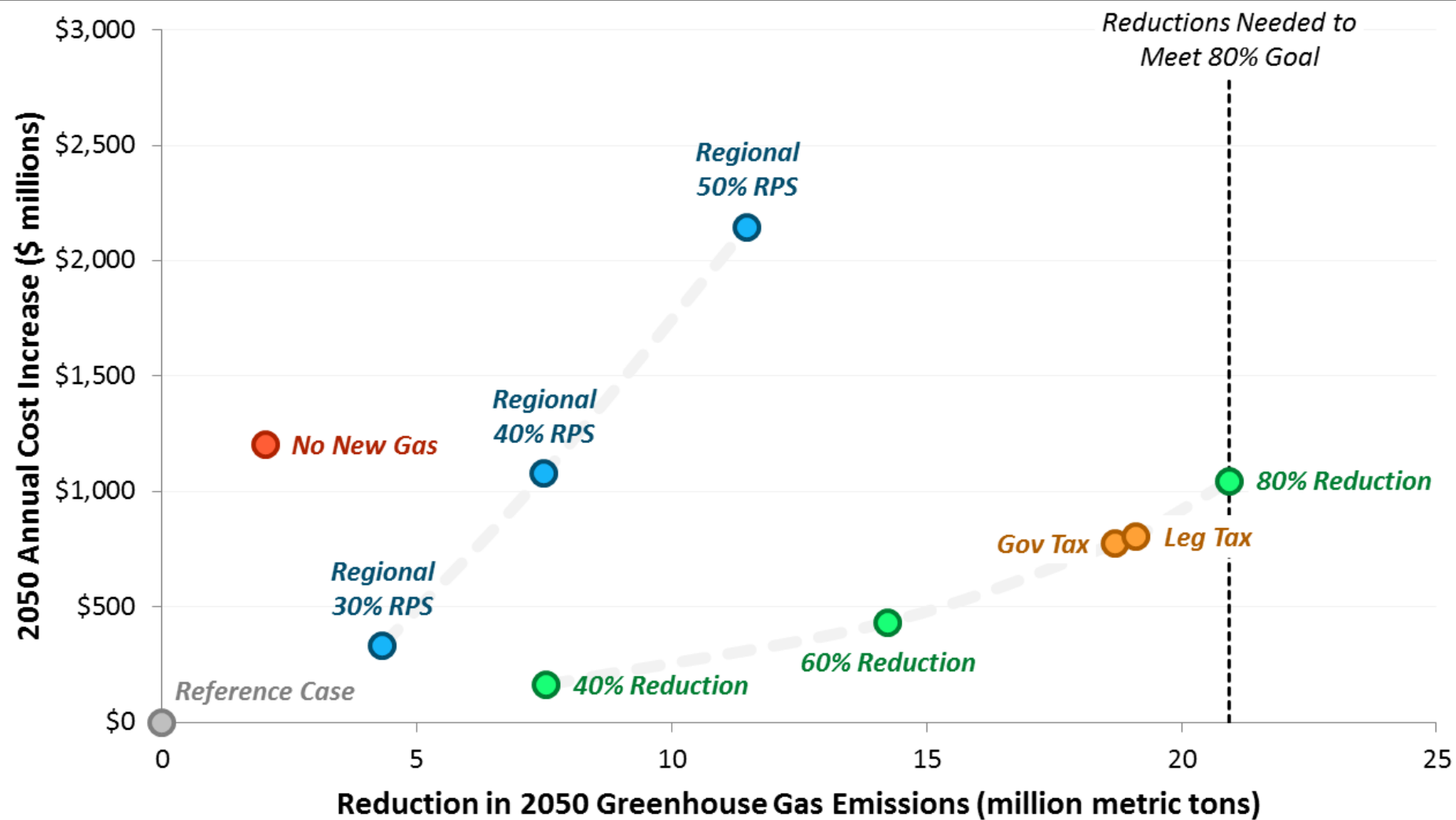


Reasons EWEB Supports Carbon Pricing

- Least cost approach to reducing GHG emissions by 80% in the electric sector, a market approach picks out efficiencies.
- Technology-neutral,— values hydropower.
- Promotes local control and decision-making re: compliance choices or carbon reduction choices.
- Regional linkage can produce common carbon price in the West, reducing economic leakage & creating momentum for a national policy.

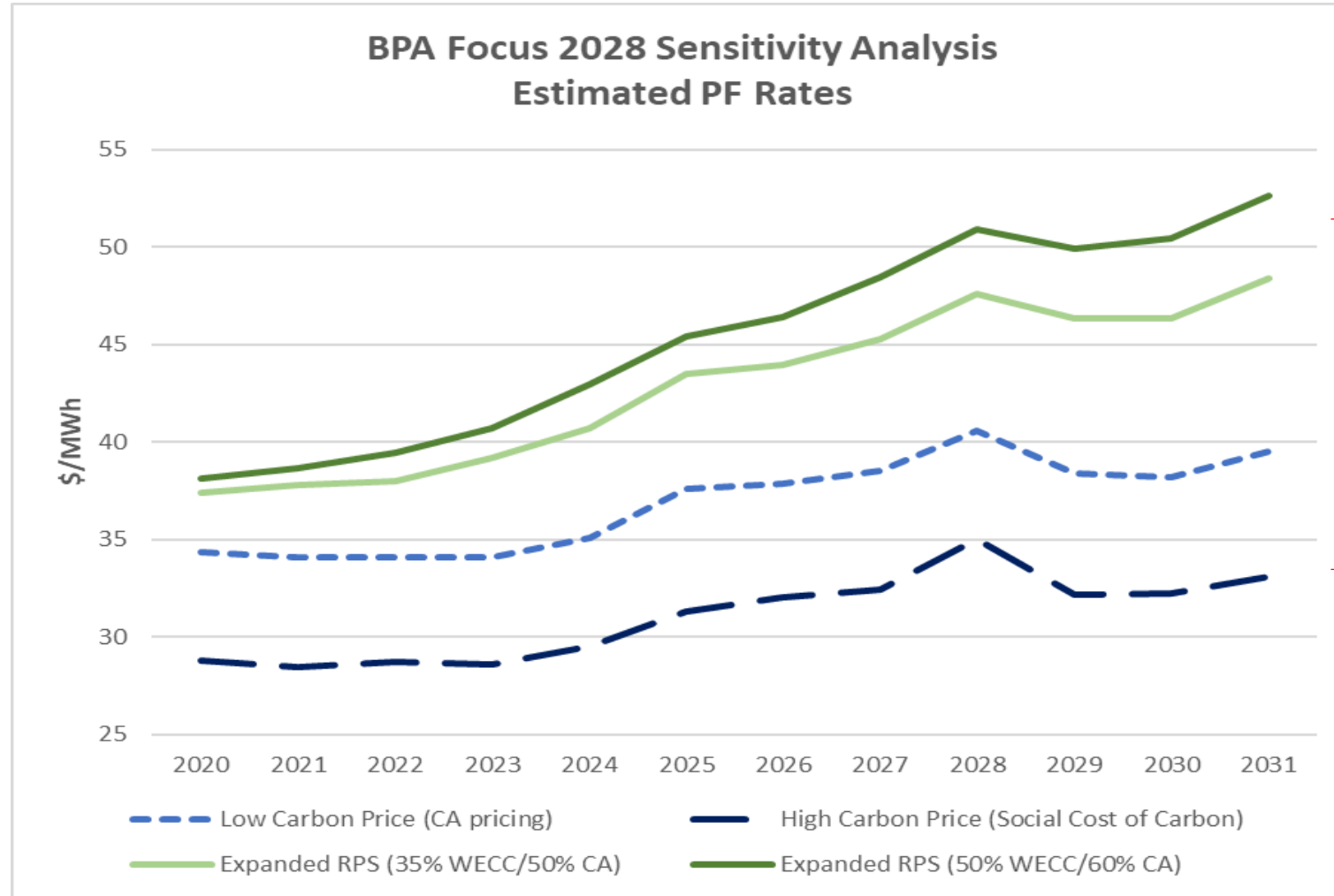


Carbon Pricing = Least Cost Policy Approach in Electric Sector



Source: E3 Low Cost Carbon Scenario Analysis, 2017

Carbon Pricing Values Clean Hydropower



\$20 difference =
significant cost benefit
For BPA customers

Source: BPA Sensitivity Analysis 3/16/2017

Key Issues to Address in Oregon Legislation

- Revenue recycling - reduces burden of carbon pricing on Oregon consumers & businesses; low-income communities, communities of color, tribes, and rural communities.
 - Revenue recycling in transportation sector is uncertain due to Oregon constitutional questions – much may be left to rule-making.
- Regional linkage – Oregon needs to check a few basic boxes but retain flexibility to customize program and bridge differences with California.
- How much should be delegated to rulemaking vs. legislated?