



March 2, 2023

TO: Members of the Senate Committee on Energy and Environment

FR: Sharla Moffett, Oregon Business & Industry

RE: SB 803

OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI opposes SB 803, creating an Oregon renewable fuel standard, effectively mandating renewable diesel statewide by the end of 2029.

There is broad agreement that renewable diesel is a good product and it will be helpful in achieving Oregon's climate goals. However, SB 803 sets up policy conflicts that would not help achieve Oregon's climate goals and would rely on a single product for which there is not adequate supply.

Dozens of bills have been introduced this session aimed at increasing renewable energy, but it's important to acknowledge three things in considering them:

- Policy is significantly ahead of where the technology is, and we need to incentivize and accelerate further innovation of technology;
- We have many regulatory programs aimed at achieving climate targets. Passing more legislation without ensuring that the regulatory programs are aligned and complementary will make it more difficult for the state to achieve its goals.
- Dozens of regulatory programs have been promulgated as a result of executive order 20-04 and are just now beginning implementation. We haven't seen the results of these programs because they are new. Time is needed to implement these programs, measure their effectiveness and determine what more needs to be done.

Our concerns about SB 803 fall into all three of those categories:

- A renewable diesel mandate would deplete clean fuels credits, leaving few, if any, available for other emerging technologies. We need policies that incentivize greater supply chain capacity across technologies;
- A renewable diesel mandate would increase prices without adequate credits and, further, would almost certainly result in market volatility;
- Regulations adopted as a result of former Gov. Brown's climate executive order are just now coming online. We cannot measure the efficacy of these programs or determine what more needs to be done until they are implemented.

While we are very supportive of renewable diesel as an effective tool in reducing emissions, we are extremely concerned that the state needs a more thorough understanding of the availability, cost, supply chain, and other market conditions around renewable diesel as well as how such a policy proposal could impact other technologies and its alignment with existing regulatory programs.

Frankly, we need a lot more information than we currently have before moving forward on a bill that would have major impacts on the transportation and logistics sector and Oregon consumers more broadly.

We urge the committee to oppose SB 803.