

The Case for an Oregon Climate Test

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The Pacific Northwest stands squarely between Asian energy markets and large fossil fuel deposits in the interior of North America. In order to reach these markets, energy companies have attempted to build a range of large fossil fuel infrastructure projects in Oregon and other PNW states. Between 2009 and 2014, at least four new facilities were proposed whose sum total of fuel CO₂ emissions, when burned, would equal 69.1 million metric tons per year. In contrast, the Oregon DEQ estimates that the sum total of CO₂ emissions generated by the entire state of Oregon in 2014 amounted to approximately 60.0 million metric tons per year.

Each proposal has been subjected to a patchwork of regulations by a number of different jurisdictions, none of which take climate change considerations into account. An Oregon Climate Test is needed to ensure these considerations based on best available science are at the heart of decision-making on future fossil fuel infrastructure project proposals.

A Climate Test would require that qualifying fossil fuel infrastructure project proposals be subject to an environmental impact statement (EIS) with full lifecycle accounting of a project's greenhouse gas emissions, coupled with an economic analysis that will show whether a project is viable in a world where climate goals are met.

First and foremost, Oregon's energy policy must align with climate science. The Climate Test will use the latest climate science to evaluate major fossil fuel infrastructure projects proposed in Oregon, in light of the globally agreed goal of limiting global warming to 1.5°C of the Paris Climate Accord.

Equally as important, Oregon's energy policy must support the economic health and vitality of Oregon communities. The Climate Test will use the latest global energy market models constructed for a climate safe scenario to determine if a proposed fossil fuel infrastructure project is actually economically viable in such a scenario. Each application of the regulation would serve as a project-specific economic analysis. The economic analysis would ensure that the proposed infrastructure would not cost the community economically more than it contributes, should it become a "stranded asset" in a world of rapidly changing global energy policy and fossil fuel economics.

To date, environmental assessments evaluate the impact of new projects in a business as usual or "reference case" energy scenario that is consistent with 4°C to 6°C of warming. This means that our most important energy supply and demand projections are assuming continued failure to achieve internationally agreed climate goals. However, if the United States expects to achieve these goals, and Oregon to play its part in doing so, we must aim for success – and must measure policies and investment opportunities against a path that leads to climate safety.

In late 2015, the United Nations Paris Agreement, with the United States as a signatory, set an ambition to limit global warming to well below 2°C and to pursue efforts to limit the temperature increase to 1.5°C. In the rapidly changing global policy context, decision-makers in

Oregon do not currently have the information or analytical tools to properly evaluate whether a given fossil fuel infrastructure proposal is appropriate in a global market that is transitioning to lower carbon emissions consistent with the Paris Agreement. The low-carbon transition affirmed in the Paris Agreement will dramatically shift both national and global energy markets away from business as usual scenarios. The implications of that transition will be of great relevance to Oregonians faced with proposals from the fossil fuel industry to construct large export infrastructure projects in their communities.

In an international market consistent with the Paris climate commitments, demand for fossil fuels will peak in the near future and decline, resulting in progressively weaker prices for coal, oil and natural gas. Incorporating an assessment of global energy markets in a climate safe scenario will allow policymakers to consider project and permit decisions in scenarios consistent with success in meeting international climate objectives, and help them avoid public and private assets being economically threatened by the global transition away from fossil fuels.

A rigorous Oregon Climate Test will provide Oregon agencies with the tools to more accurately assess the economic and environmental impacts of major project and permit decisions. As policymakers take action to incorporate a climate test into their long-term decision making process, the credibility of that test will rest on its adherence to the following broad principles:

- **Energy decisions must be guided by climate science.**
- **Decision-makers must develop and consider models that are consistent with a global economic transition away from high-carbon fossil fuels. Environmental review processes must assess the need for projects and policies in the context of global energy supply and demand scenarios consistent with international climate goals.**
- **Environmental review processes must assess a project or policy's greenhouse gas emissions.**

A Climate Test is a powerful, efficient and inexpensive tool that would ensure that climate and economic considerations - based on best available science - are the foundation of decision-making on fossil fuel infrastructure projects. By adopting a Climate Test, Oregon would continue its global leadership role in climate policy, working towards a safe and just future for all Oregonians and for all of our fellow global citizens.

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