



"The Voice of Oregon's Wheat Producers Since 1926"

OREGON WHEAT GROWERS LEAGUE

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October 25, 2021

Oregon Department of Environmental Quality
Office of Greenhouse Gas Programs
Attn: Nicole Singh
700 NE Multnomah Street, Suite 600
Portland, OR 97232

RE: 2021 Climate Protection Program Rulemaking

Ms. Singh,

Thank you for the opportunity to provide comment on the Oregon Department of Environmental Quality (DEQ) proposed Oregon Climate Protection Program (CPP). As reference, the Oregon Wheat Growers League is a nonprofit trade association representing the nearly 2,000 farms across the state producing wheat. Our association has been engaged in DEQ's development of the program since the early planning and scoping phase began and although we agree with the program's overarching goal, we are disappointed that the department did not fully account for the downstream price increases Oregonians will face as a result. These are increases we are concerned will result in a program that negatively impacts business and household budgets through a sharp rise in cost of living expenses – especially for those in rural parts of the state. Additionally, DEQ failed to acknowledge the critical role working lands play in carbon sequestration by leaving them out of the Community Climate Investment (CCI) options. It is because of these concerns that we urge DEQ to revisit the program rules as proposed.

Community Climate Investments (CCI) and Working Lands

Oregon wheat producers grow about 1.26 million metric tons of wheat annually across 720,000 planted acres. The sustainability of the Oregon wheat industry is directly related to farmers willingness to adapt farm practices and their continued commitment to stewardship and sustainability.

Their long history of adopting farm practices to lower total carbon emissions includes investing in sequestration techniques like no-till or reduced tillage farming, re-cropping, using auto-steer technologies, and upgrading equipment to more efficient engines. It is because of these voluntary investments that we urge DEQ to recognize the critical role working lands play in reducing Oregon's carbon emissions and extend the CCI project requirements to include natural and working land sequestration. The current exclusion of agricultural sequestrations projects, which offset emissions and benefit the atmosphere while growing the food Oregonians eat, hinders the overall goal of the EO 20-04. By revising the proposal to include carbon sequestration projects,

the scope of the CCI program would be necessarily broadened to allow rural and low-income areas of the state an opportunity to benefit equally to those in the Portland-metro area.

Additionally, we urge DEQ to reevaluate the CCI program parameters and increase the requirements accepted projects must meet. As proposed, these large financial investments lack proper accountability and oversight.

Direct Economic Impact

The fiscal impact analysis and modeling conducted by DEQ failed to accurately determine the cost of compliance for regulated entities and the inevitable financial impacts the program will have on all Oregonians, specifically those who operate Oregon's farms and ranches. Although agriculture is not directly regulated by the CPP, the wheat industry will be severely impacted by downstream price increases on farm inputs that producers rely on to get our crop to market – natural gas, propane, and transportation fuels.

Several regulated entities have conducted their own fiscal analysis and provided estimates on the impact to consumer prices. For example, the Oregon Fuels Association was clear when they provided DEQ findings from their own fiscal analysis on the cost to consumers for compliance with the program. They estimate the CPP will result in a significant increase in fuel costs to all Oregonians. More specifically, they estimate the price increase per gallon of B20 diesel and E10 gasoline to be 18 cents in 2030 and 31 cents in 2035. This potential increase will be in addition to previously passed legislation that will increase the price Oregonians pay for years to come.

In addition to the increased cost of fuel, the potential for fuel shortages due to the lack of diverse cost-effective compliance options for fuel suppliers presents a very real challenge for wheat producers. The ripple effects of a rationed fuel supply in the state will have a devastating impact on rural communities and could lead to producers' inability to produce, harvest and transport wheat to market.

Wheat farmers operate on thin profit margins and are already unable to compete in many markets. We fear that the additional price increases to farm inputs, combined with the lack of ability for farmers to benefit from the program's CCIs, will result in Oregon agricultural producers being put at a further disadvantage and will cause harm to generational farms.

We urge DEQ to revisit the program rules as proposed and acknowledge the critical role agriculture plays in statewide greenhouse gas reduction - a role Oregon wheat producers are proud of.

Thank you for allowing us the opportunity to provide comment and express our concerns. We look forward to continuing to work with you.

Sincerely,

The image shows a handwritten signature in black ink, which appears to read "Clint Carlson", written over a logo. The logo consists of the word "OREGON" in a bold, sans-serif font, with the word "WHEAT" in a smaller, similar font directly beneath it. To the right of the text is a stylized graphic of a wheat stalk with a single grain.

Clint Carlson, President