



**NORTHWEST  
PULP & PAPER**

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**NATURAL RESOURCES SUBCOMMITTEE**  
**Joint Ways and Means Committee**  
**April 15, 2009**

**SENATE BILL 5521**  
**DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**BUDGET TESTIMONY**

For the record, I am Kathryn VanNatta, Governmental Affairs Manager of the Northwest Pulp and Paper Association (NWPPA). Our members operate nine pulp and/or paper mills in Oregon. Our Oregon workers produce and ship more than \$3.3 billion a year in paper products throughout the world. Our companies make essential products from renewable and recyclable resources that sustain the environment.

NWPPA member companies are large fee payers and hold air, water and solid and hazardous waste permits issued by the Department of Environmental Quality (DEQ). NWPPA is an active member of Department advisory and work groups participating in forming public policy and a regularly provides comments on Department rulemakings.

In the last 14 years on behalf of NWPPA, I have participated in numerous advisory groups including the Blue Ribbon Committee reviewing the wastewater permitting program, two water quality standard review processes, two enforcement advisory groups and the Willamette River Total Maximum Daily Load Council. I regularly attend Environmental Quality Commission meetings and I am also a member of the Board of Directors for the Lower Columbia River Estuary Partnership. In summary, NWPPA and our members are active agency stakeholders beyond the legislature.

**Budget Cuts**

NWPPA asks the Subcommittee, as they pare down the agency budget, to be mindful of the need for timely permitting and policy services to Oregon's manufacturing industries. Our manufacturers require permits to operate in order to comply with federal and state laws and ensure environmental protection. A key need for manufacturing is permitting programs with appropriate policy support. As you form the budget, we ask you consider funding basic agency services before any new or additional programs. NWPPA supports the Department's notion of "last-in first-out" for prioritizing agency work. The agency should strive to retain their knowledgeable and highly skilled staff in the permitting and policy areas. These employees are key to supporting DEQ's permitting work essential for Oregon's manufacturing economy and Oregon's national reputation as an environmental leader. As our economy returns to normal DEQ must be staffed to support permitting and the opportunity for economic growth.

## **Fees**

In 2009, NWPPA adopted an unprecedented policy of, “no new or increased fees” instead of our usual policy of appropriate and adequate fees to support agency work directly related to the fee. The only Policy Option Package (POP) NWPPA supports is:

- POP 119 – Title V Air Operating Permits housekeeping fee change in SB 104

NWPPA acknowledges that DEQ is working on lowering the original FTE request in POP 110 (SB 103, SB 80 and/or other bills) on greenhouse gas reporting fees. NWPPA appreciates the work of Andy Ginsberg during these unprecedented economic times to address the needs of fee payers and the collection of necessary data for continuing agency work on carbon policy.

NWPPA opposes any fee in POP 110 (SB 80) on a small number of air sources to support a cap and trade program and continuing Department policy work for the Western Climate Initiative on a regional cap and trade carbon policy.

NWPPA opposes any fee based on biomass emissions to support Oregon carbon policy work. NWPPA believes that biomass emissions from boilers should be considered carbon neutral for any state policy and for agency fees. Our reasoning is that a policy of carbon neutrality for biomass encourages distributed energy generation from biomass rather than fossil fuels. Nationally, the forest products industry is a leader in generating and using renewable energy – 28.5 million megawatts annually. On the average our facilities meet 66 percent of our energy needs from renewable biomass energy produced on site. Oregon mills are also your recycling leaders by recycling paper to avoid methane emissions and reduce waste. We ask that you recognize our leadership and commitment to renewable energy generation.

NWPPA suggests that the Department and the Natural Resources Subcommittee work with stakeholders to fully and adequately fund further Department work on climate policy whatever the result of the current carbon policy debate in the legislature.

## **Closing**

Thank you for the opportunity to provide testimony on SB 5521. I can be contacted at 503-844-9540 or 503-805-8511 to answer any questions.