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Employers and Labor Unions File Suit Over Unaffordable Oregon Climate Rules

Estimates show nearly \$5 billion in higher energy costs for Oregon families and businesses at stake

SALEM, Ore – April 16, 2026 – A broad coalition of Oregon employers, labor unions and trade associations filed a lawsuit today challenging the validity of Oregon’s controversial Climate Protection Program. The groups seek to strike down rules projected to cause the most costly greenhouse gas program in North America and that they argue the Department of Environmental Quality lacked the authority to create.

“We can work collectively to reduce greenhouse gas emissions, but we cannot do so through a program that is economically infeasible and simply piles costs onto Oregon’s families, businesses and even governments,” **said Angela Wilhelms, president and CEO of Oregon Business & Industry.** “We can support ideas that are affordable, accountable and legally sound, but the CPP fails on all three counts. That’s why this coalition saw a need to take legal action.”

“We need to throw out these unaffordable, ineffective regulations and protect Oregonians who are hurting today,” **stated Jeff Stone, executive director of the Oregon Association of Nurseries.** “Oregon’s unilateral rules lack cost protections for consumers and are already proving unaffordable for workers, families and businesses.”

Known as the Climate Protection Program, or CPP, the regulations set rapid, technically unachievable declining caps on greenhouse gas emissions from critical fuel supplies like natural gas and propane, as well as gasoline and diesel. *The cost of complying with the Oregon program is double to five times the cost of other states,* and the risk of job loss is significant. It also doesn’t allow for linkage to programs in neighboring states while costing significantly more.

“It’s a ‘cap’ without a legitimate ‘trade’ component and has no legislative oversight, making it an outlier versus every other program out there,” **said Bill Gaines, CEO of the Alliance of Western Energy Consumers (AWEC),** which represents businesses from Oregon, Washington, and Idaho in rate proceedings and regulatory proceedings that directly affect energy costs. AWEC predicts that the current program will cost Oregon businesses \$4.9 billion in additional costs for natural gas alone over the next decade. “The CPP is a real problem because it doesn’t link to market-based carbon programs in neighboring states, and the costs are dramatically higher. This is an issue that can only practically be addressed by the Oregon Legislature.”

True cap and trade programs in Washington and California currently set a cost of \$71 and \$28 a ton for carbon emissions, respectively. A program encompassing 10 northeastern states currently charges \$25 a ton. Due to the unique structure of Oregon’s program, local businesses will pay a *whopping* \$136 a ton to start, with costs increasing in each successive compliance period. The cost associated with CPP compliance for many local businesses is expected to *exceed the underlying cost of natural gas itself* once fully implemented.

In addition to the severe cost impacts, the Oregon Journalism Project (OJP) [recently detailed](#) how poorly crafted the program is – mostly due to the fact that former Governor Kate Brown, who established the CPP through executive order, bypassed the legislative process.

“A dozen other states also restrict carbon emissions from natural gas and other fossil fuels,” the Oregon Journalism Project reported. “And while Oregon’s program superficially resembles other states, an OJP analysis, along with interviews of industry and environmental experts, makes clear that Oregon’s program is both uniquely flawed—and uniquely unaccountable. It’s also very expensive.”

“Going completely electric is impractical for even the greenest and most sustainable farm,” **said Greg Addington, executive director of the Oregon Farm Bureau Federation.** “For many aspects of agriculture, natural gas or propane are the only viable options, from drying large quantities of crops like hops, hazelnuts and grain, to processing crops such as mint for oil, and heating greenhouses for nursery production. That means you end up with a program costing Oregon farmers and other businesses double, triple, or even five times more than comparable programs in other states, making it harder for them to stay competitive and sell their products.”

Also joining the suit are several labor unions concerned about job losses as well as rising costs to consumers. “Oregonians are already struggling under the weight of inflation, including a lack of affordable housing and rising unemployment,” **stated W. Paul Elder, of UA Local 290, the local plumbers and pipefitters union.** “The current program harms every consumer and every layer of business in Oregon. Without action, it will cost our state thousands of good paying, family-wage jobs.”

Nathan Stokes, assistant business manager of the International Union of Operating Engineers (IUOE), Local 701 added that, “Even if businesses try to absorb some of the increased fuel costs, they will have less to bargain wages and benefits with, which can lead to stagnating wages and an inability to keep up with inflation and rising cost of living.”

Other unions include the Association of Western Pulp and Paper Workers (AWPPW) and the Office and Professional Employees International Union Local 11.

Lawmakers from both parties have been vocal that something must be done. Sen. Janeen Sollman, the lead Democrat on the Senate Committee on Energy and Environment, told the Oregon Journalism Project that, “The big thing California and Washington have in their programs is stability.”

“There is no legislative accountability with the CPP—and that is concerning,” Sollman continued.

The significant number of challengers to the rule illustrates the extent of the concern with the economic impacts of this program. More than two dozen union locals, businesses and trade associations representing members and businesses of all sizes across the state provided information, including some that have been doing business in Oregon for over 100 years.

“We’ve made substantial investments in reducing our dependence on fossil fuels and continue to explore new technologies,” **said Kyle Freres, Vice President of Operations for Freres Lumber** which was founded in 1922 and operates facilities in Lyons and Mill City. The company has invested \$25 million to reduce its reliance on natural gas but is limited in how much further it can go. “Oregon’s lost 10 wood

products facilities in the last two years and there aren't commercially viable alternatives to natural gas for much of what we all do. The program could kill Oregon's remaining mill jobs.”

Freres' sentiment is echoed by US Bakery, maker of Franz and other popular products, which employs more than 1,000 people locally and has operated in Oregon for 120 years. The company's filing detailed how it has made substantial investments to reduce energy consumption but is limited by a lack of commercially viable alternatives to natural gas. It projects an estimated 117% increase in gas costs over the next 10 years due to the program – ultimately paying more to comply with CPP than the cost of gas itself. In the ultra-competitive national grocery space, US Bakery could be faced with the need to move at least a portion of its production out of state.

Other examples offered by impacted businesses in the legal filing include:

- **Tube Forgings of America, a third-generation, family-owned business based in Northwest Portland** that employs 120 people, explained that in Phase 2 of the CPP, the costs of CPP associated with the use of natural gas will exceed the costs for of the natural gas itself. It noted that the additional costs could force increased reliance on imported products and create the potential for reduction of its workforce by 25-30%.
- **Met-Tek, Inc., a commercial heat-treating company in Clackamas** that provides critical thermal processing services to manufacturers across multiple high-precision industries, explained that natural gas is the only feasible solution at its scale. Its natural gas costs have already increased 47% since the rule began taking effect. Met-Tek, Inc. expects that the program will drive it into negative cashflow within the next 4-7 months unless it increases its costs to customers by 30-40%.
- **Zuber & Sons Logging, based in Curry County**, noted that due to the remote nature of its work, there are no viable alternatives that would not consume carbon fuels. It expects over \$86,000 in additional fuel costs annually under the program, putting the company at a competitive disadvantage against forestry companies operating in other states and regions across America.
- **Blue Star Gas-Salem Co**, and its affiliates, which provide propane to residential and business customers in the Willamette Valley and along the central coast project their cost of compliance to equal the average wholesale cost of propane over the past five years. The company notes that the result of the propane cost increases from the Rule could be that many rural households and businesses “will be priced out entirely or left without heat during the winter” and that “without readily available propane rural communities will face the very real prospect of energy shortages and supply disruptions in coming years.”

The [recent article by the Oregon Journalism Project](#) also identified several other examples of impacts on local businesses that face astronomical costs.

“For many small businesses, these added costs can't just be passed on to their customers,” said **Anthony Smith, Oregon State Director for the National Federation of Independent Business, Inc.** “Unless the program is scrapped, these higher energy costs will make Oregon businesses less competitive and ultimately cost us jobs.”

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