



Oregon

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To: Oregon Energy Facility Siting Council

From: Thomas L. Jackman, Rules Coordinator

Date: April 5, 2024

Subject: Agenda Item B (Action Item) – Initiation of 2024 Carbon Offset Rulemaking for the April 19, 2024 EFSC Meeting

STAFF RECOMMENDATION

Staff recommends that the Council initiate informal proceedings on the 2024 Carbon Offset Rulemaking, which was approved for the 2024-2026 Rulemaking Schedule. Staff recommends that Council approve the scope and general direction of the rulemaking as outlined below. Staff also requests that the Council approve the creation of a Rulemaking Advisory Committee (RAC). Staff's recommended makeup of this RAC (by category) is discussed below. Please note that the Council is not being asked at this time to consider proposed rule amendments or the adoption of permanent rules.

BACKGROUND AND SUMMARY

As part of the 2024-2026 Rulemaking Schedule, the Council directed staff to update Monetary Carbon Offset Rate outlined in OAR 345-024-0580. This update is intended to address historic increases in offset costs. Per ORS 469.503(2)(c)(C), the rate may be increased by up to 50% as of every two years. Due to years of failing to increase this rate, regular increases are needed to ensure the rate is at intended amounts. The last increase took place on 7/1/2022 which raised the rate to \$4.27 per ton of carbon dioxide emission. This means that the next increase can take place on 7/1/2024 and could increase the rate up to \$6.40. If this rulemaking is initiated now, the rate increase would go in place not long after this date.

Staff recommends the Council approve the scope of the rulemaking as outlined above.

Due to the involvement of rate setting, staff recommends Council appoint a Rulemaking Advisory Committee for the project.

RAC FORMATION

At this time, staff recommends the formation of a RAC, which will be relied upon to provide feedback from interested parties about the proposed modifications to the rules. Staff proposes a RAC consisting of around 15 members:

- 2 – Investor-owned utilities
- 3 – Independent power producers and their representation
- 5 – Reviewing agencies (which includes the counties, state agencies, and the nine tribal governments)
- 3 – The public
- 2 – Resource interest groups and environmental justice groups

Staff expects to hold no more than two and possibly just one RAC meeting for this rulemaking, depending on RAC input.

Staff expects relatively low interest in this rulemaking.