Office of Economic Analysis

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Issue Brief – New incentives and policies in effect for the 2024 Clean Fuels forecast

The following policy changes have the potential to affect the 2024 Clean Fuels forecast. Each policy is followed by a brief synopsis and how it could factor into the forecast.

1. Advanced Clean Cars I and II – These policies mandate that auto manufacturers sell an increasing percentage of zero emission vehicles (electric or fuel cell) through 2035, culminating in 100 percent of new vehicles purchased in 2035 be ZEV. These standards have been adopted by Oregon and can be seen having an affect on the electric vehicle fleet, and thus on credits generated by electricity in the Clean Fuels Program. It should also be noted that consumption of electricity for transportation necessarily reduces demand for fossil fuels, and thus the number of deficits generated by them.

2. Advanced Clean Trucks – This rule adopted by the Department of Environmental Quality, requires an increasing percentage of zero-emission medium- and heavy-duty trucks beginning in 2024. Other aspects of California's diesel engine standards (Low NOx Omnibus) were also adopted. This also has the potential to increase electricity credits reported to the program.

3. Bipartisan Infrastructure Law - This Federal Act contains financial support for zero-emission infrastructure (i.e. a national network of electric vehicle charging stations), as well as investment in zero-emission public transportation, school buses, and ports. Both aspects have the potential to affect the consumption of electricity in transportation and to reduce fossil fuel consumption. The BIL also contains incentives for the production of cleaner transportation fuels and projects to capture and sequester carbon at those facilities.

4. Inflation Reduction Act – This Federal Act contains tax credits for both purchase of new and previously owned "clean" vehicles. A larger zero-emission fleet would likely lead to increased electricity consumption and more credits, fewer deficits.

5. Washington Clean Fuel Standard – This is the low carbon fuel standard for Washington state which aims to reduce emissions of transportation fuels by 20 percent by 2034. While the target reduction is small for the early years (2023 – 2025), it will remain to be seen what range Washington's credit price falls over the Oregon Clean Fuels forecast horizon.

6. Washington Climate Commitment Act – This cap-and-invest program requires businesses covered by the program to obtain allowances equal to their emissions. The impact on the Oregon Clean Fuels forecast will be indirect and difficult to gauge in the early years.

7. Portland Renewable Fuel Standard – This ordinance was first adopted by the City of Portland in 2006 is being updated to reflect market and state policy changes. By July 1, 2024, diesel sold in the city will need to be 15 percent renewable, with that percentage rising to 50 percent by July 1, 2026. The standard also requires that an increasing percentage of that renewable diesel have a carbon intensity of 40 gCO_2e/MJ or below. With the city comprising a modest fraction of the state's overall consumption, this had potential to increase the volume and decrease the carbon intensity of renewable diesel to the Clean Fuels program and thus the credits generated.