

## January 2019: Program Update

### The Clean Fuels Program to date

The Clean Fuels Program is now entering its fourth year of full implementation, requiring a 1.5% reduction in the average carbon intensity of Oregon's transportation fuels. The gasoline standard is 96.59 gCO<sub>2</sub>e/MJ and the diesel standard is 97.26 gCO<sub>2</sub>e/MJ.

About 160 fuel providers are now registered to participate in the CFP representing gasoline, diesel, ethanol, biodiesel, renewable diesel, fossil and renewable natural gas, fossil and renewable propane, and electricity. Over the first two years of the program, approximately 1.7 million tonnes of GHG were reduced at a cost to comply less than a third of a penny per gallon. The credit market is continuing to grow, with trades topping \$100 per credit and totaling over \$11 million in December 2018. Monthly credit transaction reports and quarterly data summaries are routinely posted at: <https://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels-Data.aspx>.

### Compliance is due in April for all regulated parties

2018 annual reports must be submitted into the CFP Online System by April 30, 2019 per OAR 340-253-1030. All regulated parties, including large importers of finished fuels, must retire the number of credits equal to their compliance obligation for 2018. Large importers of finished fuels that elected to defer compliance their 2016 and 2017 deficits last year will need to comply with them when they submit the 2018 annual report. A small deficit (less than 5% of the total number of deficits generated in the compliance period) may be carried forward to 2019 free of penalty. Regulated parties may acquire credits between January 1 and April 30, 2019 in order to demonstrate compliance with the 2018 standards. Regulated parties who do not demonstrate compliance with the 2018 standards may also acquire additional credits by participating in the credit clearance market.

### Credit clearance market for 2019 (OAR 340-253-1040)

In February 2019, DEQ will issue a memo detailing the maximum credit price for this year's CCM, adjusted for inflation from \$200 per credit established in 2018. On April 1, 2019, DEQ will issue a call to all eligible registered parties in the CFP Online System to pledge credits into the 2019 credit clearance market. By April 30, 2019, parties wanting to pledge credits into the credit clearance market must notify DEQ. By May 15, 2019, DEQ will announce if a credit clearance market will occur or not.

### Electricity carbon intensities for 2019

The carbon intensity of Oregon's electricity is calculated on an annual basis using a 5-year rolling average of data reported to DEQ's GHG reporting program. For the 2019 compliance period, data from 2013 through 2017 was used and can be found [here](#).

### Rule changes effective January 1, 2019

The Environmental Quality Commission adopted several changes to the Clean Fuels Program regulation that are effective January 1, 2019. The new rules are posted on the [Secretary of State's web page](#). The highlights include:

- ❖ Alternative jet fuel and renewable propane can now generate credits in the program.
- ❖ Substitute fuel pathway codes were added for E10, B5, and B20. These fuel pathway codes must be used for finished fuels blended inside of Oregon and are meant to replace the use of the imported E10, B5, and B20 pathways for in-state purchases without obligation, exports, and exempt uses.



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### Oregon Clean Fuels Program

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- ❖ OR-GREET 3.0 is now in effect. The full OR-GREET 3.0 model and the Tier 1 Simplified Calculators can be found at <https://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuel-Pathways.aspx>.
- ❖ All new fuel pathway applications should use OR-GREET 3.0. All existing OR-GREET 2.0 pathways will expire on December 31, 2020 unless they are recalculated using OR-GREET 3.0 and approved by DEQ.
- ❖ Many of the values used in the credit and deficit calculations were modified to reflect various changes to the rules and are summarized here:

Table	Title	Description of change
Table 1	Oregon Clean Fuel Standard for Gasoline and Gasoline Substitutes	Updated for OR-GREET 3.0
Table 2	Oregon Clean Fuel Standard for Diesel Fuel and Diesel Substitutes	Updated for OR-GREET 3.0
Table 3	Oregon Clean Fuel Standard for Alternative Jet Fuel	New
Table 4	Oregon Carbon Intensity Lookup Table	Updated for OR-GREET 3.0; added hydrogen pathways
Table 5	Summary Checklist of Quarterly Progress and Annual Compliance Reporting Requirements	Unchanged
Table 6	Oregon Energy Densities of Fuels	Updated for OR-GREET 3.0; added alternative jet
Table 7	Oregon Energy Economy Ratio Values	Updated transit bus & aerial tram; added motorcycles, forklifts & transport refrigeration units
Table 8	Oregon Substitute Fuel Pathway Codes	New
Table 9	Oregon Temporary Fuel Pathway Codes	Updated for OR-GREET 3.0; added biomethane pathways
Table 10	Indirect Land-Use Change Values	Unchanged

## Fuel supply forecast for 2019

The purpose of the forecast is to determine whether fuel supply will be sufficient to generate credits to meet the scheduled applicable low carbon fuel standards for the compliance period. Credits can be generated by providing lower-carbon fuels to Oregon such as ethanol, biodiesel, renewable diesel, electricity, fossil and renewable natural gas, and fossil and renewable propane. The Office of Economic Analysis (OEA) produced the fuel supply forecast for 2019 which shows sufficient credits to meet the 2019 clean fuel standards.

## Frequently Asked Questions

DEQ continues to work with various stakeholders to ensure that everyone understands and complies with the regulation. We continue to see some confusion about several issues including the following:

### **Small importers (OAR 340-253-0100(1)(b))**

Small importers, those who import (have title to) 500,000 gallons of fuel or less into Oregon in a calendar year, are exempt from the CFP but must still report to DEQ's GHG Reporting program.



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## **Product transfer documents (OAR 340-253-0600(2))**

When fuel is transferred from one party to another, the product transfer document (invoice, bill of lading, contract, etc.) must include a statement about whether the obligation (deficits or credits) are being passed on with the fuel or not.

## **Transfer of obligation (OAR 340-253-0310)**

If the recipient of the fuel is an importer of blendstocks, then the obligation is transferred with the fuel unless the transferor (seller) elects to retain the obligation. This applies to transfers both above and below the rack.

If the recipient of the fuel is a large importer of finished fuels and the transfer is above the rack, then the obligation is transferred with the fuel unless the transferor (seller) elects to retain the obligation.

If the recipient of the fuel is a large importer of finished fuels and the transfer is below the rack, then the obligation remains with the transferor (seller). If the finished fuel is being exported and the large importer of finished fuels is the exporter of record, then the obligation may be transferred below the rack. Only the entity that owns title to the fuel as it leaves Oregon should report the export.

## **Reporting exempt gallons (OAR 340-253-0640(5))**

When reporting that fuel was sold to exempt fuel users as defined in OAR 340-253-0250, proper documentation must be provided. The registered party must also designate the categories of exempt fuel users to which the registered party delivered fuel to and the number of gallons delivered to those individual categories in the transaction description field of the CFP Online System.

## **Reporting exported gallons (OAR 340-253-1010(4))**

Only the entity that owns title to the fuel as it leaves Oregon should report the export.

## **Reporting “not for transportation” gallons (OAR 340-253-0640(6))**

When reporting that fuel was sold as not for transportation, the registered party must report which stationary source or category of stationary fuel combustion the fuel was sold to and the number of gallons sold to that source or category in the transaction description field of the CFP Online System.

## **Submitting a CARB-approved pathway (OAR 340-253-0450(2))**

If you are submitting a CARB-approved pathway to be approved for use in Oregon, you must submit: 1) the entire application submitted to CARB when it was approved, 2) the original CA-GREET 3.0 spreadsheet, and 3) the CARB review report for the approved pathway. You must also submit a second copy of CA-GREET 3.0 with the fuel transportation and distribution cells modified for the fuel's transport to Oregon. Submission must be made through the Alternative Fuel Portal of the CFP Online System.

## **Alternative formats**

Documents can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request a document in another format or language, call DEQ in Portland at 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696; or email [deqinfo@deq.state.or.us](mailto:deqinfo@deq.state.or.us).



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