

March 2018: Program Update

The purpose of this factsheet is to update you on the various tasks that DEQ is working on as the program continues to move forward in its third year of implementation. On the enforcement front, DEQ began issuing warning letters to parties registered as importers but have failed to submit the required reports. These parties had the opportunity to correct the violations without civil penalty and they have all done so, as these were their first violations in the CFP. We also continue to approve pathway applications, make updates to the CFP Online System, and audit reports. Along those lines, DEQ wants to clarify some recurring issues.

Deadline to demonstrate compliance

Importers of blendstocks need to comply with their 2016-17 obligations with the submittal of 2017 annual reports (due by April 30, 2018). Large importers of finished fuels have until their 2018 annual report (due by April 30, 2019) to comply with their 2016-18 obligations. Any importers of blendstocks with questions about their compliance status should contact program staff as soon as possible. If you are a large importer of finished fuel, please do not wait until the end of 2018 to look at your account ledgers. Look at them now and start making plans to be in compliance before the end of the year.

Changing registration status from large to small importer of finished fuels

If you are registered as a Large Importer of finished fuels, but have documented that you now qualify to be a small importer (import 500,000 gallons or less per year), you can request a change in registration status. By switching your registration status, you are no longer required to comply with the clean fuel standards, but must continue to keep track of the fuels you import to ensure that if you become a large importer again that you re-register and restart quarterly reporting. If you were a large importer in 2016 but became a small importer in 2017, you still have to comply with the 2016 deficits but not any generated in 2017.

Changing registration status from large importer of finished fuels to importer of blendstocks

If you are registered as a large importer of finished fuels, but are now transacting blendstocks (i.e. purchasing biodiesel to blend up), you need to request a change in registration status. By switching your registration status, you must demonstrate compliance with the clean fuel standards with the submittal of the 2017 annual report (due by April 30, 2018).

Reporting B99/R99

For parties transacting B99 or R99, report as 99 percent biodiesel or renewable diesel and 1 percent petroleum diesel or the applicable ratios of renewable fuel to fossil fuel; not 100 percent biodiesel or renewable diesel.

Documenting fuels exempt from obligation

OAR 340-253-0250 provides for several exemptions from the Clean Fuels Program: aircraft, racing vehicles, military tactical vehicles, locomotives, watercraft, farm vehicles or tractors, implements of husbandry, log trucks or construction equipment (see below for more discussion). Be very careful that you are not reporting your dyed diesel sales as fuels exempt from the Clean Fuels Program—these exemptions are not the same.

Regulated parties should be reporting exempt fuels in quarterly reports with the “used in exempt fuel uses” or “not used for transportation” transaction type as applicable. When reporting either of those transaction types, please use the description field to provide the proper justification.



State of Oregon
Department of
Environmental
Quality

Oregon Clean Fuels Program

<http://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels.aspx>

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DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.

Accessibility

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

Oregon Clean Fuels Program

Also, be aware that the documentation requirements for exemptions means that the fuel was sold through a dedicated source (such as a private account or through a card lock) or must be documented on a transaction-by-transaction basis in the PTD.

Fuels used in construction equipment

There has been some confusion as to the scope of this exemption. These vehicles cannot be designed primarily to transport persons or property; operated on highways only incidentally; and used primarily for construction work. As we audit the quarterly reports, we will be making sure that all three of these criteria are met in order to qualify for the exemption. Examples of vehicles that would not meet this exemption are “bucket” trucks used for tree trimming, cement trucks that carry material to and from a production facility to a construction site or dump trucks that carry waste from a construction site to a disposal site.

Reporting transfers without obligation

Many regulated parties have not been able to submit their quarterly reports because their total obligated volumes are less than the obligated volumes they have imported or acquired. In order to remedy that situation and other related reporting issues, DEQ is instituting a new check in the CFP Online System for total volumes reported. This check looks at both obligated and non-obligated volumes reported by counterparties.

Beginning for the Q1 2018 reports, regulated parties should begin to report transactions without obligation above the rack. This is a critical step for this new check and is limited to transactions above the rack as it allows us to focus on the areas where we have seen the most problems. While DEQ has not required the reporting of transfers without obligation in the past, we believe that the change will provide more accurate reporting and reconciliation between business partners and eliminate reporting errors. At this time, transfers without obligation below the rack do not need to be reported.

Conversion of default pathways to individual pathways

The lookup table carbon intensity values for biofuels (ethanol, biodiesel, renewable diesel and renewable natural gas) were removed from Tables 3 and 4 in the November 2017 rulemaking and were functionally replaced by the temporary fuel pathway codes in the newly created Table 9. Each biofuel supplied to Oregon must now have an individual CI or request to use the applicable temporary CI. Most producers who were using default pathways have submitted individual pathway applications to DEQ but please double-check your PTDs and work with your marketers to make sure you have the appropriate CIs for Q1 2018 reporting.

What's new?

- ❖ New data webpage: There is a new [webpage](#) dedicated to all of the program-related data, including the new requirements from HB 2017. Here, you can find the list of registered parties, monthly credit transaction reports, the quarterly data summaries and the number of electric vehicles registered in the state. Look for even more data to be posted here in the future.
- ❖ Reporting natural gas: For providers of CNG, beginning in the Q1 2018 report, you will need to report in therms instead of standard cubic feet.
- ❖ Registering fuel supply equipment: For parties registered to supply natural gas and electricity, there is a new process to register your fuel supply equipment. DEQ is sending a separate email to those parties with instructions on how to conduct the registration.

Want more information?

For information about the Clean Fuels Program, go to the program webpage at <http://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels.aspx>.



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