

December 2017: Program Update

The Clean Fuels Program to date

Implementation of the program is proceeding smoothly. The Oregon Department of Environmental Quality has been working with the fuels industry, fleets, local governments and the public to help ensure everyone understands and complies with the regulation. About 145 fuel providers report to DEQ about the volumes and types of fuels they imported, produced, dispensed or used in Oregon. Quarterly reporting to DEQ began in 2016 and the initial demonstration of compliance with the 2016 and 2017 standards is due when the 2017 annual reports are submitted by fuel suppliers on or before April 30, 2018.

As a whole, more credits are being generated than deficits, the average carbon intensity of biofuels is decreasing, and credits are being traded. Information on the status of the program is available on the program webpage at: <http://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels.aspx>.

Changes coming in 2018

The Environmental Quality Commission adopted several changes to the Clean Fuels Program regulation that are effective for 2018 reporting. The new rules are posted on the [Secretary of State's web page](#) and include:

- ❖ Updates to Table 6. The energy density of several fuels were updated to reflect the latest data.
- ❖ Updates to Tables 1 & 2. Because of the change in energy densities, the Clean Fuels Standards for 2018 through 2025 were also adjusted.
- ❖ Updates to Tables 3 & 4 and a new Table 9. The default carbon intensity values for biofuels (ethanol, biodiesel, renewable diesel, and renewable natural gas) were removed from Tables 3 & 4 so each biofuel that is supplied to Oregon must now have an individual carbon intensity value. For biofuels without an individual carbon intensity value, a temporary carbon intensity value from Table 9 may be used until an individual carbon intensity value is approved, but only for up to two quarters per DEQ approval.
- ❖ Changes for calculating the carbon intensity of electricity. DEQ will use information submitted to DEQ's GHG Reporting Program to calculate both the statewide mix carbon intensity value and utility-specific carbon intensity values for utilities that request one. In addition, a 5-year rolling average (2012–2016) will be used instead of an annual value.
- ❖ Changes in the treatment of renewable diesel. All renewable diesel supplied to Oregon must now have an individual carbon intensity value, regardless of feedstock.
- ❖ Changes in the reporting of natural gas. All compressed natural gas must now be reported in therms instead of standard cubic feet. This change is meant to make reporting easier for companies that use compressed natural gas, which is generally measured in therms rather than standard cubic feet by utility meters.
- ❖ Prohibitions on compliance obligation transferring below the rack. For transactions below the rack, the compliance obligation associated with the fuel cannot be passed onto the purchaser, except in cases where the fuel is being exported by the purchaser. In other words, the seller of the fuel above the rack must retain the compliance obligation.



State of Oregon
Department of
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Oregon Clean Fuels Program

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

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- ❖ Changes to the process for obtaining a carbon intensity. The new rules clarify that GREET must be adjusted for the transportation distance to Oregon for fuels that already have a CARB-approved pathway.
- ❖ Allowance of co-processed low-carbon fuel in Oregon. The new rules clarify the procedures for how to properly account for low-carbon fuels produced through co-processing at petroleum refineries.
- ❖ New sources of credit generation. Credits will be generated for light rail, street cars, aerial tram, and electric buses that use electricity as a transportation fuel. Transit agencies will be the registered parties for these credits.
- ❖ New cost containment mechanism. The new Credit Clearance Market will provide an additional opportunity for regulated parties to comply with the clean fuel standards if they cannot generate or purchase sufficient credits during the year. The CCM will take place between June 1 and July 31 of each year if there is a regulated party that did not retire sufficient credits to meet its compliance obligation. The maximum price for the CCM will be \$200 per credit in the 2018 market following the submission of the annual reports for 2017.
- ❖ New Backstop Aggregator. Electric utilities that are registered with the program generate credits generated from residential charging of electric vehicles. In the parts of Oregon where the electric utility has not registered, DEQ will select an entity to act in its place and ensure that the credits are fully captured by the program. DEQ will work with the selected entity to use the revenue from the sale of the credits to promote transportation electrification strategies.

What's coming next?

- ❖ To help registered parties estimate deficit and credit generation, the [CFP Obligation Estimator](#) will be updated to reflect all of the changes above.
- ❖ DEQ will be calculating the number of credits generated from residential EV charging, by electric utility, for 2016 and 2017. Those credits will be generated for utilities that signed up for the Clean Fuels Program before the October 1 deadline last year.
- ❖ DEQ will begin the process to recruit and select a Backstop Aggregator.
- ❖ DEQ is starting a new rulemaking advisory committee to consider the following issues:
 - incorporation of verification into parts of the program;
 - updates to the models used to determine the carbon intensities of fuels; and
 - potentially adding new sources of credit generation in the program.

All rulemaking materials can be found on the CFP 2018 Rulemaking Advisory Committee web page at:
<http://www.oregon.gov/deq/Regulations/rulemaking/Pages/rCFP2018.aspx>.

Want more information?

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