

Overview of the Clean Fuels Program

Background

The 2009 Oregon Legislature passed [HB 2186](#) authorizing the Oregon Environmental Quality Commission to adopt rules to reduce the average carbon intensity of Oregon's transportation fuels by 10 percent over a 10-year period. The 2015 Oregon Legislature passed [SB 324](#) allowing DEQ to fully implement the Clean Fuels Program beginning in 2016. The rules for CFP can be found in Oregon Administrative Rules Chapter 340 [Division 253](#).

Clean Fuel Standards

The clean fuel standards are the annual average carbon intensity that a regulated party must comply with. There is a standard for gasoline and gasoline substitutes and one for diesel and diesel substitutes. The baseline year for the program is 2015 and represents 10 percent ethanol blended with gasoline and 5 percent biodiesel blended with diesel. The rule requires a 10 percent reduction in average carbon intensity from 2015 levels by 2025. The annual clean fuel standards are shown here:

	Clean Fuel Standards (gCO ₂ e/MJ)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
% reduction	0.25	0.50	1.00	1.50	2.50	3.50	5.00	6.50	8.00	10.00
Gasoline	98.37	98.13	97.66	97.16	96.18	95.19	93.71	92.23	90.75	88.78
Diesel	99.39	99.14	98.61	98.12	97.12	96.12	94.63	93.14	91.64	89.65

Deficits and Credits

Deficits are generated when the carbon intensity of a specific fuel exceeds the clean fuel standard in a given year. Credits are generated when the carbon intensity of a specific fuel is lower than the clean fuel standard in a given year.

Regulated parties in the Clean Fuels Program are importers of gasoline, diesel, ethanol and biodiesel. An "importer" is the entity who has ownership title to a transportation fuel from locations outside of Oregon at the time it is brought into the State of Oregon. Businesses that produce ethanol and biodiesel in Oregon are also regulated parties. Regulated parties must comply with all of the regulations for the Clean Fuels Program.

Small importers are businesses that import less than 500,000 gallons of transportation fuels per year. Small importers do not have to comply with the Clean Fuel Standards. Small importers have the option of submitting their annual compliance report through the EZ-Fuels Online Reporting Tool for Fuel Distributors.

Exemptions

Fuels used in the following applications are exempt from the regulations: aircraft, construction equipment, farm tractors, farm vehicles, implements of husbandry, locomotives, log trucks, military tactical vehicles and tactical support equipment, racing activity vehicles and watercraft.

Credit generators are providers of fuels whose carbon intensity is lower than the standard for the gasoline or diesel they substitute for. Credit generators are not required to participate but can choose to voluntarily participate by registering with the program if they want to generate credits. Examples include businesses that own electric vehicle charging stations, dispensers for natural gas and propane, producers of biogas, electric utilities, and transit agencies.



State of Oregon
Department of
Environmental
Quality

Oregon Clean Fuels Program

<http://www.oregon.gov/deq/air/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

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Oregon Clean Fuels Program

Requirements for registered parties

Collectively, regulated parties and credit generators who opt into the program are referred to as Registered Parties and must:

- Register with DEQ before producing fuel in Oregon, importing fuel into Oregon or generating or transacting credits for fuels supplied in Oregon;
- Keep records for each transaction of transportation fuel imported, sold or supplied for use in Oregon; and
- Submit quarterly progress reports and annual compliance reports using the DEQ-administered CFP Online System.

Demonstrating Compliance

Regulated parties must initially comply with the Clean Fuel Standards by balancing their credits and deficits for 2016 and 2017 by the end of the 2017 calendar year. Starting in 2018 regulated parties must comply yearly by the end of each calendar year. Regulated parties can retire credits they generated themselves or purchase credits from other entities. A 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.

Carbon Intensity

Carbon intensity is the measure of lifecycle greenhouse gas emissions from a transportation fuel expressed in grams of carbon dioxide equivalents per megajoule of energy or gCO₂e/MJ. DEQ has adopted the OR-GREET model, developed by the Argonne National Laboratory and modified for use in Oregon, to perform this calculation.

There are three ways for a business to obtain a carbon intensity value for use in the Clean Fuels Program:

1. If the fuel has a carbon intensity value approved by the California Air Resources Board, the business can adjust GREET for the difference in the transportation distance to Oregon and submit it to DEQ.
2. If the fuel does not have an approved carbon intensity value from CARB, then the business must apply for a carbon intensity value from DEQ.
3. There are also some temporary carbon intensity values that can be used for up to two quarters, until DEQ can approve an individual carbon intensity value.

CFP Online System

DEQ has developed the CFP Online System to implement the Clean Fuels Program. It is a web-based tool that is used for:

- Registered parties to submit quarterly progress reports that generate deficits and credits;
- Regulated parties to submit annual compliance reports to demonstrate compliance with the clean fuels standards;
- Registered parties to transact (buy and sell) credits; and
- Alternative fuel producers to manage their fuel pathways.

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>. You can find information about the performance of the program including quarterly data summaries and monthly credit transfer reports, and guidance documents for various issues.



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