



State of Oregon Department of Environmental Quality

Fiscal Impact Analysis

Nov. 1, 2019

Greenhouse Gas Reporting and Third-Party Verification
2019

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Short History

DEQ is conducting the Greenhouse Gas Reporting Program and Third-Party Verification 2019 Rulemaking to:

- Modify the Greenhouse Gas Reporting Program (GHG RP) in Oregon Administrative Rules Chapter 340 Division 215 to provide a better understanding of greenhouse gas emissions in the state and improve the ability to track progress toward meeting emission reduction goals.
- Streamline the reporting requirements of the GHG RP in OAR Chapter 340 Division 215) and the Clean Fuels Program (CFP) in OAR Chapter 340 Division 253 to enable entities that are subject to both programs to report into a single system.
- Require that some data that is submitted to DEQ to comply with the GHG RP and the CFP be verified by independent third-parties.
- Amend Division 12 to classify violations and establish or clarify enforcement criteria for violations of the GHG RP and the CFP.

Overview

The proposed rule revisions are based on discussions and input from DEQ's GHG 2019 rulemaking advisory committee. Improved data collection and improved data reliability achieved through enhanced data collection and third-party verification will allow the program to better support and keep pace with the evolving climate policy discussions occurring in Oregon. Below is a description of the most significant elements of the proposed rules:

- 1) Updates to GHG Reporting. The proposed rules will incorporate existing reporting and emissions accounting protocols into rule and improve specificity to determine how emissions data is calculated and reported.
- 2) Streamline GHG and CFP. The proposed rules will streamline the reporting between the GHG RP and the CFP to reduce reporting obligations on regulated entities subject to both programs.
 - a) DEQ is proposing to require position holders to identify bulk transactions above the rack. This would allow for the identification of data required by the GHG Reporting Program
 - b) For fuels that are regulated by the CFP, DEQ is proposing to modify the CFP Online System such that reporters can submit data once to satisfy both reporting requirements.
- 3) Third-Party Verification. The proposed rules will require certain reports submitted to either program be verified by an independent third-party.

4) Enforcement Provisions. The proposed rules will establish enforcement criteria violations of the GHG RP and third party verification requirements. Modify existing CFP violations.

Affected parties

Following the sections of the proposed rulemaking as outlined in the section above, the affected parties are as follows:

For 1) Updates to GHG Reporting, the regulated entities that are subject to the GHG RP in Division 215.

For 2) Streamline GHG and CFP, the regulated entities that are subject to the GHG RP in Division 215 and the CFP in Division 253.

For 3) Third-Party Verification, the regulated entities that meet the threshold applicability requirements for third-party verification and any verification bodies and verifiers that want to participate.

For 4) Enforcement Provisions, the regulated entities that are subject to the GHG RP in Division 215 and the CFP in Division 253.

Key issues

The key issue addressed in this Fiscal Impact Analysis are the costs and benefits incurred from the new reporting requirements, streamlining fuels reporting, and the addition of third-party verification to the GHG RP and CFP.

Procedural Summary

Information about this rulemaking can be found on this rulemaking's web page:

<https://www.oregon.gov/deq/Regulations/rulemaking/Pages/rGHG2019.aspx>

Statement of need

1) Updates to GHG Reporting

What need would the proposed rule address?

The proposed rules will enhance the breadth and accuracy of the data collected by the GHG RP, which will in turn ensure the program keeps pace with ongoing consideration of further statewide climate policy.

How would the proposed rule address the need?

The proposed rules will codify in administrative rule a variety of emissions accounting protocols currently being used by regulated entities for reporting and will also improve the specificity of how emissions data are calculated and reported. New requirements for entities to have data verified by independent third-parties will enhance the data quality and reliability for use in tracking emissions trends and in policy analysis.

How will DEQ know the rule addressed the need?

In addition to continued tracking of state-wide emission reduction goals and sector-specific trends, DEQ will have the ability to provide new analyses using the emissions data. DEQ will have enhanced datasets available for continued analyses of climate policy options as the needs arise.

2) Streamline GHG and CFP

What need would the proposed rule address?

The proposed rules will streamline the reporting and help reduce the amount of reporting required of regulated entities subject to both the GHG RP and CFP.

How would the proposed rule address the need?

Through minor changes to existing requirements, the proposed rules will amend transaction reporting requirements to capture the data needed for the GHG RP. New requirements for entities to have data verified by independent third parties will enhance the data quality and reliability for improved tracking of credits and deficits and in policy analysis.

How will DEQ know the rule addressed the need?

DEQ will modify the CFP Online System to accommodate the proposed rule change, where regulated entities will have one login used for both programs and a single system to submit multiple reports. Regulated entities will be able to allocate fewer personnel and resources to meeting DEQ reporting requirements.

3) Third-Party Verification

What need would the proposed rule address?

DEQ has had a dedicated staff position since the outset of the reporting programs that conducts internal audits and data verification. However, absent the addition of new staff, DEQ would not be able to review individual reports in the breadth and depth that third-party verification can provide.

How would the proposed rule address the need?

New requirements for entities to have data verified by independent third-parties will enhance the data quality and reliability for use in climate policy analysis and improved tracking of emissions in the GHG RP and of credits and deficits in the CFP.

How will DEQ know the rule addressed the need?

Reports submitted to DEQ will be revised and improved throughout the verification process.

4) Enforcement Provisions

What need would the proposed rule address?

The proposed rules will classify certain violations and establish or clarify enforcement criteria for the GHG RP and the CFP.

How would the proposed rule address the need?

The proposed rules will add or modify enforcement provisions relating to violations of the GHG RP, CFP, and third-party verification regulations.

How will DEQ know the rule addressed the need?

Division 12 will be updated to more clearly describe reporting or third party verification violations and enforcement by DEQ. Regulated entities subject to the GHG RP, the CFP, and/or third party verification requirements related to either program will have a clearer understanding of DEQ enforcement.

Rules affected, authorities, supporting documents

Lead division

Air Quality Division

Program or activity

Greenhouse Gas Reporting Program

Clean Fuels Program

OAR Chapter 340 action

Adopt				
340-272-0010	340-272-0020	340-272-0100	340-272-0110	340-272-0120
340-272-0200	340-272-0250	340-272-0255	340-272-0300	340-272-0305
340-272-0405	340-272-0410	340-272-0415	340-272-0420	340-272-0425
340-272-0430	340-272-0435	340-272-0440	340-272-0445	340-272-0450
340-272-0455	340-272-0460	340-272-0465	340-272-0470	340-272-0475
340-272-0500	340-215-0032	340-215-0034	340-215-0042	340-215-0044
340-215-0046	340-215-0105	340-215-0110	340-215-0115	340-215-0120
340-215-0125	340-253-0700	340-012-0054	340-012-0135	340-012-0140
Amend				
340-215-0010	340-215-0020	340-215-0030	340-215-0040	340-253-0040
340-253-0100	340-253-0200	340-253-0310	340-253-0400	340-253-0450
340-253-0470	340-253-0600	340-253-0620	340-253-0630	340-253-0640
340-253-0650	340-253-1000	340-253-1010	340-253-1020	340-253-8010
Renumber				
340-253-8020	340-253-8040	340-253-8060	340-253-8080	340-253-8100
340-253-8030	340-253-8050	340-253-8070	340-253-8090	

Statutory Authority - ORS				
468.020	468.130	468A.045	468A.050	468A.266
468A.268	468A.271	468A.277	468A.280	

Statutes Implemented - ORS				
468.015	468.020	468.035	468.130	468A.010
468A.015	468A.050	468A.266	468A.268	468A.271
468A.277	468A.280			

Documents relied on for rulemaking

Document title	Document location
California Mandatory Reporting Regulation, title 17, California Code of Regulations, sections 95100-95163	<u>https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=IF29D06908B1711DF8121F57FB716B6E8&originContext=documenttoc&transitionType=Default&contextData=(sc.Default)</u>
California Low Carbon Fuel Standards, title 17, California Code of Regulations, sections 95480-95503	<u>https://govt.westlaw.com/calregs/Browse/Home/California/CaliforniaCodeofRegulations?guid=I06FA57F08B1811DF8121F57FB716B6E8&originContext=documenttoc&transitionType=Default&contextData=(sc.Default)</u>
Environmental Protection Agency, 40 Code of Federal Regulations, Part 98, Mandatory Greenhouse Gas Reporting	<u>https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title40/40cfr98_main_02.tpl</u>

Fee Analysis

This rulemaking does not involve changes to fees.

Statement of fiscal and economic impact

Fiscal and Economic Impact

The GHG RP provides data and information needed to track and account for greenhouse gas emissions in Oregon. The proposed rules phase in new reporting requirements and establish third-party verification requirements for certain regulated entities that are required to report under the GHG RP and the CFP. DEQ assessed the fiscal and economic impact of the proposed rules and grouped the results into three categories including impacts from new reporting requirements, impacts from streamlining fuels reporting, and impacts of third-party verification. The fiscal and economic impacts for each category are discussed below.

New Reporting Requirements

DEQ is proposing several changes to the greenhouse gas reporting rules to require entities to report additional information, to improve documentation, and to retain records of reported data for seven years. DEQ also is proposing new requirements for owners and operators of petroleum and natural gas systems. The costs of complying with the proposed rule changes will vary from one entity to another, depending on the existing monitoring and recordkeeping activities. Fiscal impacts of each new reporting requirement is discussed below.

New Information and Record Retention Requirements

DEQ is proposing to require the reporting of additional data and information from natural gas suppliers and air contamination sources. These reporting requirements are based on information that most regulated entities already have and maintain such as invoices and bills of lading or data reported to EPA. Any costs incurred for reporters in either of these sectors would be in relation to allocating time and resources for reporting this information to DEQ, in addition to the current reporting requirements they already fulfill.

DEQ is proposing to change the records retention requirement from five years to seven years to ensure records are kept longer than the proposed third-party verifier rotation cycle of every six years. The extension of the recordkeeping requirement may result in additional costs for some regulated entities who do not currently retain records for longer than five years.

Regulated entities may experience minimal fiscal impact due to these changes in administrative and recordkeeping related to these requirements. DEQ estimated costs to comply with new reporting requirements and recordkeeping as ranging from \$0 to \$2,165 per year. The higher end of the range is associated with new entrants into the GHG RP. This estimate is based on EPA's Recordkeeping and Reporting estimate in the Regulatory Impact Analysis for the Mandatory Reporting of Greenhouse Gas Emissions Final Rule (GHG Reporting).

New Documentation Requirements

DEQ is proposing to require more substantial documentation of biomass-derived fuels and specified sources of electricity. Initially, some regulated entities may need to allocate staff

time and resources to ensuring the proper documentation and language exists in their current documentation and contracts in order to meet these new requirements. After the initial implementation this is expected to become standard practice in documentation and contracting.

Regulated entities reporting biomass-derived fuels into the CFP already maintain documentation sufficient to meet the requirements for reporting biomass-derived fuels. CFP regulated entities reporting biomass-derived fuels will not incur an additional fiscal impact from the new documentation requirements for GHG RP. DEQ anticipates that regulated entities not currently reporting to CFP may have a fiscal impact associated with obtaining and maintaining the documentation needed for reporting this information. DEQ also understands that documenting biomass-derived fuels and the environmental attributes associated with these fuels is becoming standard practice and DEQ anticipates that most regulated entities dealing in these fuel types have or will be implementing similar documentation requirements.

In the electricity sector, reporters will have initial administrative costs to ensure current contracts are updated and new contracts are written such that specified sources can be identified and reported as such. Moving forward, electricity suppliers will need to ensure that electricity sellers designate specified sources in power contracts prior to the delivery of electricity and that records identifying sources are retained.

Regulated entities may incur additional costs associated with the new documentation requirements depending on their current contracts and business practices. DEQ does not have any specific information to quantify these documentation costs but believes them to be minimal.

Petroleum and Natural Gas Systems

DEQ is proposing new reporting requirements for owners and operators of petroleum and natural gas systems in alignment with EPA 40 C.F.R. part 98 subpart W methodologies. Owners and operators of petroleum and natural gas systems in Oregon that emit over 2,500 metric tons of carbon dioxide equivalent (MT CO₂e) must report to DEQ. DEQ anticipates this to impact three natural gas utilities and two interstate pipeline operators. These regulated entities already register and report natural gas supplier emissions to DEQ and EPA and several already report emissions from natural gas systems to EPA. For regulated entities already reporting to EPA only minimal additional costs would be incurred in order to report subpart W information to DEQ.

For regulated entities not subject to EPA reporting under subpart W, this change in rule may require additional staff time and resources. To comply with this reporting requirement these regulated entities may need to allocate staff time to surveying for pipeline leak detection, or require improved monitoring and documentation of fugitive or vented gas. Natural gas transmission and distribution systems in the state may already be conducting their business and operations in this way to comply with safety and other regulatory requirements and therefore would only see minor additional costs associated with time spent on compiling and submitting reports under Subpart W to DEQ. DEQ has also proposed delaying the

implementation of this requirement until 2021 to allow regulated entities to collect the data and develop the systems needed to comply.

DEQ is proposing a new reporting requirement for regulated entities with emissions from petroleum and natural gas systems, using an emissions threshold equal to or greater than 2,500 MT CO₂e which is lower than EPA's reporting threshold of 25,000 MT CO₂e. For entities already reporting to EPA, DEQ estimates the cost to comply with the proposed reporting requirements as minimal. For entities that do not currently report to EPA, DEQ relied on the Economic Impact Analysis¹ for EPA's Mandatory Reporting of Greenhouse Gas Emissions under Subpart W to estimate the cost to comply. Based on Table 4-8 of that analysis, the estimated costs for these regulated entities under EPA's threshold of 25,000 MT CO₂e in the initial reporting year may range from \$330 to \$1,625 and annual costs in subsequent years may range from \$11 to \$169 per year. These costs may not be incurred as a result of this rulemaking for regulated entities required to report to DEQ but not EPA in cases where those entities have already been internally estimating emissions from natural gas transmission and distribution in alignment with EPA methodologies, but have not been required to report.

Streamlining Fuels Reporting

For fuel suppliers, there may be some administrative activities required to develop reports to provide information in the new format for submission to DEQ. For reporters subject to both programs, this administrative task will be simplified. Changes to the CFP Online System will be necessary to facilitate the streamlining and initially there may be some minimal training necessary.

Streamlining the reporting requirements of the CFP with the GHG RP for fuel suppliers may initially result in either low or no cost to regulated entities as they transition from current practices. Once the streamlining is fully implemented, reporters should realize a cost savings.

Potential benefits of streamlining

Overall, DEQ anticipates that fuel suppliers would benefit from the proposed rules to streamline the reporting between the GHG RP and CFP as it reduces the amount of reporting required on those currently subject to separate reporting in both programs. Reporters would be able to utilize a single reporting system and therefore the same login credentials for both programs. Quarterly transactions reported to CFP would automatically aggregate to an annual report that may only need to be reviewed, with minor adjustments as needed, and submitted to GHG RP. The additional transaction types proposed in the rules to be added to the CFP may result in some initial paperwork for position holders to be able to report these quantities quarterly to CFP; however, they should already have this information, as it is currently required for annual reporting to GHG RP. For fuel suppliers dealing in non-CFP regulated fuels, they would report fuels as they do annually to GHG RP.

¹ https://www.epa.gov/sites/production/files/2015-05/documents/subpart-w_eia.pdf

Combining the CFP and GHG RP reporting for fuel suppliers should reduce the administrative burden and costs of reporting to regulated entities by eliminating the need to report separately into two different reporting systems. DEQ does not have any specific information to quantify these reduced costs.

Third-Party Verification Requirements

DEQ is proposing to require third-party verification for three categories of entities: 1) regulated entities reporting to the GHG RP that emit 25,000 tonnes of carbon dioxide equivalent or more of anthropogenic emissions; 2) registered parties in the CFP that generate 6,000 or more credits and deficits during the previous calendar year; and 3) holders of CFP fuel pathways. The proposed rules will also allow for, but not require, fuel pathway applications to be verified when they are submitted. Third-party verification is proposed to begin in 2022 for verification of 2021 emissions data. Regulated entities subject to third-party verification may experience minimal fiscal impacts from increased administrative and recordkeeping requirements and more substantial fiscal impacts from the cost of obtaining third-party verification. DEQ is also proposing to change the CFP recordkeeping requirements from a five year retention to seven years to ensure records are kept longer than the proposed required minimum third-party verifier rotation cycle of every six years.

Impacts of administrative and recordkeeping requirements relating to third-party verification

DEQ anticipates that regulated entities subject to third-party verification will experience a minimal fiscal impact from administrative costs associated with obtaining verification services and interacting with verifiers. This additional cost will depend on current business practices and whether or not entities are already engaged in third-party verification for other mandatory or voluntary reporting programs such as the California low carbon fuel standards or cap and trade programs. Regulated entities will need to dedicate resources to negotiate a contract with a verification body, whether that be a new contract or renegotiation of an existing contract, to perform verification services for reports submitted to DEQ. Staff will need to coordinate with the verifier as they perform their verification services by providing information and documentation, and answering questions.

DEQ anticipates that regulated entities subject to third-party verification will experience a minimal fiscal impact from recordkeeping requirements associated with obtaining verification services since they should already be keeping those documents consistent with the recordkeeping requirements in the GHG RP and CFP.

DEQ anticipates that the cost of switching from a 5 year to a 7 year records retention schedule will vary from one entity to another, depending on the existing monitoring and recordkeeping activities,. Additional costs may be incurred for some regulated entities who do not currently retain records for longer than five years.

DEQ does not have any specific information to quantify the costs associated with increased administrative and recordkeeping requirements associated with third-party verification of reports but believes them to be minimal.

Impacts to regulated entities obtaining third-party verification

To estimate the potential fiscal and economic impact of obtaining third-party verification, DEQ requested assistance from a wide range of stakeholders including entities that are subject to third party verification in other jurisdictions, those that have voluntarily verified data or received quotes for verification, and third party verifiers to submit estimates of verification costs.

Verification of GHG RP annual reports: Estimates provided to DEQ assessed the cost of third-party verification of a single report submitted to the GHG RP would range from \$4,000 to \$10,000. Costs will be dependent on the depth and breadth of DEQ reporting requirements for a specific sector and the complexity of the reporter's business. The estimates also take into consideration the large pool of existing verifiers already qualified to provide verification services for this type of reporting in Oregon.

For reporters who submit more than one report to DEQ, the cost may be higher but will not be a one-to-one increase. For example, if a reporter submits a report as an electricity supplier and as an electricity generating facility that is a permitted air contamination source in Oregon, the cost of its verification services would not necessarily be double.

Verification of CFP reports and applications:

Estimates provided to DEQ assessed the cost of third-party verification of CFP quarterly reports and fuel pathway applications would range from \$17,000 to \$70,000. Costs will vary greatly depending on the complexity of the business, the number of transactions being reported, or the number of fuel pathways included. DEQ also recognizes that specialized qualifications are needed for CFP verification compared to the GHG RP and that the pool of qualified verifiers might be limited.

California's Low Carbon Fuel Standard (LCFS) requires third-party verification and they are currently in the process of training and accrediting verification bodies and verifiers. Once their process is complete, DEQ will have a better estimate of the pool of qualified verifiers who could also perform verification services for CFP. Stakeholders are concerned that the pool of qualified verifiers may be small and this limitation will increase the cost of their services. CFP is proposing to delay third-party verification requirements until 2021 which will allow time for additional verifiers to be accredited.

If an entity is reporting to GHG RP and California's Mandatory Reporting Regulation (MRR) and/or reporting/applying to CFP and California's LCFS:

For those entities required to submit reports that are third-party verified under both Oregon and California programs, the cost to obtain Oregon verification services will likely be lower than the cost for other entities, since California already requires verification for similar reports. For certain types of regulated entities, the information or data tracking that must be verified in both states will be substantially equivalent, therefore they may have no change in costs, or minor increases due to the need to

now verify Oregon-specific data in addition to meeting California verification requirements. DEQ does not have any specific information to quantify these potentially lower costs.

Potential benefits to regulated entities of CFP

Third-party verification of fuel pathways and reports will increase the certainty that credits and deficits generated within the CFP are accurate. This will reduce the potential for fraudulent credits being traded in the market-based program and the regulatory and financial liability associated with them.

Potential benefit to verification bodies

Entities that become approved to be a verification body or an individual verifier will benefit from the proposed rule changes by the increase in opportunities to participate in this work. While there might be some initial cost to receive training and get approved to perform third-party verifications, they will be able to recoup those costs through contracts with regulated parties.

Statement of Cost of Compliance

Oregon Department of Environmental Quality

DEQ will use existing positions to implement changes resulting from the proposed rules. An existing GHG RP position will be assigned to implement the new information requirements and another existing position will be assigned to implement the third-party verification requirements.

Changes and modifications to electronic reporting systems will be incorporated into current work plans for each reporting tool as follows:

- **GHG RP reporting system:** DEQ is currently conducting an agency-wide process to house all data in an Environmental Data Management System (EDMS), which is being developed in coordination with a third-party contractor. The reporting for the GHG RP was moving to EDMS regardless of this rulemaking, therefore any changes to reporting requirements can easily be incorporated into the new system at the same time as the existing reporting requirements are built into EDMS. Because DEQ has aligned much of the new reporting with EPA reporting requirements, DEQ can rely on existing EPA reporting forms as a template, further simplifying the ability to incorporate new reporting requirements into EDMS.
- **CFP Online system:** DEQ will shift funds currently used to maintain the existing GHG RP reporting tool for fuel suppliers, EZ-Fuels, to upgrade the CFP Online System, as needed. With the streamlined reporting proposed in this rulemaking, DEQ anticipates a potential positive fiscal impact after implementation since the agency will be maintaining a single reporting tool for all fuels reporting.

Other governments

The Lane Regional Air Protection Agency (LRAPA) implements the GHG RP for air permitted facilities in Lane County. Since those facilities already report to LRAPA, DEQ anticipates minimal fiscal impact to DEQ. DEQ implements all other reporting requirements for regulated entities in LRAPA without air permits and will implement the third-party verification for regulated entities located in Lane County so there is no fiscal impact to LRAPA.

State agencies other than DEQ and local governments that are subject to Division 215 or Division 253 may experience the fiscal impacts as discussed in the Fiscal and Economic Impacts section above. If a local or regional government is subject to the proposed Division 272, they may experience the fiscal impacts discussed in the GHG RP third-party verification costs section above.

Public

The public may be impacted if the cost of complying with the proposed rule changes are passed on by the affected parties. As shown above, the cost of compliance is highly variable from sector to sector and entity to entity so it is difficult to quantify a specific impact. DEQ considers the fiscal impact on the public as a result of the proposed rules to be minimal.

Large businesses – businesses with more than 50 employees

Based on 2017 GHG RP and 2018 CFP data, DEQ estimates that approximately 360 large businesses may be affected by these rule changes - 287 for the new GHG RP requirements and 74 for the streamlining fuels reporting requirements, and that 98 of those businesses will be affected by the third party verification requirements. The impacts described in the Fiscal and Economic Impact section above applies to:

- Large businesses that are subject to the proposed GHG RP requirements may incur the costs described specifically in the New Information and Record Retention Requirements and New Documentation Requirements section.
- Large business that own or operate petroleum and natural gas systems may incur the costs described specifically in the Petroleum and Natural Gas Systems section.
- Large business that report to both the GHG RP and CFP may experience costs and benefits described specifically in the Streamlining Fuels Reporting section.
- Large businesses that are subject to the proposed verification requirements would incur costs as described specifically in Third-Party Verification Requirements Costs section.

Small businesses – businesses with 50 or fewer employees

Based on 2017 GHG RP and 2018 CFP data, DEQ estimates that approximately 29 small businesses may be affected by these rule changes - 17 for the new GHG RP requirements and 12 for the streamlining requirements, and that seven of those businesses will be subject to the third party verification requirements. The impacts described in the Fiscal and Economic Impact section above applies to:

- Small businesses that are subject to the proposed GHG RP requirements may incur the costs described specifically in the New Information and Record Retention Requirements and New Documentation Requirements section.
- There are no small business that own or operate petroleum and natural gas systems.
- Small business that report to both the GHG RP and CFP may experience costs and benefits described specifically in the Streamlining Fuels Reporting section.
- Small businesses that are subject to the proposed verification requirements would incur costs as described specifically in Third-Party Verification Requirements Costs section.

Consumer Owned Utilities (COUs)

Many if not all consumer owned utilities are small businesses. These entities are electricity suppliers subject to the proposed GHG RP changes and may incur additional costs associated with improving documentation of specified sources as discussed in the New Documentation Requirements in the Fiscal and Economic Impacts section above. To reduce the fiscal impact to COUs, DEQ is proposing to allow for a third-party to report on their behalf, thus lowering the cost of compliance of one or more COUs. DEQ is also proposing to delay the specified source contracting requirements until 2022 for the 2021 emissions year to allow the COUs more time to ensure contracts are written such that specified sources can be identified and reported.

Additional considerations for small business and third-party verification

Small business would incur costs as described in the Third-party Verification section in the Fiscal and Economic Impacts section. To mitigate this, DEQ is proposing thresholds in the third-party verification rules that attempt to exclude small businesses from having reports third-party verified. For any small businesses that become subject to third-party verification requirements, costs may be reduced compared to large businesses, depending on the nature of the business and depending on how many different reports they are required to submit to the GHG RP, CFP, or both.

a. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

Based on 2017 GHG RP and 2018 CFP data, DEQ estimates that approximately 29 small businesses may be affected by these rule changes - 17 for the new GHG RP requirements (five air contamination sources, one natural gas supplier, 11 electricity suppliers, and 12 fuel suppliers), 12 for the streamlining requirements (fuel suppliers), and seven for the verification requirements (one natural gas supplier and six fuel suppliers).

b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rule.

Costs to small business associated with reporting, recordkeeping and other administrative are discussed in the New Reporting Requirements section of the Fiscal and Economic Impact section above.

c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rule.

Costs to small business associated with reporting, recordkeeping and other administrative are discussed in the New Reporting Requirements section of the Fiscal and Economic Impact section above.

d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ convened an advisory committee that included representatives from membership organizations that represent small businesses including but not limited to the Oregon Fuels Association, Oregon Rural Electric Coop Association, Oregon Municipal Electric Utilities Association and Oregon Business & Industry. DEQ also provided notice of this rulemaking to all entities currently reporting to the GHG RP and CFP which represents small businesses.

Documents relied on for fiscal and economic impact

Document title	Document location
Estimates of third-party verification cost ranges provided to DEQ	Oregon Department of Environmental Quality 700 NE Multnomah St. Suite 600 Portland OR 97232
Oregon Greenhouse Gas Reporting Program data	https://www.oregon.gov/deq/aq/programs/Pages/GHG-Emissions.aspx
Oregon Clean Fuels Program data	Oregon Department of Environmental Quality 700 NE Multnomah St. Suite 600 Portland OR 97232
Economic Impact Analysis for the Mandatory Reporting of Greenhouse Gas Emissions Under Subpart W Final Rule (GHG Reporting), EPA, November 2010	https://www.epa.gov/sites/production/files/2015-05/documents/subpart-w_eia.pdf
Regulatory Impact Analysis for the Mandatory Reporting of Greenhouse Gas Emissions Final Rule (GHG Reporting), EPA, September 2009	https://www.epa.gov/sites/production/files/2015-07/documents/regulatoryimpactanalysisghg.pdf
US Inflation Calculator	https://www.usinflationcalculator.com/
Oregon Department of Employment data	Employment Department 875 Union Street NE Salem OR 97311