



State of Oregon Department of Environmental Quality

Advance Crediting Draft Rules

Nov. 19, 2020, Clean Fuels Program Electricity 2021
Rulemaking Advisory Committee Meeting

OAR 340-253-????

Advance Crediting

(1) General Provisions.

- (a) Advance Credits are used to advance the state's transportation electrification goals.
- (b) All advance credits represent actual reductions of greenhouse gas emissions against the Clean Fuels Standards set by the Clean Fuels Program.
- (c) Vehicles receiving advanced credits must be registered with the State of Oregon.

(2) Eligibility to generate Advance Credits.

- (a) The following entities may apply for advance credits:
 - (A) Public Transit Agencies;
 - (B) Political subdivisions of the State of Oregon;
 - (C) Tribes;
 - (D) School Districts; and
 - (E) Companies under contract to provide services to a political subdivision of the State of Oregon or an Oregon School District may apply if the political subdivision endorses the application, and the vehicles covered by the application are intended to provide contracted services to the public.
- (b) Advance credits may be applied for following vehicle types:
 - (A) Medium and Heavy Duty vehicles.
 - (B) Light-duty vehicles if they are part of an organization's plan to fully electrify its fleet within a 15-year window.

(3) Advance Crediting Applications.

- (a) Applications for advance crediting will be accepted at least once per year. Stakeholders will be notified when applications will be accepted and be provided with application materials and guidance about how applications will be processed and considered.
- (b) Applicants must supply the following information to DEQ:
 - (A) A letter describing the activities or purchases that they want to receive advance crediting for, including the number of vehicles, charging equipment, and estimated timeframes for when those vehicles and/or equipment will be put into useful service;
 - (B) A detailed estimate of the potential credit generation from the electric vehicles or charging equipment that they want to receive advance crediting for. In the case of electric vehicles, that detailed estimate must at least

- include the number of miles each vehicle will travel within Oregon annually and an estimated amount of charging for each vehicle;
- (C) If covered electric vehicles will mainly use existing charging equipment, details on the ownership of that charging equipment, and how the applicant will ensure that another entity does not generate credits from that vehicle until it has exited the payback period;
 - (D) Information on where the electric vehicles will be charged, if they will be charged using grid or renewable electricity, and, if applicable, the utility-specific CI for where the charging equipment will be located;
 - (E) A proposed number of credits to be advanced for each vehicle; and
 - (F) An attestation that they will remain the owner or leasee of the vehicle or charging equipment until it has paid back the advanced credits, or that if the vehicle is sold prior to the end of the payback period that it will buy and retire credits against the remaining amount.
- (c) If the applicant is a company under contract to provide school bus services to an Oregon School District, they must also provide:
- (A) A contract with the Oregon School District that the school buses will be serving that shows they will be the provider of school bus services to that district for at least 3 years following their purchase or lease of the school buses covered by the Advance Crediting Agreement; and
 - (B) A letter from the school district that is endorsing their application for advance crediting.
- (d) If the applicant is a company under a multi-year contract with a political subdivision of the State of Oregon, they must also provide:
- (A) A contract with the political subdivision showing how the electric vehicles will be used and that they will be used in state for at least 3 years following their purchase or lease; and
 - (B) A letter endorsing the application from the political subdivision.
- (e) In considering applications under this rule, DEQ will prioritize applications where the vehicles or charging equipment will reduce emissions in vulnerable communities disproportionately impacted by climate change, air toxics, and criteria air pollution.
- (f) DEQ may request additional documentation from an applicant prior to making a decision on the application. If the applicant does not provide the requested documentation, then DEQ may deny the application without prejudice.
- (4) Advance Crediting Agreements. DEQ will negotiate with the applicant to issue advance credits based on the following considerations:
- (a) A clear and objective milestone for issuing advance credits that represents when the vehicles and equipment covered by the application are placed into useful service;
 - (b) The number of credits being advanced in total or per vehicle;
 - (c) The length of the payback period, which must be one year longer than the number of years of credits that were advanced;

- (d) An attestation from the applicant that they understand that the advanced credits must represent real reductions and that if the activity covered by the agreement does not generate sufficient credits within the payback period that they are responsible for retiring a sufficient number of credits to make up the difference. The attestation must also include that the applicant understand that they are responsible for making up the difference if they sell or relocate covered vehicles outside of Oregon
 - (e) An attestation from the applicant that they will ensure that actual credits are not generated from charging equipment serving these vehicles until the credits have been paid back.
- (5) Advance Credit Issuance.
- (a) Advance credits are only issued to the applicant when the vehicles or equipment are placed into useful service as agreed to under (4). Credits will only be issued to the applicant named in the agreement.
- (6) Payback Period
- (a) The payback period for a vehicle or charging equipment will be specified in the agreement between DEQ and the applicant, except that the payback period must not exceed 5 years. The payback period must be at least one year longer than the number of years of credits advanced to the applicant.
 - (b) In the event than the number of advanced credits was not realized during the payback period, the recipient is responsible for acquiring and retiring sufficient credits to ensure the environmental integrity of the program.
 - (c) If a vehicle or charging equipment is sold to another entity prior to the close of the payback period, the applicant is responsible for purchasing and retiring credits against the volume of advanced credits that has not yet been covered by actual credit generation.
- (7) Reporting Requirements
- (a) The applicant must timely file quarterly reports showing the amount of charging going into the individual electric vehicles covered by the agreement.
 - (b) This charging must not generate additional credits until the advanced credits are paid back. DEQ and the applicant will monitor the amount of charging and credits that would have been generated to determine when an equal number of credits has been generated to the number that of credits advanced.