



State of Oregon Department of Environmental Quality

Written Comments

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

Commenters

3Degrees.....	2
ChargePoint.....	4
Oak Lea Dairy.....	7

November 30, 2020

Cory Ann Wind
Oregon Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, OR 97232
Submitted electronically via CFPE2021@deq.state.or.us

RE: 3Degrees' Comments on 2021 Clean Fuels Program Electricity Rulemaking

Dear Ms. Cory Ann Wind,

3Degrees appreciates this opportunity to submit comments on the proposed changes to the electricity provisions of the Clean Fuels Program (“CFP”). Our comments are in response to the November 19, 2020 meeting presenting the most recent draft rules for renewable electricity.

3Degrees generally supports the proposed eligibility rules for off-site renewable or zero-carbon electricity used as a transportation fuel. In particular, we are supportive of Department of Environmental Quality (“DEQ”) using book-and-claim accounting to substantiate use of renewable electricity, defining geographic eligibility based on where electricity is delivered (not simply based on where a facility is located), and assigning a default carbon intensity to electricity from zero-carbon renewable resources (i.e. solar, wind, geothermal, hydropower, and ocean power).

Our primary point of feedback relates to the treatment of off-site renewable electricity that must file a Tier 1 or Tier 2 fuel pathway application. Specifically, DEQ asked whether there is a rationale for creating unique eligibility rules for livestock biogas generators.

3Degrees believes there is a rationale to create unique eligibility rules for these projects, and recommends that, at a minimum, DEQ remove the 2015 in-service requirement for biomass and biogas projects so as not to disadvantage those that have chosen to generate electricity rather than deliver renewable natural gas (“RNG”).

As several other commenters have suggested, the 2015 in-service requirement for renewable energy generators will disqualify most of the biomass and biogas projects in Oregon from the CFP. This creates a disincentive for these projects to continue to generate electricity used as a transportation fuel. These projects have significant ongoing operational costs that are not adequately covered by wholesale electricity prices in the Pacific Northwest. Structuring the CFP such that it does not create an incentive for these projects to continue to generate electricity is not a desirable environmental outcome. It does not recognize the avoided methane emissions benefit that many waste-derived energy projects provide (and which is recognized when the

projects deliver RNG) and may cause projects on small farms far from pipelines (and therefore unable to economically convert to RNG) to stop operating once current power purchase agreements expire, resulting in no longer running the digester and no longer avoiding potent methane emissions.

We encourage DEQ to consider the rationale for differential treatment of projects that use biogas to generate electricity versus upgrading to RNG for use as a transportation fuel. There does not seem to be a logical reason why waste-derived RNG projects can receive credit for avoided methane emissions from manure management for up to three 10-year crediting periods when RNG is used as a transportation fuel ([California Credit Generation for Reduction of Methane Emissions from Manure Management Operations](#)), but only projects that are less than five years old could receive that benefit if delivering electricity to vehicles in Oregon.

Furthermore, while the rule as written could result in some projects ceasing to operate once their PPAs run out, others will be encouraged to shift away from electricity generation to delivering RNG to vehicles. The CFP should support both biogas-derived electricity and RNG used as a transportation fuel, not favor one end-use over the other when both are seen as having climate benefits. It is true that RNG is an important climate-friendly solution for hard-to-electrify vehicle applications, such as large trucks and buses, but as a fuel for passenger vehicles, biogas may have the greatest greenhouse gas reduction potential when used to power electric vehicles (see World Resources Institute's [The Production and Use of Renewable Natural Gas as a Climate Strategy in the United States](#), p.15, Box 2). Oregon's CFP should create an equal playing field for both fuel types, allowing technology and markets to decide the most appropriate use for waste-derived biogas.

3Degrees recommends DEQ remove the 2015 in-service requirement for biogas and biomass projects submitting Tier 1 or Tier 2 pathway applications. DEQ could choose to set a less restrictive default in-service date for these projects (for example, 2000), but should allow an option where projects can show financial need and/or repowering to get an exemption from the in-service date requirement.

Thank you for this opportunity to submit comments. We look forward to continued participation and discussion in this rulemaking.

Sincerely,

/s/ Maya Kelty

*Maya Kelty
Director, Regulatory Affairs*



ChargePoint, Inc.
254 East Hacienda Avenue | Campbell, CA 95008 USA
+1.408.841.4500 or US toll-free +1.877.370.3802

November 30, 2020

Oregon Department of Environmental Quality
700 NE Moltonah St, Suite 600
Portland, OR 97232

Comments Regarding Rulemaking Advisory Committee Meetings #5: Draft Rules

ChargePoint would like to thank DEQ Staff for hosting this series of RAC meetings and providing helpful background materials and key questions for consideration.

ChargePoint is one the world's largest electric vehicle charging network with more than 115,000 Level 2 electric vehicle (EV) and direct current fast charging stations. ChargePoint's customers include major employers, municipalities, universities, utilities, real estate developers and parking garage facility owners and operators that provide EV charging and related services to EV drivers.

Utility CI Determination and Use of RECs

ChargePoint supports Staff's proposals to provide clear signals to enable more use of renewable electricity within the program while designing those signals in a way that maintains the environmental integrity of the program and an aim to benefit Oregonians. As such, we support the move to a one-year statewide and utility-specific CI determination to incent and reflect ongoing incremental CI improvements to power generation in Oregon. We also support the proposal to allow the use of unbundled RECs to lower the CI of electricity used as a transportation fuel, provided that those unbundled RECs meet Staff's proposed provisions, namely (1) RECs are generated within a balancing authority area that includes Oregon, or that the electricity from the generating facility is delivered to one of those balancing authorities on a real-time basis without shaping, storage, or integration services, or in the PacifiCorp-East balancing authority area, (2) RECs from solar, wind, geothermal, hydropower, and ocean power are deemed to have a CI of zero; all other RECs require a tier 2 pathway, (3) RECs must be generated by an electric generator that was placed into service after 2015, and (4) RECs must be recorded and retired in a recognized renewable electricity tracking system. We do however oppose the requirement that all RECs used under the program must be Green-e certified based on the rationale that the benefits that may result from this requirement would not outweigh the costs (financial and administrative). *unless* we have an incomplete understanding of how Staff plans to leverage the Green-e standard to reduce Staff workload in which case we would like to learn more about this process and would be open to supporting this provision. The latter notwithstanding, there is nothing in the above REC provisions (1-4, or those not explicitly mentioned herein) that the Western Renewable Energy Generation Information System (WREGIS) does not already track and make transparent.

The requirement for Green-e certification would only add redundant administration to the program and force users of RECs to undergo additional auditing each year or purchase RECs from a limited list of certified sellers. With regards to the issue of double claims and/or double counting, we would point out that while double claims may be an issue in voluntary REC markets, this is not a widespread issue in compliance REC markets, as demonstrated by the fact that no state Renewable Portfolio Standard (RPS) requires Green-e certification. An important distinction between voluntary and compliance REC markets are the different demand drivers in each market. In voluntary markets, REC buyers often purchase RECs to make voluntary claims. In these cases, the incentive *is* the claim. In compliance markets, buyers purchase RECs to satisfy compliance obligations or to generate value under the program. In these cases, the demand driver is purely monetary, which effectively incents additional renewable generation. Because the Clean Fuels Program is a compliance program and the



ChargePoint, Inc.
254 East Hacienda Avenue | Campbell, CA 95008 USA
+1.408.841.4500 or US toll-free +1.877.370.3802

incentive to purchase and retire RECs will be monetary, we would not expect double claims to be an issue. Double counting, on the other hand, is easily prevented by the use of REC tracking systems, such as WREGIS. Unless Green-e intends to develop an Oregon Clean Fuels Program-specific standard, it seems as though the requirement for Green-e certification will not ensure RECs meet Staff's proposed provisions because said provisions are more restrictive than the Green-e standard to begin with. If that is indeed the case, there will still be a need to review REC retirement reports under the program (the information for such review will be provided by WREGIS, not Green-e) and the benefits of Green-e certification will not outweigh the costs, and we therefore oppose the provision.

Incremental Credit Aggregation

Core to clean fuels standard principles is the aim to minimize stranded credits and we support incremental credit aggregation to this end. However, it is critical that credit value be kept within the transportation electrification (TE) value chain, and the best way to do that is to align credit generation with entities that are actively investing in and incentivized to advance TE in Oregon. With this in mind, we propose that, for non-residential charging, the network operator of the charging station be eligible to generate any incremental credits not generated by the credit generator. Network operators have the clearest line of sight to charging station data and are incentivized to deploy more charging stations and advance TE. This would also save Staff time and administration by negating the need to approve and oversee an independent incremental credit aggregator. In the event where Staff decides to move forward with the independent incremental credit aggregator model, we urge Staff to include industry representatives from the EV charging station industry on the equity advisory committee to provide input with regards to the feasibility and cost effectiveness of incremental credit aggregator reinvestment.

Smart Charging

We appreciate that in the interest of time and bandwidth, Staff will not be moving forward with smart charging provisions in this 2021 Electricity Rulemaking, however, we ask that Staff keep these provisions in mind for future rulemakings as an effective way to incent additional emissions reductions within the program and encourage the adoption of the technologies necessary to reduce system-wide costs as TE ramps up in future years. We stand ready to assist Staff in the development of crediting methodologies or answer technical questions if it would be of use.

Advanced Crediting

As a follow up to our November 13 comments, we reemphasize the importance of extending eligibility for advanced credits to private entities investing in EV charging infrastructure in underserved markets. Emissions from the use of light-duty and commercial vehicles represents the majority of Oregon transportation emissions¹, and addressing this market segment will be absolutely critical if Oregon is to meet its long-term GHG reduction goals. In the 2018 Biennial Report to the Legislature, the Oregon Global Warming Commission found that:

“Fewer people than anticipated in the STS² have transitioned to higher-miles-per-gallon cars or alternative fuel/lower-emission vehicles, including electric vehicles. Some of this is related to market factors — such as...certain operating aspects of electric vehicles on the market to date (like limited range, limited charging infrastructure)...”.

The report goes on to say that:

¹ 2018 Biennial Report to the Legislature; Oregon Global Warming Commission.

² Statewide Transportation Strategy.



ChargePoint, Inc.
254 East Hacienda Avenue | Campbell, CA 95008 USA
+1.408.841.4500 or US toll-free +1.877.370.3802

“Cleaner vehicles and fuels are essential, representing 50–60% of the remaining gap between goals and implementation actions for light-duty vehicles in the STS”.

The advanced crediting mechanism Staff has proposed is well suited to help remove these market factors that the Oregon Global Warming Commission found, and could help kick start the transition to TE and decarbonization in the market segment that needs it most: underserved light and commercial on-road vehicles.

Thank you for considering our comments. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads "Evan Neyland".

Evan Neyland
Manager, Clean Fuels Programs

OAK LEA DAIRY

November 27, 2020

Cory-Ann Wind
Oregon Clean Fuels Program Manager
Oregon Department of Environmental Quality
800 NE Oregon Street
Portland, OR 97232

Comment Submitted via email to cfpe2021@deq.state.or.us

RE: Comments on Clean Fuels Program 2021 Electricity Rulemaking

Dear Ms. Wind,

Oak Lea Dairy appreciates the opportunity to provide comments for the 2021 electricity rule making for the Clean Fuels Program (CFP). Oak Lea Dairy is a small dairy in Aumsville Oregon which first had its anaerobic digester installed by a third party, (RES) in 2010 and it generated renewable electricity from 2012 until the generator shut down in 2016. We purchased the equipment, spent \$250,000 in repairs and restarted generation in April 2019 as Oak Lea Digester LLC. Oak Lea's motivation for our renewable electricity project was to improve our farm's sustainability and better utilize our existing waste resources by reducing methane release. We also have the ability to convert other organic waste streams from food processors and other local producers to make beneficial use of these streams and ensure their safe disposal on behalf of our industry partners.

Biomass electricity generators serve a vital purpose in transforming Oregon organic waste feedstocks into usable, low-carbon electricity sources; however, these operations historically have operated on thin margins. Other dairy anaerobic digesters initially developed in the 2003 – 2012 timeframe have closed due to poor project economics.

We are concerned that DEQ's proposed criteria for eligible renewable electricity for matching with electric vehicle charging is too narrow and denies our farm of important revenues. Unfortunately, if DEQ moves forward with a requirement for REC eligibility restricted to projects commissioned in 2015 or afterwards, it excludes Oak Lea Dairy and other digesters in rural areas from participating in the CFP.

We need our digesters to handle not only our cows' manure, but also Oregon's persistent and organic waste streams. As detailed by the Oregon Department of Energy in their 2015 comments to the House Committee on Revenue regarding HB2449¹, the Bioenergy Incentive Program:

Bioenergy systems help support key Oregon industries such as forest products manufacturing, food processing, dairy and agriculture, water treatment and the manufacturing and transportation jobs that support these industries. Biomass utilization can help reduce costs to industry, offer a beneficial use for material that would otherwise go to waste, and support natural resource objectives such as forest health restoration, greenhouse gas reduction, and reduction of nutrient runoff.

¹ Oregon Department of Energy Comments HB2449: <https://olis.leg.state.or.us/liz/2015R1/Downloads/CommitteeMeetingDocument/68985>

As seen on page A2-4, the draft rules as proposed by DEQ under the Clean Fuels Program would disqualify 21 anaerobic digestion and renewable heat and power operations in the State of Oregon commissioned prior to 2015.

DEQ needs to implement provisions in the CFP that facilitates continued operation of bioenergy facilities.

We recommend that DEQ allow CFP eligibility of renewable energy certificates (RECs) from generators placed in-service after 2000 to match with EV charging through book-and-claim accounting.

Unfortunately, if DEQ moves forward with a requirement for REC eligibility restricted to projects commissioned in 2015 or afterwards, it excludes many bioenergy facilities from participating in the CFP. This denies the financial mechanism for early adopting renewable power generating projects to continue operating and prevent project shutdowns, which would be detrimental to Oregon's ambitious GHG reduction goals. Additionally, we recommend that DEQ extend eligibility for RECs originating from the Western Electric Coordinating Council (WECC) region. This would align the CFP with the Oregon renewable portfolio standard ("RPS").

We further recommend DEQ not impose an efficiency adjustment factor for biogas to electricity pathways as this runs directly counter to the Executive Order 20-04 which is focused on accelerating the generation of credits for transportation electrification in the goals of SB 1044 (2019), not decelerating EV credit generation by imposing an arbitrary efficiency standard. This penalizes our electricity project by providing significantly fewer credits than a pipeline CNG project.

It is imperative to provide favorable economics to allow these sustainable energy projects to continue in operation; we want our renewable electricity project to participate in the Clean Fuels Program and to be fully recognized for its contribution of life cycle greenhouse gas reductions in electric vehicles.

Thank you for your consideration of our request.

Sincerely,



Tim Bielenberg
Oak Lea Dairy

Cc: John Thornton, CleanFuture