

# Oregon Department of Environmental Quality

## Clean Fuels Program Electricity 2021 Rulemaking

### Rulemaking Advisory Committee Meeting #5: Draft Rules

Nov. 19, 2020

# Today's Agenda

- Overview
- Look at some rules (renewable electricity)
- Break
- Look at some other rules (EER applications, advance credits, other provisions)
- Public Comment
- Wrap Up and Next Steps

# Ground Rules

- Honor the agenda
- Provide a balance of speaking time
- Listen to understand and ask questions to clarify
- Respect each other's viewpoints, values and interests
- Focus comments on topics at hand – **be hard on the issues and soft on the people**
- Please stay on mute when not speaking
- Please set your display name to your name and organization
- For questions or comment, **use “Raise Your Hand” button in the Participants panel to get in the queue**; if joined by phone, press \*9 to raise hand
  - When it is your turn to speak, we will call on you
  - Say your name and affiliation before speaking
  - Use the “Chat” feature for help troubleshooting any issues

# Timeline for this Rulemaking

- 6 meetings are scheduled
  - Meeting 1 (Kick-off and Overview): Sept. 24
  - Meeting 2 (New Electric Vehicles): Oct. 8
  - Meeting 3 (Renewable Electricity): Oct. 22
  - Meeting 4 (Advance Crediting): Nov. 5
  - **Meeting 5 (Draft rules and Wrap up): Today**
  - Meeting 6 (Fiscal discussion): Dec. 1
- Start of public comment period, issuance of Notice of Proposed Rulemaking: late-December 2020
- Public hearing: late-January 2021
- End of public comment period: late-January 2021
- EQC consideration of rulemaking: March 2021

# Guiding Principles for CFP

To maintain the integrity of the Clean Fuels Program, we strive to:

- Achieve real and quantifiable GHG reductions
- Employ a technology- and fuel-neutral approach
- Use the best available science
- Provide the incentives for technology development, commercialization, and deployment that will produce permanent paths to decarbonizing the transportation sector

# Renewable Electricity / Carbon Intensity of Electricity / Incremental Credits

# Quick Note on These Slides

- *The title of the slide should say “proposal”, “comment”, or “rule text”*
- Regular text are current proposals
- **Red** text are proposed changes to proposals
- **Green** text are specific questions we are seeking input on
- *Italics* indicate text from draft rules

# Reminder of our goals from Meeting 3

- DEQ's goal with these provisions is to provide a clear signal for more renewable electricity (RE) generation
- As the numbers of electric vehicles grow, DEQ believes that the additional demand imposed on the grid can and should be met with electricity supplied by zero-carbon resources
- DEQ believes that allowing a range of options will help send that signal, but that the qualifications for RE should be carefully defined to maintain the integrity of the program

# Electricity Carbon Intensity: Proposal

- Unchanged from last proposal:
  - Statewide and utility-specific mixes from 5-year average to 1-year averages
  - Adjust the statewide mix for utility-specific CIs
  - Direct emissions associated with Boardman replaced by 0.428t/MWh for 2021 and 2022 statewide mixes
  - DEQ may re-issue the 2021 statewide mix CI if the EQC adopts this rulemaking package

# Renewable Electricity: Proposal

- Unchanged from last proposal:
  - RECs and utility green power products (both unbundled and bundled REC products) can be used to lower the CI of electricity for residential and non-residential charging
  - Renewable energy from solar, wind, geothermal, hydropower, and ocean power is deemed as having a CI of zero
  - Renewable energy from biomass, biogas, biodiesel, and hydrogen required to apply for a tier 2 pathway in order to determine their carbon intensity
  - Utility green power products may apply for recognition using a tier 2 pathway application process
- Changed since last proposal:
  - Power purchase agreements are eligible to apply for a CI under a tier 2 application process in addition to utility green power products

# Renewable Electricity: Comment

- Eligible RECs must be Green-e certified and placed in service after 2015
  - Comments from dairy biogas generators that existing PPAs are soon to expire and current power prices will make these projects uneconomic. Is there a rationale for carving out these projects?

# Renewable Electricity: Rule Text

- *RECs must be generated within a balancing authority area that includes Oregon, as recognized by the North American Electric Reliability Corporation, 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.*

# Renewable Electricity: Rule Text

- For Utility Renewable Energy Products and Power Purchase Agreements, the Tier 2 application must include:
  - *A letter describing the power purchase agreement or utility renewable energy product, the existing or planned source, or sources, of electricity and/or environmental attributes, and the terms by which it is being offered to customers*
  - *Samples or examples of bills, invoices, or other documentation that an entity claiming renewable energy under this product could provide to DEQ to prove that their electric vehicle charging is covered by the product or agreement*
  - *In the case of a utility renewable energy product, any filings with, and orders by, the Public Utility Commission or a local governing board that approves the product*
  - *An estimate of the amount of electric vehicle charging attributable to customers for the product or agreement*

# Renewable Electricity: Rule Text

- Standard of review:

*DEQ will review pathway applications under this provision to determine if they result in a substantially similar environmental outcome to the sources of renewable energy required under (5). In reviewing a utility product or agreement that contains multiple sources of power, DEQ may use the estimate under (a)(C) of this subsection to determine if sufficient renewable energy that is substantially similar to the requirements of (5) is included in the product to cover transportation-related claims under the CFP. DEQ may revisit this determination annually using the annual fuel pathway report.*

# Renewable Electricity: Rule Text

- Annual Fuel Pathway Report:

*The annual fuel pathway report for pathways covered by this section must update the sources or sources of electricity or environmental attributes that were used in the prior year and are planned for the year in which the report is submitted. It must also update the estimate of the amount of electric vehicle charging attributable to customers using the product or agreement.*

# Incremental Credits: Proposal

- Unchanged since last proposal:
  - Utility first in line to claim incremental credits from residential charging in their service territory, followed by the incremental aggregator
  - Credit generator for base credits can claim incremental credits
- Changed since last proposal:
  - Incremental aggregators can claim incremental credits when the credit generator of base credits (i.e., a non-residential charger owner) does not claim incremental credits

# Incremental Credits: Rule Text

- For incremental credits from REC retirements:  
*Submit documentation that qualifying RECs were retired in a recognized renewable electricity tracking system at the same time as the submittal of the quarterly report*
  - Is the quarterly report submittal deadline at the end of the next quarter enough time for qualifying RECs to be purchased and retired?

# Incremental Credits: Rule Text

- For incremental credits from PPAs and Utility Green Power Products:

*Submit documentation at least annually that the electric vehicle chargers are covered by a utility green power product or a power purchase agreement that has been approved by DEQ for a carbon intensity. The carbon intensity assigned to the product or agreement can only be used for reporting if the electric vehicle chargers are covered by that same product or agreement for the time period being reported.*

– Is annually frequent enough?

# Incremental Aggregator: Proposal

- Unchanged since last proposal:
  - Backstop to incremental credit generation for residential charging and for other electricity charging where incremental credits have not been claimed by the credit generator or aggregator
  - Application process largely mirrors the existing backstop aggregator – RFP, proposal to EQC, and if approved a written agreement is negotiated and entered into
- DEQ is considering comments on aggregator and committee's structure and categories of spending

# Questions?

Questions on these slides or any aspect of the draft renewable electricity / credit generator / incremental credit rules?

**BREAK TIME**

**BREAK TIME**

We'll be back at: 2:50pm

**BREAK TIME**

# EERs, EER-Adjusted CI Applications

# EER-adjusted CI applications: Proposal

- Unchanged from last proposal:
  - Vehicle owners and operators may apply for a vehicle specific EER if they demonstrate to DEQ that the vehicle is not adequately covered by an existing EER values in rule.
  - The vehicle manufacturer may be a joint applicant with an in-state vehicle owner or operator
  - Applicant must provide 3 months of operating data covering at least 300 hours of operation
    - Duty cycle testing data may be included for consideration by DEQ, but the applicant must consult with DEQ prior to submitting such test data

# EER-adjusted CI applications: Proposal

- Unchanged from last proposal:
  - In the case of joint applications with a vehicle manufacturer, additional vehicles owners or operators using the same vehicles may, with the approval of the original applicants, join on as a joint applicant after the fact.
    - Pathway conditions and annual reporting requirements would apply to the new applicants
    - DEQ would use the broader dataset and annual reporting to determine if the EER should be adjusted
- DEQ may require verification of the annual fuel pathway report for these EERs on a case-by-case basis

# EER-adjusted CI applications: Comment

- *If DEQ believes it should approve an application, it must present a review report with a proposed EER value and pathway conditions to the applicant or applicants. If the applicant or applicants accept the proposed review report and EER value, DEQ will post the review report and application on its website for a 30-day public comment period. DEQ staff will work with the applicant to aggregate and summarize any submitted data in order to ameliorate concerns regarding trade secrets included in the application. The aggregated data must still allow external stakeholders to understand and replicate the EER value that DEQ is proposing to approve.*
- *Based on comments received during that public comment period, DEQ may move forward with approving the application, deny the application, request additional information from the applicant or applicants, or modify the review report. If DEQ modifies the review report or receives additional information that has a material bearing on the proposed EER value, it will issue the modified review report and any affected supplemental materials for another round of public comment.*

# New EERs for -8010: Proposal

Unchanged since last proposal:

Eligible Application	Equipment	Energy Economy Ratio (EER)
<b>Electric Cargo Handling Equipment (eCHE)</b>	Loader	2.7
	Rubber-Tired Gantry Crane (RTG Crane)	
	Rail Mounted Gantry Crane	
	Automated Stacking Crane	
	Side Handler	
	Top Handler	
	Reach Stacker	
	Aerial Lift	
<b>Electric Ocean Going Vessel (eOGV)</b>	Various shore power provided to an ocean going vessel at-berth	2.6

# Forklift Displacement Credit: Proposal

- Unchanged since last proposal:
  - DEQ proposes to apply a displacement credit for alternative fuel forklifts for those with a model year of 2016 or later

# Advance Crediting

# Advance Crediting: Proposal

- Changed since last proposal:
  - Based on discussions with potential applicants, DEQ is moving the advance crediting window to a maximum of 6 years per vehicle, with a maximum payback period of 9 years
- DEQ is still considering expanding the list of eligible entities or revisiting the list in future rulemaking after gaining more experience implementing this provision.
- DEQ is also considering including a cap on the number of credits issued per year from this provision.

# Miscellaneous Provisions

# Electricity Credit Generation: Proposal

- Unchanged since last proposal:
  - Move to semi-annual crediting for residential charging
  - Addition of electric Cargo Handling Equipment and Shorepower for Ocean-Going Vessels
    - Owner or operator of the charging equipment for electric Cargo Handling Equipment is eligible to generate credits
    - Owner of the charging equipment for shorepower is eligible to claim credits

# Residential Credit Proceeds Reporting: Proposal

- Unchanged from last proposal:
  - Utilities are required to report annually on their monetization of Residential EV credits and what the proceeds were spent on, due at the end of January
    - Does that timing work for the IOUs and COUs?
  - No enforcement on failure to submit a report, but future residential credits will go to the backstop and incremental aggregator
  - Reports must include:
    - Total revenue from the sale of their base and incremental residential credits
    - The percentage of that revenue that went to CFP-related administration costs (including but not limited to submitting reports, selling credits, etc.)
    - The percentage of that revenue that went to administering any programs (including but not limited to project management, developing and managing contracts, etc.)
    - A description of the programs that were funded by CFP revenue and the amount spent in each category

# Public Comment Period

Is there anybody from the public that has comments they wish to make at this time?

# Next Steps

- Next meetings:
  - Dec. 1 - Economic and fiscal impact 1 p.m.
  
- Comments are requested by Monday, November 30<sup>th</sup> so that DEQ may review them and adjust the fiscal if necessary
  
- Please send all written comments to:  
[CFPE2021@deq.state.or.us](mailto:CFPE2021@deq.state.or.us)