

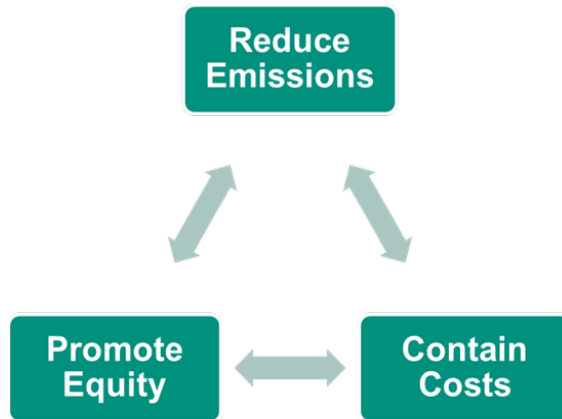
Greenhouse Gas Emissions Program 2021 Rulemaking Rulemaking Advisory Committee Summary Report

August, 2021

I. Introduction

The Climate Protection Program will set limits on greenhouse gas emissions from some of the most significant sources in Oregon. The program aims to:

- Achieve significant emissions reductions
- Promote benefits and alleviate burdens for environmental justice and impacted communities
- Contain costs for businesses and consumers



DEQ is using a three-phase approach to support the development of the Climate Protection Program (CPP). DEQ CPP program development is informed by extensive public engagement, including active engagement with environmental justice and impacted communities. These three phases include:

1. Process Engagement
2. Program Scoping
3. Formal Rulemaking

In Phase I, during the spring of 2020, DEQ received feedback on the proposed process for program development. During Phase II, DEQ gathered public input to help identify and frame key policy proposals and issues prior to formal rulemaking. Phase III, the final phase, is the formal rulemaking to develop and propose the CPP rules. DEQ plans to bring the proposed rules for CPP to the Environmental Quality Commission (EQC) for potential adoption in December 2021. The program would then start in 2022. For more information of Phase I and Phase II, please visit [here](#) and see the [Scoping Phase Public Engagement Final Report](#).

The first step in the CPP rulemaking process is the selection and convening of the Rulemaking Advisory Committee (RAC). The EQC appointed the CPP RAC in December 2020. DEQ held monthly RAC meetings from January through July 2021. The CPP RAC was one of the largest ever convened for a DEQ rulemaking, representing a diverse group of stakeholders. RAC members included potentially regulated industries, small and large business representatives, working lands representatives, environmental organizations, environmental justice and community-based organizations, labor representation, tribal representatives and local government. The committee shared diverse perspectives on policy proposals, including



State of Oregon
Department of
Environmental
Quality

Office of Greenhouse Gas Programs

700 NE Multnomah St.,
Suite 600
Portland, OR 97232
Phone: 503-229-5696
800-452-4011
Fax: 503-229-6124

www.oregon.gov/DEQ

*DEQ is a leader in
restoring, maintaining, and
enhancing the quality of
Oregon's air, land, and
water.*

Climate Protection Program

program design, and on the equity, fiscal, public health, and economic impacts of the program. RAC meetings were open to the public and each included public comment periods. DEQ thanks the CPP RAC and the public for their time, feedback, and participation during the RAC meetings. DEQ notes that the proposed rules currently available for public comment have been greatly shaped by the comments, insights, and ideas shared by RAC members and the public. For more information of the proposed rules currently available for public comment, please see the [Notice of Proposed Rulemaking and Draft Rules](#).



State of Oregon
Department of
Environmental
Quality

Office of Greenhouse Gas Programs

700 NE Multnomah St.,
Suite 600
Portland, OR 97232
Phone: 503-229-5696
800-452-4011
Fax: 503-229-6124

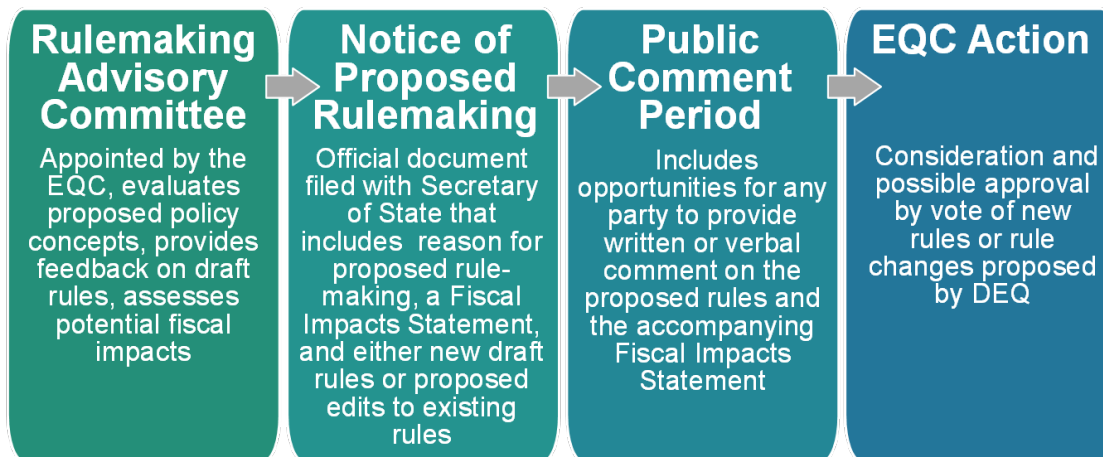
www.oregon.gov/DEQ

DEQ is a leader in restoring, maintaining, and enhancing the quality of Oregon's air, land, and water.

The purpose of this report is to provide an overview of the CPP RAC meetings and public engagement. Additionally, the report reviews overall key themes of RAC and public input, describes each RAC meeting and key outcomes, and describes high-level next steps in the formal rulemaking process.

II. About the rulemaking process

The EQC is a rulemaking body that adopts proposed rules into Oregon administrative law. The EQC is a five-person committee appointed by the Governor. DEQ is responsible for proposing rules for EQC consideration. DEQ develops proposed rules and conducts a rulemaking process that adheres to the public process requirements established in the Oregon Administrative Procedures Act. DEQ's rulemaking process generally includes at minimum the following elements, as shown in the figure below.



Overview of rulemaking activities to date

Table 1 below identifies key activities and engagement with the public and RAC from January through July 2021. DEQ has been coordinating a formal government-to-government consultation with tribal governments in concurrence with this process.

Table 1. CPP RAC meeting engagement

Meetings and Public Engagement	Approximate number of participants
7 RAC meetings	1,450*
Modeling Study Q&A session	131
Total written comments	220

*Note: These numbers represent combined total participants from all RAC meetings; many participants attended more than one session.

III. Overview of RAC

In December 2020, the EQC appointed the RAC for the CPP rulemaking. The role of the RAC during the rulemaking process is to provide input and recommendations on the development of the proposed rule, including providing comment on program design and draft rule language, and input on the fiscal impact statement for the proposed rule. DEQ developed a charter for the RAC outlining RAC roles and responsibilities. While RAC comments and input was critical in shaping the proposed CPP rules, DEQ did not attempt to achieve consensus among the RAC, nor was the RAC asked to vote on specific issues.

Advisory committee roster

The RAC reflects DEQ’s commitment to an equitable engagement process. The committee consisted of 34 stakeholders, including environmental justice community-based organizations (CBOs) representatives for potentially regulated industries, environmental organizations, industry groups, working lands, local governments, and tribal representatives. RAC members represented the following organizations:

- Oregon Environmental Council
- Food Northwest
- League of Oregon cities
- Beyond Toxics & NAACP
Eugene/Springfield
- Native American Youth and Family Center
- Pacific Propane Gas Association
- Coalition of Communities of Color
- Oregon Fuels Association
- Multnomah County Health Department
- Blown Away Ranch
- Wallowa County
- Oregon Trucking Association
- Citizens’ Utility Board
- Northwest Natural
- Northwest Gas Association
- Sustainable Northwest
- Yamhill County
- Oregon Association of Conservation
Districts
- Verde
- Oregon Business for Climate
- Oregon Business & Industry
- EVRAZ
- Confederated Tribes of Coos, Lower
Umpqua and Siuslaw Indians
- Roseburg Forest Products
- Rogue Climate
- Affiliated Tribes of Northwest Indians
- Green Energy Institute
- Phillips 66
- Tillamook Creamery Association
- Cascade Natural Gas
- Association of Nurseries
- NW Pulp & Paper Association
- BlueGreen Alliance
- Titan Freight
- Climate Solutions

Advisory committee interviews

DEQ contracted with Kearns & West to provide facilitation services for all three phases of the CCP public engagement process. For the rulemaking phase, Kearns & West interviewed a sampling of 14 RAC members representing a range of interests at the start of the RAC process. The purpose of these interviews was to learn about RAC members’ background, interests, hopes and expectations for the RAC process, and to receive suggestions for a constructive RAC process. DEQ has posted a summary of key themes from the interviews on the program website and the link to this summary is available in this report’s appendices. As the RAC meetings were remote, the feedback from these

interviews, along with ongoing feedback from RAC members, was very helpful in providing more opportunities for effective discussion and engagement at RAC meetings.

Advisory committee work plan

The figure below provides an overview of the work plan for the RAC. DEQ held seven RAC meetings from January through July 2021, along with a Modeling Q&A session. DEQ released the public notice, proposed rules and supplemental documents for CPP in August 2021. DEQ has proposed 60 days of public comment, with the public period closing on October 4, 2021. DEQ will hold two public hearings in September 2021, one hosted by the EQC. DEQ plans to present proposed rules for potential EQC adoption in December 2021.



IV. Promoting equitable engagement

Equitable engagement was a key focus for DEQ, informing the design of the RAC process and committee selection. RAC meetings included facilitation techniques and digital engagement tools designed to encourage different types of participation. Jamboard, an interactive comment tool, provided an opportunity for virtual collaboration and Zoom Breakout Rooms provided an opportunity for small-group discussions. In addition, the Kearns & West facilitation team monitored Zoom Chat throughout meetings to help ensure questions and comments were addressed.

Community-based organizations (CBOs), which have deep connections in the communities where they operate, are a critical partner for DEQ to increase equitable opportunities for traditionally underrepresented communities. These environmental justice communities are also disproportionately impacted by air pollution and climate change. DEQ provided financial resources to the five community-based organizations (Communities of Color, NAYA, Rogue Climate, Verde, Beyond Toxics & NAACP Eugene/Springfield) that participated on the RAC for preparing and

attending RAC meetings. DEQ also provided resources for these CBOs and for a sixth CBO (PCUN) to support community education and capacity building activities on climate change and engagement on the development of new policies and programs, such as CPP.

DEQ also held separate informational meetings with the RAC CBOs. The goal of these meetings was to better support CBOs for effective participation on the RAC, to receive their input on centering equity in CPP program design, and to discuss ways in which DEQ could better center equity in the RAC process.

DEQ also provided resources to seventh community-based organization, UniteOregon in partnership with the MultiCultural Collaborative, to support the development of regional community “climate justice committees”. This included hosting a workshop to familiarize community members with the DEQ regulatory and rulemaking process and to share information about CPP development. Twenty-two community members attended the workshop on May 22-May 23, 2021. UniteOregon facilitated the workshop with presentation materials in Spanish and English and simultaneous translation. Facilitators also incorporated wellness check-ins, discussion prompts, trivia questions and attendees provided feedback after the workshop.

DEQ acknowledges that these are initial steps in pursuing equitable engagement. DEQ recognizes the need for additional work and ongoing efforts to support equitable outcomes, which remains a priority for DEQ.

V. RAC meetings and modeling study Q&A session

DEQ held seven virtual RAC meetings, open to the public, from January through July 2021 to inform the development of the draft rules, along with a separate modeling study Q&A session. DEQ contracted with ICF to conduct a modeling study to inform program options for CPP and advisory committee discussion. More information about the modeling study is available on DEQ’s [Modeling Study on Program Options to Reduce Greenhouse Gas Emissions webpage](#). Modeling information and analysis was included in the RAC meeting materials and posted on the CPP rulemaking website.

In order to ensure the safety of participants during the COVID-19 pandemic, all RAC meetings were conducted via Zoom Webinar or Zoom Meeting, with the additional option to dial-in by telephone. The meeting format included a combination of presentations from DEQ regarding the meeting topic and discussion with RAC members. In some cases, DEQ used interactive methods, including polling and break-out rooms, to gather RAC feedback. While the focus of meetings was committee discussion, each meeting included designated time for public comment.

DEQ released an agenda and materials prior to each meeting. Materials were customized for each meeting, but generally included presentation slides, topic-specific issue briefs, discussion questions, draft rule language, initial drafts of the reader’s s guide to the draft rule, and draft fiscal impact statement. DEQ aimed to provide materials in advance of the meeting to allow for more informed discussion and engagement. To publicize these meetings, DEQ shared ongoing updates and announced public engagement opportunities through GovDelivery bulletins, an e-mail subscription service, and posted meeting information and materials on DEQ’s webpage dedicated to this topic and that is linked in the Appendix to this report.

RAC meeting details and key themes of discussion are provided below. Table 2 identifies each meeting date, topic, and number of meeting participants.

Table 2. Meeting details

RAC Meeting	Date/Time	Topic	Approximate number of participants	Total written comments received
Meeting #1	Jan. 14, 2021 9 a.m. to 4:30 p.m. PT	Convening, program design, and overview	231	38
Meeting #2	Feb. 17, 2021 9 a.m. to 4:30 p.m. PT	Program design and reference case results	257	34
Meeting #3	Mar. 18, 2021 9 a.m. to 3:45 p.m. PT	Program design and policy scenario results	178	33
Meeting #4	Apr. 22, 2021 9 a.m. to 4:30 p.m. PT	Rule outline and policy scenario results	202	30
Modeling Study Q&A Session	Apr. 28, 2021 9 a.m. to 11:00 a.m. PT	Additional session to discuss Initial policy scenario results	131	N/A
Meeting #5	May 25, 2021 9 a.m. to 4:30 p.m. PT	Draft rules and final modeling results	183	32
Meeting #6	June 17, 2021 9 a.m. to 4:30 p.m. PT	Draft rules and final modeling results	203	30
Meeting #7	July 8, 2020 9 a.m. to 4:40 p.m. PT	Review of fiscal impact statement and proposed enforcement process	196	29

RAC Meeting #1 – January 14, 2021

The objectives of the first RAC meeting were to define the role of and expectations for the committee, outline key program design questions and current DEQ staff leanings, and build an understanding of how the modeling work supports decision making. Meeting topics included RAC introductions, a review of the draft committee work plan, overview of the Greenhouse Gas Emissions Reporting Program, public engagement activities to date, a review of recent reported greenhouse gas emissions data, discussion of key design questions for initial rules drafting, and discussion of the initial three policy scenarios for the modeling study.

Key Themes

In addition to comments provided during the meeting, DEQ received 38 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- Provided recommendations for a constructive process.

- Shared a range of interests and suggestions regarding greenhouse gas emissions data, modeling assumptions, and proposed policy scenarios for modeling.
- Interest in DEQ providing breakout sessions or workshops about these topics.
- Shared strong interest that the program achieves ambitious and near-term greenhouse gas emissions reductions.
- Concerns about DEQ's proposal to not include emissions from the electric sector in this program.
- A wide range of concerns and interests over compliance flexibilities, timing of demonstration of compliance requirements, and policy aspects.
- Requests for a low emissions threshold for coverage under the program.

RAC Meeting #2 – February 17, 2021

The objectives of the second RAC meeting were to develop a shared understanding of the program's framework, maximize value of RAC participation by increasing discussion and empowering all members to share insights, experiences, and expertise, and to identify any areas of agreement on the proposed DEQ leanings for program design. Meeting topics included discussing emissions associated with the electricity sector, reflections from RAC meeting #1, modeling study updates on the planned health, equity, and co-benefits analyses, understanding how CPP could work, the role of flexibility measures in the program design, understanding point of regulation, review of reference case emissions results from the modeling study, and a review of the proposed assumptions for the initial three modeling policy scenarios.

Key Themes

In addition to comments provided during the meeting, DEQ received 34 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- A range of interests, concerns, and suggestions regarding data, modeling assumptions, proposed policy scenarios for modeling, and reference case results.
- Continued concerns about DEQ's proposal to not include emissions from the electricity sector in the program.
- Appreciation for breakout rooms as they allowed for smaller group discussions with diverse perspectives and allowed for the RAC members to better understand one another.
- Various input regarding DEQ's proposed compliance flexibility mechanisms and points of regulation.
- Concerns about centering equity when considering compliance flexibility and in considering potential impacts and benefits of CPP.
- Support for including equity in the modeling study.
- Appreciation for DEQ's consideration of feedback by including more significant emissions reduction targets in the modeled policy scenarios.
- Shared strong interest that the program achieves ambitious and near-term greenhouse gas emissions reductions.
- Requests for a low emissions threshold for coverage under the program.

RAC Meeting #3 – March 18, 2021

The objectives of the third RAC meeting were to develop a framework for the proposed community climate investments (CCI) program element, identify any key insights from initial modeling, and maximize the value of RAC participation. Meeting topics included a discussion of community climate investments, considerations for regulating non-natural gas fuels suppliers, modeling policy scenarios preliminary emissions results review, and next steps for modeling.

Key Themes

In addition to comments provided during the meeting, DEQ received 33 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- General support around the concept of community climate investments (CCIs) as an alternative compliance option for the CPP, with interest expressed for more detail in order to evaluate the proposal thoroughly and understand how it would work in practice.
- Interest in how CCIs are comparable to other possible alternative compliance options, such as carbon offsets.
- Support for DEQ to structure CCIs to alleviate burdens and promote benefits for environmental justice and impacted communities.
- Some commentators raised the importance of entities reducing emissions directly before allowing participation in CCI program.
- Commentators provide a range of suggestions on types of emission reduction projects that could be supported by CCIs, including interest in sequestration.
- Suggestions for engaging impacted communities in a meaningful way to develop the CCI portion of the program.
- Many questions about the emissions modeling results and the need for more information and context prior to the next RAC meeting.
- Significant interest in the anticipated modeling study results on equity and economic considerations.
- Shared strong interest that the program achieves ambitious and near-term greenhouse gas emissions reductions.
- Requests for a low emissions threshold for coverage under the program.

RAC Meeting #4 – April 22, 2021

The objectives of the fourth RAC meeting were to discuss RAC feedback on an approach for regulating stationary source emissions, solicit RAC feedback on approaches to compliance instrument distribution, and discuss and review key outcomes from initial modeling results. Meeting topics included regulation of stationary sources combustion and process emissions, further considerations for CCIs, initial modeling policy scenarios results review and discussion, discussion of the fourth modeling scenario, and identifying covered entities and compliance instrument distribution for fuels sectors.

Key Themes

In addition to comments provided during the meeting, DEQ received 30 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- Questions and comments around the potential approach for regulation of stationary sources proposed to be separate from the emissions cap regulation for fuels sectors.

- Interest and concern how the best available emissions reductions would be determined for a stationary source.
- Suggestions to consider co-pollutant emissions in addition to greenhouse gas emissions and ensure accountability for reducing health impacts.
- Mixed views, with some support for the best available emissions reduction approach, and others expressing concern about issues such as fairness for entities and how it may not result in emission reductions.
- The importance of involving workers and impacted communities when DEQ is determining required actions from stationary sources.
- Interest in including stationary source emissions under the cap rather than under the best available emissions reduction approach.
- General support for DEQ to provide resources for a robust engagement process to shape community climate investment (CCI) projects.
- Further interest and ideas about how CCIs could be deployed.
- Comments expressed about the need for DEQ to effectively engage Tribes, community-based organizations, rural communities, and environmental justice/BIPOC communities.
- Questions about the assumptions and initial modeling results and a request for more information and time to assess the findings.
- A range of suggestions for assumptions to include in the fourth and final policy scenario yet to be modeled.
- Questions about covered entities and compliance instrument distribution for fuels sectors, specifically around how to address variability from year to year, such as entities leaving and entering the Oregon market.
- Shared strong interest that the program achieves ambitious and near-term greenhouse gas emissions reductions.
- Requests for a low emissions threshold for coverage under the program.

Modeling Q&A Session-April 28, 2021

In response to RAC member interest, DEQ held a virtual meeting from 9 a.m. to 11 a.m. to provide additional time for RAC members to ask questions about the initial modeling results presented at the fourth RAC meeting. The meeting included a recap by DEQ and ICF of policy scenario results, including emissions, health, economic, and equity results from fourth RAC meeting. There was an opportunity for questions and responses from ICF and DEQ. The meeting also provided an opportunity for clarifying questions from the public. As a result of this meeting, DEQ created a frequently asked questions document for the modeling study.

RAC Meeting #5 – May 25, 2021

The objectives of the fifth RAC meeting were to review and discuss the initial draft rule outline and selected portions of draft rule language, discuss approaches for determining the first year baseline emissions cap, and solicit feedback on proposed updates to compliance instrument distribution. Key meeting topics included an update on CPP-related public engagement activities, review of an initial rule outline and initial draft rule language on purpose and scope, identification of covered entities and emissions, thresholds, banking, trading, and demonstration of compliance. The meeting also

included discussion of approaches for determining the initial emissions cap and further discussion of covered entities and compliance instrument distribution.

Key Themes

In addition to comments provided during the meeting, DEQ received 32 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- Offered specific suggestions to the draft rule language.
- Sought clarifications on parts of the draft rule language.
- Expressed continued concerns over DEQ's proposal to not include emissions from the electricity sector in the program.
- Provided input on the emissions cap baseline.
- Provide input on emissions thresholds for inclusion in the program, including requests for a lower threshold for non-natural gas fuel suppliers.
- Requested more focus on environmental justice and impacted communities benefits in the draft rule language.
- Provided varying thoughts on the draft rules on demonstration of compliance, trading, and banking.
- Shared strong interest that the program achieves ambitious and near-term greenhouse gas emissions reductions.

RAC Meeting #6 – June 17, 2021

The objectives of the sixth RAC meeting were to review and discuss new sections of the initial draft rule, discuss and review updates to initial draft rule since RAC #5, and review base cap determination and emissions reduction trajectory. Meeting topics included the review of initial draft rule language for community climate investments, for stationary sources, and compliance instrument distribution, modeling policy scenario results review and discussion, and review of the base cap and emissions reduction trajectory.

Key Themes

In addition to comments provided during the meeting, DEQ received 30 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- Offered specific suggestions to the draft rule language.
- Sought clarifications on parts of the draft rule language.
- Provided suggestions on the threshold for program inclusion for non-natural gas fuel suppliers, including requests for a lower threshold.
- Offered recommendations on the membership of the equity advisory committee and the approach to select projects eligible to be supported by community climate investment (CCI) funds.
- Offered mixed support over percentage of compliance obligation that can be met with CCI credits.
- Expressed mixed support over the proposed CCI credit price.
- Interest in requiring reductions of one metric ton of greenhouse gas emissions for each CCI credit.
- Shared thoughts over the final modeling results.
- Provided varying thoughts and suggestions on the best available emissions reduction approach.

- Offered general support for DEQ’s leaning for calculating the program’s start year baseline cap.
- Offered general support for the proposed percent reductions in emissions to be achieved by 2035 and 2050, though there was also interest in achieving greater reductions.
- Requested clarifications on the draft rule language for the compliance instrument distribution.
- Appreciated the clarifications DEQ added to the draft rules regarding impacted communities, however expressed interest in the need to include equity concerns and objectives throughout the rules.

RAC Meeting #7 – July 8, 2021

The objectives of the seventh and final RAC meeting were to review and discuss planned proposed rule updates since RAC #6, review and discuss the draft fiscal impact statement, and review the proposed enforcement process. Meeting topics included the review of proposed rule updates for applicability and covered fuel suppliers, review of base cap and emissions trajectory, review of proposed rule updates for CCIs, covered stationary sources, review of the proposed enforcement process, review and discussion of draft fiscal impact statement, a RAC reflections roundtable, and rulemaking next steps.

Key Themes

In addition to comments provided during the meeting, DEQ received 34 written comments via email. The following are key themes of the RAC member and public comments received during the RAC meeting:

- General support on DEQ’s updated proposal of declining the emissions threshold for inclusion for non-natural gas fuel suppliers over time.
- Support for DEQ’s approach to adjust the baseline cap according to declining thresholds.
- Support for the compliance instrument reserve size to decrease over time, with mixed support on DEQ’s approach to retire or distribute compliance instruments from the reserve.
- Mixed feedback on whether sequestration projects should be eligible for community climate investments (CCIs).
- Interest in requiring reductions of one metric ton of greenhouse gas emissions for each CCI credit.
- Interest in clarifying accountability for CCI entities.
- Mixed feedback on not allowing covered entities to be subcontractors to CCI entities.
- Continued interest in including emissions from stationary sources under the cap rather than under the best available emissions reduction approach.
- Offered feedback on the draft fiscal impact statement.
- Provided additional final reflections and comments on the rulemaking process and draft rule.

VI. Next steps

DEQ thanks the RAC for their time, feedback, and participation during the RAC meetings process, which concluded in July 2021. DEQ notes that the proposed rules currently available for public comment have been greatly shaped by the comments, insights, and ideas shared by RAC members

and the public. For more information of the proposed rules currently available for public comment, please see the [Notice of Proposed Rulemaking and Draft Rules](#).

DEQ will receive public comments on the proposed rule through October 4, 2021. During the comment period, there will be two public hearings, one hosted by the EQC. Informed by the comments received, DEQ plans to update the proposed rules and submit a staff report and proposed rules to the EQC in November 2021. The EQC would then consider the proposed rules for potential adoption in December 2021. If adopted, CPP would begin in 2022.

More information on how to provide public comment and attend the public hearings is available on the CPP [rulemaking website](#).

Alternative formats

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.

Appendices

- i. Scoping Phase Public Engagement [final report](#)
- ii. [RAC roster](#)
- iii. [RAC charter](#)
- iv. [Convening interview summary](#)
- v. RAC Meeting #1 [Summary](#) and [Public Comments](#)
- vi. RAC Meeting #2 [Summary](#) and [Public Comments](#)
- vii. RAC Meeting #3 [Summary](#) and [Public Comments](#)
- viii. RAC Meeting #4 [Summary](#) and [Public Comments](#)
- ix. RAC Meeting #5 [Summary](#) and [Public Comments](#)
- x. RAC Meeting #6 [Summary](#) and [Public Comments](#)
- xi. RAC Meeting #7 [Summary](#), [Public Comments](#), and [Additional Comments](#)