



State of Oregon Department of Environmental Quality

Climate Protection Program – Plain Language Guide to Draft Rules

Greenhouse Gas Emissions Program 2021 Rulemaking Advisory Committee Meeting 5 (draft rules version 1)

About the Climate Protection Program

The Oregon Department of Environmental Quality is conducting a rulemaking to establish a new Climate Protection Program to reduce greenhouse gas emissions and address the effects of climate change. The objective of the Greenhouse Gas Emissions Program 2021 Rulemaking is to:

- Establish a new program to set limits on greenhouse gas emissions from significant sources in Oregon;
- Define regulatory applicability and program requirements; and
- Prioritize equity by promoting benefits and alleviating burdens for environmental justice and impacted communities.

Developing draft rules

DEQ began the rulemaking in January 2021 to develop the Climate Protection Program through a process that adheres to the public process requirements established in the Oregon Administrative Procedures Act. DEQ is developing program rules to propose for the Environmental Quality Commission's consideration. The EQC is a decision-making body that adopts proposed rules into Oregon administrative law.

A guide to the draft rules

The below table provides a plain language explanation of the draft Oregon Administrative Rules that DEQ is developing relating to the Climate Protection Program. This version is not a complete set of program rules but includes language on selected portions available at this time. Updated rule drafts will be made available in the future as DEQ continues through the rulemaking.

RULE NUMBER	RULE TITLE	EXPLANATION
340-271-0010	Purpose and Scope	The purposes of the Climate Protection Program are to reduce greenhouse gas emissions from sources in Oregon, achieve co-benefits from reduced emissions of other air contaminants, and enhance public welfare for Oregon communities.
340-271-0020	Definition	Defines terms relating to this division of rules.
340-271-0030	Acronyms	Defines acronyms relating to this division of rules.
340-271-0100	Oregon Climate Protection Program Requirements	[Reserved for an overview of the requirements for covered entities subject to the Climate Protection Program].
340-271-0110	Covered Entity and Covered Emissions Applicability	<p>The rules apply to certain entities as follows:</p> <ul style="list-style-type: none"> • Covered fuel suppliers include: <ul style="list-style-type: none"> ○ Non-natural gas fuel suppliers for covered emissions described as anthropogenic greenhouse gas emissions from combustion of liquid fuels and propane that meet or exceed 200,000 MTCO₂e in a year. ○ Natural gas utilities for covered emissions described as anthropogenic greenhouse gas emissions from combustion of natural gas, excluding natural gas used at large electricity generating facilities. • Covered stationary sources include stationary sources for covered emissions described as anthropogenic greenhouse gas emissions from processes and fuel combustion that is not otherwise regulated for a covered fuel supplier and that meet or exceed 25,000 MTCO₂e. <ul style="list-style-type: none"> ○ Excludes emissions from landfills and large electricity generating facilities.
340-271-0130	Cessation of Covered Entity Applicability	<p>Describes the conditions under which a covered fuel supplier is no longer subject to the requirements of this division:</p> <ul style="list-style-type: none"> • When covered emissions are 0 MTCO₂e for six consecutive years, or • When covered emissions for a non-natural gas fuel supplier are below 200,000 MTCO₂e for six consecutive years.
340-271-0200s and -300s	[Reserved]	[Reserved for provisions relating to covered stationary sources].
340-271-0410	Generation of Compliance Instruments	DEQ issues compliance instruments. Each one authorizes covered fuel suppliers to emit one metric ton of carbon dioxide equivalent of greenhouse gas emissions. DEQ will generate compliance instruments in amounts equal to annual emissions caps.

340-271-0420	[Reserved]	[Reserved for compliance instrument distribution methodology].
340-271-0430	Holding Compliance Instruments	Describes banking of compliance instruments. A covered fuel supplier holds compliance instruments indefinitely until: <ul style="list-style-type: none"> • They are used to demonstrate compliance; • They are traded; or • The fuel supplier ceases to be a covered fuel supplier.
340-271-0440	[Reserved]	[Reserved for provisions relating to compliance instruments held by someone that ceases to be a covered fuel supplier].
340-271-0500	Compliance Periods	A compliance period is three years. This first compliance period begins with 2022.
340-271-0510	Demonstration of Compliance	<ul style="list-style-type: none"> • DEQ will determine compliance obligations based on covered emissions reported to the Greenhouse Gas Reporting Program (Oregon Administrative Rules chapter 340, division 215). • Requirements for covered fuel suppliers in order to demonstrate compliance: <ul style="list-style-type: none"> ○ Demonstration of compliance is required at the end of each compliance period by September 30 of the year following the last year of a compliance period. ○ The demonstration of compliance is for covered emissions from each year within the compliance period. ○ Each MTCO_{2e} of covered emissions has a compliance obligation. Demonstration of compliance for these emissions is met by submittal to DEQ, for each MTCO_{2e}, one compliance instrument or community climate investment credit (CCI credit). ○ The number of CCI credits that can be used toward compliance is limited to a percentage. Note, DEQ has not yet set the percentage in this draft.
340-271-0590	Recordkeeping Requirements Related to Demonstration of Compliance	A covered fuel supplier must retain records for 7 years related to determining compliance obligations or demonstrating compliance.
340-271-0600	Trading of Compliance Instruments	Covered fuel suppliers may trade compliance instruments that have not already been used. Fraudulent and anti-competitive behavior are prohibited. DEQ will track trades.
340-271-0610	Notification to DEQ of Compliance Instrument Trades	All trades must be reported to DEQ, including number of compliance instruments traded and price. If trades do not have a price, non-monetary values should be described.

340-271-0690	Recordkeeping Requirements Related to Trading	A covered fuel supplier involved in a trade must retain relevant records for 7 years.
340-271-0800s and -0900s	[Reserved]	[Reserved for provisions relating to community climate investments].
340-271-1300	Tables	[Reserved for tables].

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.