

# Clean Fuels Program Electricity 2021 Rulemaking

## Meeting Summary

### Rulemaking Advisory Committee Meeting #4

Nov. 5, 2020

Web-based meeting

#### Meeting Agenda

Time	Topic
9 a.m.	Welcome, introductions, agenda review
9:15 a.m.	Topic 1: Advance Credits
10:35 a.m.	Break
10:45 a.m.	Topic 2: Other Topics
11:55 a.m.	Wrap Up and Next Steps
12 p.m.	Adjourn meeting

#### Advance Credits

**DEQ should also consider private organizations using publicly owned spaces (i.e., airports). Ground servicing equipment (GSE) at airports is an area that would work well for these provisions. Non-road is not explicitly called out in the rule, is this only limited to on-road?**

Provision is not limited to on-road and under these rules, non-road would be eligible. Please file comments in written form on this suggestion.

**Would private fleets be considered if the fleet is staying in Oregon for whole payback period? This might work for non-road diesels that may stay inside state and electrifying those would provide some AQ benefits.**

DEQ considers that public fleets are less likely to have vehicles leave state. If we can find someone to analyze data on that and submit it that would be useful to help us work through the details. Currently we are trying to balance opening up the program to more vehicles while not getting too many credits in program.

**What about companies that are under contract to provide service to an in-state organization that is not public? There are non-profits that may have fleets but no affiliation with transit agency.**

Please provide written comments on this topic if you have not already.



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**When looking across board for fleets to transition that is probably going to be in private equipment. For example, GSE is generally under airline contract and not with a public agency or the airport. While we do not want to be funding fleets leaving OR this is a good opportunity area, if it is done correctly.**

DEQ asked if GSE ever get rehoused anywhere (out of state) after it is put in at airport?

**May shuffle some equipment about but if they transition to electric, the older equipment may be relocated. Under certain provisions, DERA and VW settlement, that old equipment would need to be destroyed.**

**Commenter wants to echo comments to allow private fleets, particularly ones replacing diesel equipment. On making sure that too many credits are not getting generated, there is a cap in the California program and maybe we could do same here?**

**Are the advanced credits being discussed for base credits or would apply broadly to incremental credits, as well? Would encourage DEQ to think about how holistically we could do this without further exaggerating inequities. DEQ should think about how this would work with UM 1826 and other utility dockets where there may be a requirement if an entity is getting a grant/stipend and may be required to aggregate credits. Commenter would encourage DEQ to add utilities as an aggregator to help bring down vehicle costs.**

As part of the application process, those applying will need to let us know if they are using renewables. They may request to also get incremental credits but we need to think through this a little more. There is a payback period and that would create additional risk to those entities if they could not meet it.

**Commenter suggests consideration of extending eligibility to privately owned but publicly used infrastructure in underserved areas.**

Fleets have more data to make a realistic estimate of how much electricity will be used, etc. Could charging vehicles be estimated in the same way?

**Commenter states this is good point and would still like to include it but will need to think about that more before commenting.**

**Public entities are not always interested in generating credits and would rather we allow someone to do that for them. It would be valuable to let them do that here. Does not think that this is included in rule here and would like to see designee provision.**

**Commenter states that the list of entities we are including up to this point seem to mostly represent public agencies and potentially private companies. DEQ should consider IOUs that have fleet vehicles to repair lines and trim vegetation and for other work, as well. That can include many vehicles and enabling them to get credits would be valuable, as well, with the caveat that they could only be servicing areas in Oregon.**

**Commenters are hearing the comments on the utility piece and some of the rate payer funded programs that the credits would be handed back over to the utilities and wonders how that would work here? On utilities themselves, is it necessary to provide these advanced credits be given to them considering that they could spread these costs out over years better than some of the other listed groups? As for public charging, not opposed to that as long as infrastructure is in the ground and providing benefit but would be important to include accessibility requirements if they are going to participate. CA has some regulations that address this and they can send that as a starting point for DEQ to consider.**

Thinking through these comments, there are UM 1826 projects that could also apply here but as the base credits would basically go back to the utility under grant agreements, so if we agree to five year advanced crediting here that all of those credits would go to the utility as well and how the paying back of those advanced credits would need to be structured. Is that what you are saying?

**Commenter is wondering how DEQ is thinking about how this would work right now so that initial investment continues in way it was attended.**

DEQ asked for additional comments on the above comment, we are still thinking about how this will work.

**Commenter appreciates the idea of risk mitigation in terms of these credits. Identify fleets that are eligible, but maybe have different time periods for risk mitigation. How does this slide overlay with previous section? If there are public fleets, if a state agency is participating must they commit to moving entire fleet over to electrification or is this for non-public fleets?**

Both public and non-public fleets are covered in the current language. For fleet conversion it is only for LDV. DEQ's thinking is that LDV are more affordable and further along than medium or heavier duty fleet. DEQ wants to create an additional driver towards full electrification.

**Is the definition of an electric vehicle here only battery electric or an electric drive train?**

Only considering battery electric, not considering hydrogen vehicles at this time.

**Would you consider providing additional credits or credit forgiveness if an eligible entity were to scrap a diesel vehicle/equipment with the new electric vehicle/equipment which is funded through the credit advancement mechanism?**

No, DEQ needs to make sure every credit issued matches a ton of credit in program. Also, can't forgive credits, entities would need to pay the credits back if they are not generated.

**Regarding Light Duty, when stating "electrify its fleet", is this the entire organization's fleet or just the Light Duty portion of the organization's fleet?**

This provision is considering the entire organization's fleet. Please submit comments on how we could consider a subset of the entire fleet.

**Would DEQ consider plug-in electric hybrids, as well?**

We could consider this but right now the provision is aimed at fully electric vehicles.

**Since non-road vehicles don't register, could a certification/verification process (annual hours of operation in Oregon) be used?**

If vehicles not titled with DMV or registered in another way, DEQ needs to address this and make sure we have another way to make sure that the vehicle is being used in Oregon. Please add this to any comments you are providing if you have ideas on how to do that.

To expand a bit, these are cases where traditional business cases make it difficult to transfer these vehicles to electrification from current fuel use, specifically in the heavy duty space. Trying to focus on processes that can serve a greater public service and an equity service as well. Examples: Garbage trucks, kids going to school, etc are what we were originally looking for here.

The current comments we are hearing make sense in order to come up with a business case that would allow non-public entities join in process of electrifying transportation but DEQ would also like to see these proposals improving public health and air quality. Using Trimet as an example, they have long term plans to convert service fleet and non-service fleets and advanced crediting could help to get that going for them. DEQ also wants to hear about what other areas others, i.e., light duty vehicles, where participants think that advance crediting could help in those cases, as well.

**How does DEQ propose to “vet” a light duty vehicle fleet conversion plan? What must they demonstrate?**

DEQ would like to see a plan and want to see a commitment to that plan, i.e., a plan signed off on by city council for public fleet. As to a private company, we are still determining how we would review those applications and what we would accept for those fleets.

**The level of difficulty of doing this application process for a small public fleet like a school district would be a lot of work for them. How much support can DEQ provide in this application process?**

DEQ will provide notice when accepting applications and offer technical assistance to those applying. Obligation estimator can be helpful. When have had these discussions previously, DEQ would try to provide them with the data they need and how to estimate credit generation.

DEQ has reached out to utilities and other entities to determine which entities are interested in these kind of programs and how they can participate. DEQ wants to make sure the goal is to not transform to one electric vehicle but how do we move them from pilot project to full fleet conversion?

**Is the estimate of the potential credit generation based on a form from DEQ or does the agency put that together themselves?**

Applicant will put this information together to come up with that estimate and get that from them during application process. As time goes on, we may be able to provide more information for them up front as we learn from the initial applicants what they need and what we can provide.

**So far in the discussion, the parameters of scope of this application process based on highly calculated dynamic. Are we looking at any type of real time data or are we only going to be using calculated assumptions?**

More of the latter as many of the entities may not have the real time data that would be needed to calculate advance credits.

**Agency could work with UM 2005 on the direct service provider side who could provide real time data to residents of Oregon. That could assist in credits not being double counted and for verification. We have some of this technology now and we could add value to a broader audience.**

We will have upfront process of negotiating what the advanced credits will be based on but when they actually start doing the reporting and we are issuing the credits, this will be based on data from what has actually occurred.

**Commenter was surprised by the broadness of the rules here and feels that this is very heavily weighted to give a preference to electricity as a fuel. Can DEQ speak to that?**

This is broad language and want to be able to narrow it and are hearing how it can be expanded. There are different perspectives being expressed here on what is preferred by different folks. Because it does seem that many credits that could be generated here, we are planning to use the application process to give some control over credit generation. There is a context here to the advanced crediting provision in the current program but believe it will have different context when we expand beyond the 10% and into expansion of program. And as the commenter mentioned, this is an electricity rulemaking and that is why we are talking about electricity specifically. The next rulemaking will likely talk about other kinds of fuels that advanced crediting could expand to cover.

**Commenter has general interest in advanced credits and how it could apply across whole program and in mind of executive order that gave us a broader use of different technologies but the provision should ensure that those technologies support zero CI potential fuels.**

Many different technologies (i.e., hydrogen/renewable NG/battery electric vehicles/hydrogen fuel cells) are covered in CA and will be considered in next rulemaking.

**For transit, when would the payback period start? Does it start when the bus would enter revenue service?**

The payback period would start whenever the vehicle enters useful life. Revenue service makes sense as a place for the payback period to start.

**Electric buses may not provide 1:1 for vehicles using a different fuel type. DEQ could consider the miles per gallons as a comparison or extend payback period to longer than a year to address this issue. There is a lot to consider as entities get used to the new vehicles and any issues that are anticipated (range anxiety, vehicles providing less or more range than initially anticipated).**

DEQ is striving to give payback period that covers these issues to give the entities time to pay back credits when these issues occur.

**Regarding the payback period, please take into consideration the life of vehicle that is being used (may be longer or shorter life depending on vehicle type). DEQ could consider a waiver option or for entities to request a no cost extension in periods where an unexpected event occurs and they are not able to utilize vehicles as intended (i.e., pandemic).**

**Commenter sees a tendency for plans to be more regulated on the heavy duty side. These heavy duty vehicles are not as close to price parity in the public use sector where they may be using SUVs, minivans, etc. in addition to light duty vehicles. We also want to want to get them to move towards electrification and not have to wait 1.5 years for a planning process.**

**Commenter wants to make sure we are doing our best to incentivize these, as well, and not causing an undue burden or barrier to those moving toward electrification of fleet.**

**DEQ does not appear to be as open to providing a subsidy for specific vehicles similar to what is done in CA where the program is not based on public fleets but based on actual credits instead of advanced credits. Why is Oregon not doing that, as well?**

We do believe these are real reductions that these are actual credits that will be generated. If they are not generated, then entities will need to pay those credits back to the program.

**Is there a limit of advanced credits based on bank of credits in Oregon or any other basis?**

DEQ has not proposed any limits but have discussed internally. DEQ is thinking about using the application process for part of that process and also limiting who can apply to address credit overproduction as an issue.

**What are DEQ's thoughts on verification for this process?**

Verification for this would be similar to other portions of program. Our current thought is that this would not be subject to third-party verification. DEQ would require that all participants register in program, provide reporting on a quarterly basis. DEQ would also require that electricity usage is reported on a per charger basis and we have rules currently allowing us to conduct audits that would apply here that would include requiring any paperwork validating the reporting.

**Are we looking at real time data production portion in this rulemaking or would that be in a future rulemaking?**

For this rulemaking, reporting requirement will be on a quarterly basis for electric dispensing but if there is real time data that feeds into that calculation, then that is appropriate to provide, as well. As far as smart charging, we will discuss that in some later topics in this discussion but likely not including that in this rulemaking.

We will take written comments on this provision, send to [CFPE2021@deq.state.or.us](mailto:CFPE2021@deq.state.or.us) send in by November 13.

## **Other Topics**

### ***Frequency of Residential EV crediting, Directing Revenue from Residential Credits, Adding New Energy Economy Ratios***

**The Executive Order gives wide latitude on what efforts we can use to provide wider electrifying of the transportation system, but these rules seem to be additives of what is already being done. Will there be other means addressed that will be new directions than what has been used in CFP in past, i.e., new provisions, not other fuels? For instance: broadening work with PUC and representatives from IOUs and other small utilities, pricing mechanisms not tied to credits, etc.**

This is a work in progress, have consulted with PUC because of the IOU interaction within this rulemaking. There are certain authorities that CFP has and credits are currency of this program, we do not have other currency mechanisms. We are trying to incent more but with a limited set of tools to do that, i.e., credits. At the beginning of these meetings we went back to the definition of credits in our statute and this needs to reflect a ton of GHG reductions and that limits what we can do as far as what we can do in this program.

### ***Calculating Statewide Mix – still considering changes to proposal***

**Can you clarify what year of the CI these provisions would effect? Previously, we talked about changes adopted by EQC out of this rulemaking would become effective for the 2022 CI but heard in current discussion that the 2021 CI would be updated mid-year. Is that true?**

Yes because the reporting period for Q1 2021 would still be opened when/if the rule is adopted by the EQC in March/May.

### ***Renewable Electricity: Qualifying RECs***

**Can please clarify the 2015 or newer requirement?**

The vehicles would need to have been put into service in 2015 or later to qualify.

### ***Renewable Electricity: Green Tariffs***

**How does matching EVs to utilities look in practice?**

Oregon DMV database provides addresses for electric vehicles that are registered. The initial thinking is that a utility could cross-match that with internal records for subscribers to their green tariff programs and make that available to DEQ so we could verify.

**What was meant in initial description by “percentage of subscribers”?**

If there is data that shows 20% of EV owners are in the Green Tariff, then entity would not need to retire RECs for that 20% but would need to retire RECs for the other 80% if it wants to claim zero carbon for all subscribers. DEQ would like to get comments from utilities to determine how onerous matching address data from customer list to DMV data would be.

**Does DEQ plan to make any assumptions about the upstream emissions for purposes of calculating the statewide mix under this proposal?**

The statewide mix takes into account upstream emissions so it is already being taken into account there. Today in calculating statewide CI, we factor in upstream emissions. The statewide CI will need to be updated due to update to GREET model, which was not done previously. DEQ will do that when we adopt the 2021 value this December.

**Any anecdotal information on how that update will impact the statewide mix?**

In 2018, DEQ believes the update gave an increase of roughly 4.8 grams but will need to double check to make sure that is correct.

**It was stated that DEQ would require a tier 2 application process for a voluntary REC program. Would a non-utility wanting to use a zero CI electricity through RECS, would they need to use the Tier 2 application process?**

No, that is only required for applicants with the green tariff or green power program.

**The utilities will also have granular EV ownership data when customers opt into charging rebate program. Specifically regarding how will we make sure that we have sufficient data to know who owns electric vehicle AND is in green tariff program?**

Still working this through and would like comments from utilities and others.

**Is there room to use a simple percentage of customers that are in a program and then use a statewide percentage of EV drivers? Would they be able to use a rough percentage looking at total customers in state and number of customers in service territory that are EV drivers, and then apply that to those that are in a green tariff program.**

DEQ requests that this be submitted as a written comment. Gut reaction: EV owners may have more of a tendency to be in a green tariff program but not sure how far that assumption could be taken.

**Can DEQ put in additional research to look at other means with an accounting perspective rather than a technology basis? The process seems like it would be tough to implement in this way and a barrier to participation.**

Technology could be useful in establishing the methodology, we do not think that there is technology used in this phase mostly because it has not been previously included in current programs and DEQ does not have knowledge as to whether technology exists that would be useful in this area.

**If participants give them some direction, would DEQ be inclined to add that to the rulemaking?**

Yes.

### ***Generating Incremental Residential Credits***

No comments.

### ***Direct Revenue from Incremental Credits***

**CARB recommendations give programs and ideas that people can submit – how can we ensure that there are bookends to ensure that it goes to electrification programs as well as allow neighborhoods and communities able to apply based on their needs. Give definition for equity communities in rulemaking have a clear definition that can be used across the agency. Equity advisory committee should have a weighted consideration to approve projects in the program and it is not just virtue signaling and that they actually have some say in what happens. The committee should have a certain amount of members that are part of those equity communities. Recommendations for who should be eligible to claim incremental credits.**

**Consider statewide projects and be aggregated statewide. Value of an aggregator that can be a party that is not partial and does not have vested interest. Representation would be best statewide.**

DEQ is still working on this and are reaching out to PUC staff to see how the oversight of PUC over the IOU could work. Discussing this and UM1826 and other introductory questions to determine what PUC see as their authorities. They also have direction under the Governor's EO.

**A statewide entity and/or aggregator could provide a needed role to allow the capacity for the smaller utilities to participate.**

**Agree with above comment and thinking about equitable outcomes: having a statewide aggregator that focuses on areas that have been underserved across OR vs by utility territory could lead to better equity outcomes, especially for areas that are overlooked and underserved outside of IOU territories.**

Please provide more comments on this topic of partnering and ideas that the group has around those.

## *Smart Charging, Displacement Credit for New Forklifts*

Thinks the addition of electric forklifts is a great improvement.

### **Public Comments**

None

### **Wrap up**

The meeting on November 19<sup>th</sup> will be draft rules not the economic and fiscal impact as previously discussed. Economic and fiscal impact will be discussed on December 1<sup>st</sup>.

DEQ is accepting comments on everything that has been discussed in meetings so far, comments are due by Friday, November 13<sup>th</sup>. Send to [CFPE2021@deq.sstate.or.us](mailto:CFPE2021@deq.sstate.or.us).

### **Roster of all Zoom participants**

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Bill	Peters	Oregon DEQ
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Dan	Smading	Flint Hills Resources
Danelle	Romain	Partner, Oregon PUD Association & Oregon Fuels Association
Daniel	Musgrove	Sol Systems LLC
David	Breen	Port of Portland
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Kelly	Hoell	Lane Transit District
Kelsey	Wilson	Legislative Advocates
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Lehka	Sridhar	WattTime
Lisa	Strain	
Madeline	Unger	
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