

## Scoping Phase Public Engagement Final Report

July – December 2020

### I. Introduction

In summer and fall 2020, the Oregon Department of Environmental Quality conducted a public engagement scoping phase to shape a new program to reduce greenhouse gas emissions in Oregon. Programs that reduce greenhouse gas emissions are a key tool to help address the worsening effects of climate change caused by the burning of fossil fuels.

Oregon is already experiencing these effects and is not on track to meet the reduction goals the Oregon Legislature adopted in 2007 or other science-based targets. DEQ’s new program aims to reduce emissions from three areas: large stationary sources, transportation fuels, including gasoline and diesel, and all other liquid and gaseous fuels including natural gas.

The goal is to initiate a new program at the start of 2022. To achieve that goal, DEQ is conducting a three-phase approach through 2021 to engage with the public and gather feedback. Phase one occurred during the spring of 2020, when DEQ received feedback on the proposed process of how to go about the program development. During the second phase on program scoping before beginning formal rulemaking, DEQ gathered public input to help identify and frame key policy proposals and issues prior to formal rulemaking. The third and final phase is formal rulemaking, during which a Rulemaking Advisory Committee will meet. The committee informs the drafting of the rulemaking and represents a diversity of interests, including representation from environmental justice and impacted communities.



The purpose of this report is to summarize key themes of public comment received during the scoping phase and provide a high-level overview of the public meetings hosted during this phase, including a description of each meeting and outcomes. Finally, the report will identify next steps for developing the program.



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

## II. Overview of public engagement

During program development, DEQ is committed to communicating with Oregon residents, businesses, environmental groups, environmental justice organizations, impacted communities and interested parties and providing meaningful opportunities to engage. Public input will help DEQ and the Environmental Quality Commission design a responsive program to reduce greenhouse gas emissions and promote equity by alleviating burdens and ensuring benefits for environmental justice and impacted communities in Oregon, while containing costs for consumers and businesses and spurring innovation in new technologies.

DEQ engaged the public and stakeholders during the scoping phase through:

- An information session to kick off the public engagement process
- Discussions with environmental justice organizations, industry, environmental groups and potentially regulated entities
- Technical workshops to discuss specific program design elements in August and September 2020
- Town halls to share a program overview and hear public comment in October 2020
- Public comment opportunities from August through November 2020
- A stakeholder meeting to share and gather input on illustrative program scenarios in December 2020

In order to ensure the safety of participants during the COVID-19 pandemic, all public engagement meetings were conducted via webinar, with the additional option to dial in. To publicize these meetings, DEQ shared ongoing program updates and announced public engagement opportunities through the program email subscription listserv and posted meeting information and materials on DEQ's webpage focused on this topic: <https://www.oregon.gov/deq/ghgp/Pages/capandreduce.aspx>.

More information about further engagement activity is detailed later in this report.

Public engagement activity	Approximate number of participants
Scoping kick-off information session	159
6 technical workshops	685*
3 virtual town halls	318*
Illustrative scenario discussion	170
Total written comments	685

*\*Note: These numbers represent combined total participants from all workshops or town halls in the series. However, some participants attended more than one session.*

### III. Key themes: Scoping phase

DEQ received feedback from community members and stakeholders about their priorities and preferences for a new program to reduce greenhouse gas emissions. Through providing verbal comments during meetings or submitting written feedback, Oregon residents and stakeholders provided input on specific program design elements, as well as provided general feedback on their concerns and desires for the future program.

The following are overall key themes of the public input received during the scoping phase:

- *Emissions*: Design the program to cover more regulated entities and strive to achieve significant and early reductions, due to overall concern about threat of climate change, current impacts of climate change in Oregon on public health and the environment, and that Oregon is behind in taking action.
- *Equity*: Prioritize marginalized voices, impacted communities, people of color, tribes and environmental groups during the rulemaking process. Promote benefits and alleviate burdens for environmental justice and impacted communities in the design of the program.
- *Costs*: Contain costs for industry and consumers and provide compliance flexibility, while also considering the financial impacts of inaction and opportunities to promote investment in new technologies.

### IV. Scoping kick-off information session

DEQ held a virtual information session on July 29, 2020 to kick-off the public engagement process to develop a new program to reduce greenhouse gas emissions in Oregon. The meeting was an opportunity for the public and stakeholders to learn more about the program development and upcoming opportunities for participation, ask questions, and provide comment. Approximately 159 attendees participated in the meeting.

The information session was held from 3:00 to 4:30 p.m. and began with a presentation from DEQ staff, followed by a question and answer session, and concluded with an opportunity for public comment. The presentation provided background on the purpose and need for the new program, a review of DEQ activities to date, introduced public engagement during the scoping phase, and discussed the next steps for the program and public engagement.

#### Public questions and comments

During both the question and answer portion of the meeting and the comment section, participants provided input related to the following topics:

- Interest in program design elements and what sources, sectors, and types of emissions would be considered in the scope of the program
- The process and timeframe for the rulemaking effort, including coordination with other agencies under the EO, and approach for selecting the Rulemaking Advisory Committee
- DEQ's plan to engage specific interest groups, such as labor and potentially regulated entities
- Desire for a robust discussion around program stringency and alternative compliance options

- Interest in metrics that could be used to evaluate emissions reduction
- Preference for evaluating the economic impacts of climate change, in addition to potential economic impacts of an emissions reduction program
- DEQ’s timeframe for achieving compliance and emissions reductions
- General interest and questions about DEQ’s approach to the public engagement process

## V. Technical workshops

DEQ hosted six virtual technical workshops in August and September 2020 to introduce and frame key policy constructs and issues prior to beginning formal rulemaking. The workshops included a combination of presentations from DEQ regarding the workshop topic and opportunities for participants to ask questions and provide comment.

Each workshop included an issue brief that described the workshop topic and key policy issues under consideration. DEQ posted and distributed issue briefs one week in advance of each workshop. In addition to its regular communication efforts, DEQ also conducted direct outreach with environmental justice organizations to encourage participation in the process.

### Workshop details

Workshop	Date/Time	Topic	Approximate number of Participants
Workshop #1	Aug. 18, 2020 9 a.m. to 1:30 p.m.	Program scope, specifically the sectors, source and types of emissions to be covered by the program.	130
Workshop #2	Aug. 26, 2020 9 a.m. to 12:30 p.m.	Program stringency, specifically the level and trajectory of the cap in relation to the sources of covered emissions.	125
Workshop #3	Sept. 2, 2020 9 a.m. to 12:30 p.m.	Alternative compliance instruments, specifically considerations for compliance and options to provide credit for reducing emissions that are not directly covered by a cap and reduce regulation, or other regulation.	130
Workshop #4	Sept. 9, 2020 9 a.m. to 1:30 p.m.	How compliance instruments are distributed by DEQ.	105
Workshop #5	Sept. 15, 2020 9 a.m. to 1:30 p.m.	Cost containment, specifically program design and market characteristics to collectively reduce compliance costs and indirect program impacts.	90
Workshop #6	Sept. 17, 2020 9 a.m. to 1:00 p.m.	Environmental justice program design considerations and program costs/benefits for impacted communities.	100

## Key themes

In addition to comments provided during the workshops, DEQ received 44 comments via email. Written comments were received from a variety of organizations, including potentially regulated entities, business/trade associations, environmental groups and individual members of the public. The following are key themes of the public and stakeholder comments received during the technical workshops:

- Many environmental organizations supported creating a stringent and ambitious program that incentivizes investments and early reductions and covers all stationary sources of emissions possible without exemptions.
- General concern about impacts of climate change, emphasis on the urgency of taking action, and desire to account for economic impacts of climate change in Oregon.
- Define and prioritize the needs of environmental justice and impacted communities and provide overrepresentation of these voices on the Rulemaking Advisory Committee.
- Focus on meeting Oregon's emissions goals or updated science-based targets and determining which policy approaches can achieve needed reductions.
- Mixed views on whether to establish natural gas point of regulation for stationary sources as close to the point of use as possible or further upstream.
- Need for further discussion to determine point of regulation for natural gas due to complexity of market and measuring emissions.
- Discussion about leakage risk for the electricity sector and whether in-state sources will be included in scope of the program.
- Coordinate with other agencies and climate action plan programs.
- Concern about cost increases and impacts to consumers as a result of a cap and reduce program.
- Interest in compliance flexibility options.
- Revitalize the economy by incentivizing affordable clean energy and industrial innovation through a cap and reduce program.
- Concern about the compliance pathway and interest in flexibility for potentially regulated entities.
- Consider impacts of COVID-19 in regard to emissions levels, potential health impacts of emissions exposure, and to businesses statewide. Some requested that COVID-19 should not delay the program's implementation, suggesting it could create opportunities to invest in a green economy. Others expressed concern that the program could negatively impact businesses already strained due to the pandemic.
- Mixed views on using a mass- or intensity-based standard, with most support for mass-based standards and with some noting exemptions for intensity-based standards should be considered for some large stationary sources. Support offered for mass-based standards due to potential for overall emissions reductions, transparency and ease of regulation. Intensity-based standard favored due to efficiency, opportunity to incentivize facilities to achieve the lowest possible rate, and concern about leakage with a mass-based standard.
- Identify a base year for emission levels that is based on an average of recent historic data, accounts for weather variations, and that is reasonable and fair.

- Support for setting a strong initial cap that can achieve emissions reductions goals.
- Interest in establishing sector-specific caps.
- Interest in exploring alternative compliance options to provide flexibility while not slowing down the rate of emissions decline.
- Mixed views on whether alternative compliance should be allowed.
- Mixed views on whether alternative compliance options should be limited to in-state.
- Mixed views on whether alternative compliance options should include sequestration.
- Support for exploring the creation of Oregon-specific alternative compliance protocols (or Oregon-specific requirements that could be built upon existing protocols and registries).
- Interest in a direct regulation approach with fewer flexibility options, or restricting trading out of Oregon or within specific geographic zones.
- Interest in requirements that entities evaluate and implement feasible emissions reduction opportunities.
- Concern about how DEQ would distribute compliance instruments, especially for sectors with significant variation in market share year to year.
- Some stakeholders opposed free distribution of compliance instruments to regulated entities.
- Interest in further discussion about enforcement.
- Support for establishing a compliance instrument reserve as a flexibility tool if criteria is established for how the reserves are distributed and if the reserve does not break the cap or defer reductions.
- Some support for a short compliance period to incentivize early reductions, while others supported a longer compliance period to allow the time needed for emitters to institute changes in production.
- Interest in allowing trading and banking as a way to provide flexibility and address weather variability, as long as it does not result in harm to impacted communities and allows emissions reductions at the pace and scale needed.
- Many stakeholders identified different types of impacted communities, with some suggesting an intersectional approach that addressed race, geography, and income.
- Stakeholders requested more tribal engagement and consideration of tribal sovereignty and government-to-government relationships.
- Stakeholders requested consideration of the lived experience of those in impacted communities in addition to technical expertise.
- Suggestion for specific approaches to engage environmental justice and rural communications.
- Appreciation for scoping process and opportunity to provide input.

## **VI. Town halls**

In October 2020, DEQ held three town hall public meetings via webinar to receive feedback from community members and stakeholders. The meetings were held on Oct. 1, Oct. 8, and Oct. 14 and offered during both daytime and evening hours in order to offer convenient opportunities for public

participation. Town halls included a presentation from DEQ staff and opportunities for participants to provide verbal comment and written feedback through the webinar chat function.

DEQ’s presentation covered the same topics and content at all three meetings. The meetings served to provide an opportunity to discuss:

- The purpose of a greenhouse gas emissions reduction program
- How this program will compliment other state initiatives to combat climate change
- Key policy questions under consideration for a greenhouse gas emissions reduction program
- What to expect during the formal rulemaking process

Further resources, including a community guide, policy primer, and glossary of key terms, were developed in English and Spanish and posted to DEQ’s website in advance of the meetings. In addition to its regular communication efforts, DEQ publicized the meetings via Facebook, Twitter, and press release. The agency also created and shared an online outreach toolkit with example social media posts and email language with environmental justice organizations.

### Town hall details

Workshop	Date/Time	Approximate number of participants	Number of verbal comments	Number of comments submitted via chat
Town hall #1	Oct. 1, 2020 5 p.m. to 8 p.m.	80	20	157
Town hall #2	Oct. 8, 2020 5 p.m. to 8 p.m.	110	25	149
Town hall #3	Oct. 14, 2020 1 p.m. to 4 p.m.	125	31	172

### Key themes

In addition to comments provided during the town, DEQ received 606 comments via email. Of these emails, 593 were sent by individuals and 13 were sent by organizations. Over 240 individual emails were received through a coordinated email effort. The following are key themes of the verbal and written public and stakeholder comments received during the town hall comment period:

- General support expressed developing an ambitious statewide program to cap and reduce emissions, cover all greenhouse gasses and sources, and incentivize early reductions.
- Promote and reward proactive farming practices that sequester carbon and mitigate emissions and offer flexibility and support to farmers.
- Prioritize involving marginalized and impacted communities, indigenous people, tribes, and people of color in the rulemaking process and reduce impacts to these communities.

- Many spoke to the impact of climate change (especially the ongoing wildfires occurring at the time) on Oregonians, in both rural and urban areas, concern about future generations, and the economic costs and the public health effects of climate change.
- Interest in ways to reduce natural gas usage, concern about impacts from methane leaks, and desire to fuel switch to heat pumps.
- Concern about impacts to timber and farming industries due to increase in transportation costs.
- Support for some flexibility given reductions that require more time to implement and to minimize effects on environmental justice and impacted communities.
- Interest in a direct regulation approach with fewer flexibility options, or restricting trading out of Oregon or within specific geographic zones.
- General concern about program and potential economic impacts of capping and reducing emissions to Oregon industries, jobs and households.
- Provide meaningful engagement opportunities during rulemaking process and engage rural and impacted communities.
- Concern that rural communities are seeing the impacts of climate change, including impacts on farmland.
- Interest and support for DEQ coordination with related efforts to reduce emissions at the state and local level.
- Interest in representation on the Rulemaking Advisory Committee, including providing seats for agricultural interests and increased representation of voices from environmental justice and impacted communities.
- In response to DEQ’s call for policy ideas that would be most beneficial to participants’ communities, attendees listed a broad range of projects, such as investing in transit and vehicle electrification, transitioning to clean energy, and waste reduction.

## **VII. Contracted modeling study comment period**

DEQ is contracting with ICF, a global consulting and technology services provider, for specialized economic and greenhouse gas and co-pollutant emissions modeling to study design options for the new program to reduce greenhouse gas emissions in Oregon. ICF will model different program scenarios, as instructed by DEQ, to analyze potential effects on:

- Forecasted greenhouse gas emissions
- Air quality and public health co-benefits
- Economic effects on regulated entities, businesses, consumers, and Oregon's economy

ICF will use different modeling tools to forecast emissions and project program effects on public health and the economy. The study will start with a “business as usual” case to represent current regulations, requirements and programs forecasted into the future. In early November, DEQ held an open comment period requesting public and stakeholder feedback on the initial inputs and assumptions to be considered for the business-as-usual case. DEQ received 12 public comments during the comment period.



## **Key themes**

- Interest in the business-as-usual reference case representing existing policies that are currently in effect.
- Interest in a “business-as-usual plus” case representing expanded policies, especially in relation to those requested in the executive order, including expansion of the Clean Fuels Program, improved building energy efficiency, food waste reduction.
- Interest in grounding the assumptions and data in regional- and Oregon-specific information, such as DEQ’s emissions data and information from utilities’ integrated resource planning
- Interest in seeing modeling results that include projected emissions by sector, costs and benefits, and impacts to Oregonians.

## **VIII. Illustrative scenarios discussion**

On Dec. 2, 2020, DEQ held a virtual meeting to discuss continued efforts to develop a new program to establish greenhouse gas emissions limits for large sources of emissions in Oregon. Informed by public and stakeholder feedback received to date, DEQ staff presented scenarios to discuss potential trade-offs between different program design choices and how those choices relate to the program’s key goals. Approximately 170 people participated in the meeting.

The meeting began with a presentation from DEQ staff, followed by an opportunity for clarifying questions, and concluded with an opportunity for public comment and discussion. The presentation provided background on the program and program goals, a review of scenarios, and discussed the next steps for the rulemaking process.

## **Key themes**

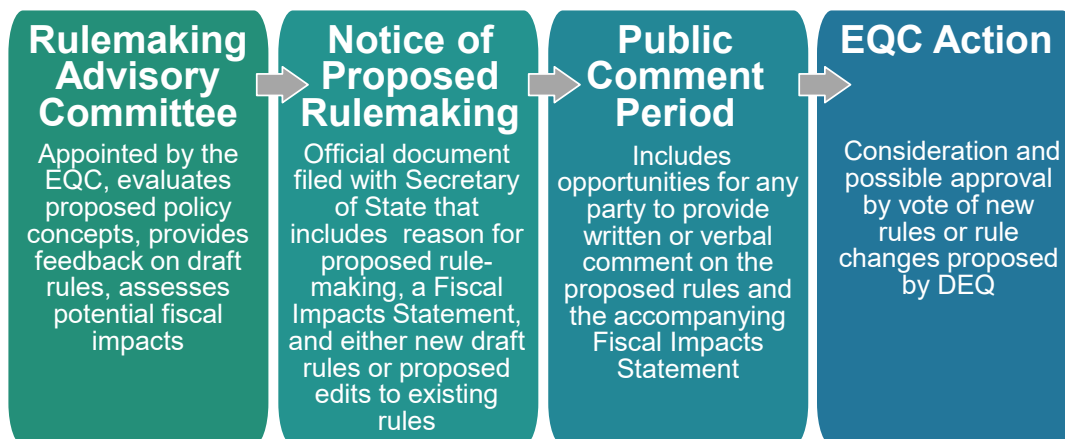
In addition to comments provided during the meeting, DEQ received 23 comments via email about the scenarios and general program development. The following are key themes of the verbal and written public and stakeholder comments received during the comment period:

- Assumptions around the specific rate of decline in emissions related to the cap trajectory
- Interest in the scope of the program and assumptions about EQC’s authority
- Interest in quantifying the amount of reduction achieved in each scenario
- Support for an ambitious cap
- Suggestion to review best practices from other jurisdictions worldwide
- Appreciation for how program goals reflected public input
- Interest in whether program goals reflected a priority order and suggestion to consider synergies between each goal as well as economic benefits, rather than focusing solely on cost impacts
- Questions about the approach and timing to develop the administrative portion of the program
- Clarification around if scenarios could be applied to different sectors and if they could change over the duration of the program
- Suggestion that DEQ request output data as a basis for distributing compliance instruments

- Interest in requiring long-range emissions reductions plans and phasing out reductions over time
- Support for alternative compliance mechanisms that incentivize reductions
- Interest in whether carbon sequestration was assumed as a potential component of alternative compliance options
- Evaluate the net positive carbon benefits of the forest industry
- Minimize impacts to small businesses
- Suggestion to explore vehicle electrification
- Concern about impacts to the nursery industry
- Desire for identifying shared wins between business and environmental organizations
- Specific comments around the benefits and tradeoffs of the three scenarios:
  - Scenario 1:
    - Support expressed for the scenario resulting in fewer overall emissions
    - Concern about the potential for pollution hot spots due to reliance on alternative compliance instruments
    - Interest in exploring ways to contain offsets through usage limitations
  - Scenario 2:
    - Several commented in support of allowing alternative compliance mechanisms without linking to offset registries
  - Scenario 3:
    - Concern about potential cost increases to consumers
    - Concern about lack of investment in local communities

## Next steps

The third phase of this program development process will be formal rulemaking to propose the program design. DEQ will begin the rulemaking process in early 2021. The EQC is a rulemaking body that adopts proposed rules into administrative law. 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:



DEQ has committed to conducting a rulemaking to develop a new greenhouse gas emissions reduction program in a robust and inclusive way that provides enhanced opportunities for engagement.

The role of the Rulemaking Advisory Committee during the rulemaking process is to provide advice and recommendations to guide draft rule language, and to help DEQ consider environmental, economic, and public health implications of proposed rules. In November, the EQC confirmed the composition of the committee. It includes 34 community members and stakeholders representing potentially regulated sectors, environmental organizations, industry, environmental justice, frontline communities and tribal representatives. The committee is expected to begin meeting in January 2021. DEQ anticipates at least six or more meetings through the late summer in order for DEQ to propose rules to the EQC by the end of 2021. Committee meetings are open to the public, with opportunities for public comment.

**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](mailto:deqinfo@deq.state.or.us).

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