

Clean Fuels Program 2017 Rulemaking

Advisory Committee Meeting #5 Summary

April 12, 2017
Portland State Office Building
800 NE Oregon
Portland, OR 97232

Committee Members in Attendance:

Mark Reeve, Chair
Lindsay Fitzgerald, REG
Jeff Allen, Drive Oregon
Jeanette Shaw, Drive Oregon
Danelle Romain, Oregon Fuels Association
David Rocker, Oregon Fuels Association
Miles Heller, Tesoro
Mary Wiencke, PacifiCorp
Tuba Avcisert, PacifiCorp
Annie Stuart, Coleman Oil
Jessica Spiegel, Western States Petroleum Association
Jana Gastellum, Oregon Environmental Council
Micah Berry, Chevron
Brendan McCarthy, PGE
Ian Hill, SeSequential
Mike Goetz, CUB
Peter Weisberg, The Climate Trust

Committee Members on Phone:

Jessica Hoffmann, RPMG
Connor Nix, Shell
Kim Kaminski, Waste Management

Members of the Public in Attendance:

Fei Chi, Tesla
Justin Freeman, Tesla
Jim Mladdenik, BP
Mary Solecki, E2

Members of the Public on the Phone:

Jeff Rosenfeld, ICF
Cory Earhart, CHS
Anne Smart, ChargePoint
Jason Heuser, EWEB
Mark Ventura, Phillips 66
Elizabeth Hepp, Valero
Jim Mladdenik, BP



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Quality

Oregon Clean Fuels Program

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

DEQ and Other Agency Staff and Contractors in Attendance:

Cory-Ann Wind, Oregon Clean Fuels Program

Bill Peters, Oregon Clean Fuels Program

Elizabeth Elbel, DEQ

David Collier, DEQ Air Quality Planning Manager

Summary of Input

General Business

David Collier, DEQ

- Legislative update – HB 3386
- Meeting #5 changed from all day to half day to allow for DEQ to attend a work session of the House Energy & Environment committee.

Cory-Ann Wind, DEQ

- WSPA submitted late comments on the 2017 scenarios. We'll be covering those comments qualitatively today and working with ICF to decide how to incorporate them quantitatively into the final scenarios. The final ICF report will be delayed until the May meeting.
- Q4 data should be posted in a week or two. Waiting for some changes.
- All written comments from the March meeting are posted.

Agenda Item A: 2017 Illustrative Scenarios

Cory-Ann Wind & Bill Peters, DEQ

Questions and Comments:

- The WSPA comments were received. DEQ has directed ICF to include the following changes to the scenarios:
 - Real bank of credits for 2016
 - Overall availability of landfill gas, ethanol and biodiesel and CIs
 - No forklift credits until 2019
 - Documentation of EV sales records
 - Not including sales over and above ZEV mandate program
 - Determine the percentage of imported blendstocks vs. finished fuels based on actual 2016 data
- The final 2017 scenarios will be available the week before the May 12th meeting.
- How to handle the volumes of imported finished fuel in the model? The concern is that we are underestimating deficits. Going to try and get the full 2016 data to establish the percent of imported fuel as blendstocks vs finished.
- The illustrative scenarios are not intended to replace the annual fuel forecast. DEQ will work with ICF to develop tools to do both of these items. This is not part of the advisory committee rulemaking, but we'll be sending out notices when we get to that part of the contract with ICF.
- What to do about forklifts? DEQ needs more time to work with stakeholders and reach out to the affected parties. This would be for the next rulemaking.
- Same with shore power and truck stop electrification.

Agenda Item B: Electricity

Cory-Ann Wind & Bill Peters, DEQ

Carbon Intensity Issues

Questions and Comments:

- Statewide Mix
 - 5-year rolling average is the best mix to use.
 - Use the GHG reported data to develop the statewide mix.
 - Put an equation into the rule so we don't have to do a rulemaking every year.
 - Post in the second half of the year for the following year.
- Utility Specific CI
 - IOU must use statewide CI
 - Non-PUC-regulated utilities should be allowed to have a utility specific CI.
 - Also use a 5-year rolling average.
 - Also use the GHG reporting data.
 - No correction to the statewide mix if someone opts into their own mix.
- On-site renewable electricity
 - Propose pathways for on-site solar, hydro, wind.
 - What is the regulatory process on the onsite generation for REC management? We would require that they provide retirement documentation as part of their quarterly reports.
- Near-site renewable electricity
 - More work needed. Delayed to the next rulemaking.

Credit Generation Provisions –

Questions and Comments:

- Non-residential: Owner or provider of the electricity, should be specified in contract.
 - Public charging
 - Multi-Family housing: four or more units, and would be treated as non-residential.
 - If a renter owned the charger, how would it be handled? In California - if the charger is owned by a resident it is treated under the residential rules and be based on the vehicle registration and go to the utility.
 - Workplace
 - Fleet
- Residential
 - Utility or credit aggregator designated by the utility
 - Can a homeowner sign over their credits to another entity?
 - Can an automaker be that entity?
 - Can there be a more regular generation of credits?
 - Can there be a backstop aggregator?
 - There is a lot of credibility with utilities and there is no reason to think that they couldn't do a really good job at returning the investment to EV expansions.
 - DEQ needs to coordinate closely with the PUC on their investigation. We also need to see if the data we have can support different policy

options. The rules won't be going to EQC until November so there is plenty of time to coordinate.

- Backstop aggregator concept
 - If the utilities don't generate the credits or designate an aggregator.
 - How would you pick one if more than one organization is interested? Is that an annual determination?
 - Must the aggregator be a non-profit?
 - A regulated party would never buy credits from a non-profit because there are no assets in the ground.

Agenda Item C: Cost Containment

Cory-Ann Wind and Bill Peters

Questions and Comments:

- DEQ is proposing five elements of cost containment strategies for the program. Inherent design of the program. Market monitoring. Emergency deferral. Forecasted fuel supply deferral. Credit clearance market.
- Maintain carry over deficits, but what percentage is appropriate? DEQ is concerned that regulated parties would not participate in the CCM and just use the carry over option.
- Clarifying the recordkeeping requirements for above and below the rack.
- Language in the CFP Online System also needs to be in rule.
- For the emergency deferral, DEQ has still not found a better definition of "market disruption" or an alternative trigger.
- Forecasted fuel supply deferral - currently no proposed changes.
- Definition of shortage – A 5% deficit is a lot and that is compounded by regulated parties holding on to credits. May want to revisit this number. It was a best guess at the time, the number is in rule.
- Consumer protection also includes diversifying fuels and providing lower cost options.
- CCM is the primary mechanism for cost containment. Values should be adjusted for inflation annually.
- Will finished fuel importers they get priority access to credit clearance market? Yes.
- Stopping the obligation at the rack will be considered as a separate item, not under cost containment.

New Business:

WSPA is proposing to bring a new topic to the table – allowing credits to be generated from fuels used in exempt uses but not deficits. Will propose it in writing and then discuss at the next meeting.

Comments due Wednesday, April 26, 2017.

Next meeting scheduled: May 12, 2017 at the Portland State Office Building, 800 NE Oregon St., Portland, OR 97232