

# Clean Fuels Program 2017 Rulemaking

## Advisory Committee Meeting #6 Summary

May 12, 2017  
Portland State Office Building 1B  
800 NE Oregon  
Portland, OR 97232

### Committee Members in Attendance:

Mark Reeve, Chair  
Lindsay Fitzgerald, REG  
Danelle Romain, Oregon Fuels Association  
Paul Romain, Oregon Fuels Association  
Miles Heller, Tesoro  
Tuba Avcisert, PacifiCorp  
Annie Stuart, Coleman Oil  
Jessica Spiegel, Western States Petroleum Association  
Jana Gastelum, Oregon Environmental Council  
Nick Economides, Chevron  
Brendan McCarthy, PGE  
Mike Goetz, CUB  
Graham Noyes, Low Carbon Fuels Coalition

### Committee Members on Phone:

Marie Dodds, AAA  
Beth Vargas Duncan, ORRA  
Jeremy Martin, UCS  
Brandon Price, Clean Energy  
Jon Costantino, RPMG  
Ian Hill, SeQuential  
Jessica Hoffmann, RPMG  
Connor Nix, Shell  
Kim Kaminski, Waste Management

### Members of the Public in Attendance:

Fei Chi, Tesla  
Justin Freeman, Tesla  
Mark Bunch, BP  
Merv Cooper, ERM/WSPA

### Members of the Public on the Phone:

Meredith Roberts, Tesla  
Cory Earhart, CHS  
Jason Heuser, EWEB  
Mark Ventura, Phillips 66



State of Oregon  
Department of  
Environmental  
Quality

### **Oregon Clean Fuels Program**

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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

Jeff Rosenfeld, ICF

**Summary of Input**

Agenda Item A: 2017 Illustrative Scenarios

Jeff Rosenfeld, ICF

Questions and Comments:

- B20 tax credit going away at some point, did you adjust the assumptions for the scenarios at all? No, there are no assumptions about B20 (like there is for E85) in the scenarios.
- Is there a better way to show total GHG reductions for the entire CFP, not broken down for BAU and beyond BAU?

Agenda Item B: Draft Rule Language

Cory-Ann Wind & Bill Peters, DEQ

Slides 8 - 10: Transfers below the Rack

- Look at new definitions
- How to handle exported fuel
- In the definition of Above the Rack, should there be a volume threshold? If so, what should that volume be?

Slide 11 through 12: Market Monitoring

- Look at new definitions
- Holders of deemed credits (i.e. utilities) should be held harmless
- Buyers of CCM credits should be held harmless if they are later found to be illegitimate
- Can there be a statute of limitations inserted after which time the credits can't be deemed illegitimate?
- Future inclusion of a 3<sup>rd</sup> party verification protocol should address most of these concerns.
- There must be due process with the new authority to suspend, revoke or modify procedures.
- There is a difference in locking someone's account versus preventing certain credits from being transferred. In some instances, the party would still need to transfer credits even though some credits may be under investigation.

Slide 13: Credit CM

- Maximum credit price, subject to CPI adjustment
- Importers of finished fuels are given priority in the CCM. They get a chance to buy their credits before everybody else.
- Regulated parties don't want to be charged interest on a deficit when we participate in a credit clearance market.

#### Slide 14: Emergency Action

- New name to better describe the potential remedies
- Include some language if the Governor declares a fuel emergency
- Still looking for more specific triggers regarding credit prices

#### Slide 15: Electricity Backstop Aggregator

- Revisit hierarchy for residential electricity credits.
- Allow for automakers to generate credits before utilities.
  - Set up approval process for automakers who want to opt in to ensure quality of data.
  - Similar to criteria for backstop aggregators - submit a plan for use of revenue, reporting requirements, etc.
- Concern about timeline for value to be returned to the EV buyer or invested in the system.
- Provide a statewide incentive rather than utility by utility.
- There is still uncertainty in the PUC process but the PUC oversight will protect customers.

#### Slide 16: Co-Processing at Petroleum Refineries

- Think about biogenic versus waste-based (i.e. used motor oil or municipal solid waste). perhaps refer to lower-carbon feedstocks
- Getting a CI from co-processing at a refinery would be a tier 2 application.
- Not trying to jump ahead of California's process, but wanting to put in some place holders to anticipate the future need.

#### Slide 17: Temp Pathway Codes

- For fuels that don't have a pathway until they can get one approved.
- Will be conservatively higher than approved pathways.

#### Others:

- Will aviation fuel be included now? Waiting on the California process.

#### Next Steps:

- We want specific comments on preferred rule language and higher level comments on the initial recommendations made by DEQ.
- Comments due by May 26<sup>th</sup>.
- Next advisory committee meeting to discuss the economic and fiscal impact of the proposed rule changes. June 9<sup>th</sup> – 10:00 am to 1:00 pm. Portland State Office Building Room 1D.