Introduction

To receive and maintain an active fuel pathway code, each pathway holder must submit an Annual Fuel Pathway Report to the Alternative Fuels Portal of the Oregon Fuels Reporting System no later than March 31 of each calendar year. This guidance document describes the process for carbon intensity value and credit adjustments associated with the submission, review, and verification of the AFPRs.

Background

Non-provisional fuel pathways are initially certified based on 24 months of a fuel production facility’s operational data submitted in the CI calculator. The AFPRs associated with the facility's pathway(s) must contain the most recent 24 months of operational data.

Provisional pathways are used for a new fuel production facility or existing fuel production facility and pathway(s) that have undergone modifications. For these facilities, at least three months of all available operational data must be submitted in the CI calculator. AFPRs associated with provisional fuel pathways may or may not include the full 24 months of operational data.

Recertification pathways are fuel pathways initially certified under the California Air Resources Board’s Low Carbon Fuel Standards (LCFS) program where the fuel pathway holder would like to transport the fuel to both California and Oregon. Therefore, they submit the fuel production facility’s operational data in the appropriate CI calculator for the same fuel pathway to be reviewed for potential certification under Oregon’s Clean Fuels Program (CFP).

Documentation that must be submitted for the annual fuel pathway report

- For non-provisional pathways, populate a copy of the same version of the simplified OR-GREET or full OR-GREET calculator used for the certified non-provisional pathway, including the most recent 24 months of operational data.

- For provisional pathways, populate a copy of the same version of the simplified OR-GREET or full OR-GREET calculator used for the certified provisional pathway.

1 Oregon Administrative Rule 340-253-0450(8)(e)(C)
including the most recent operational data starting from the beginning of the provisional data period forward.

- **For recertification pathways**, with provisional or non-provisional status, submit a copy of the calculator used for the initial certification of the pathway in CFP with the most recent 24 months of operational data. Also, submit the most recent version of the LFCS staff summary with operating conditions.

In addition, submit the following, if applicable:

- Any temporally variable information requested or required by DEQ to be included in the initial application as supplemental information or any required data or documentation listed in the pathway’s operating conditions. This information must cover the same period as the updated OR-GREET model required for the AFPR.

- For biomethane, biogas, or renewable electricity used in the fuel production process, refer to 340-253-0600(8)(a) & (b) and any fuel pathway operating conditions provided by CFP staff.

- For joint applicants subject to site visits by a third-party verifier, whose pathway involves using renewable or low-CI process energy, submit invoices for that energy to the AFP.

### Annual fuel pathway report verification requirements

**For all pathway holders:**

- Beginning in 2021, all AFPRs must be verified by a third party verification body unless exempt.

  - Exemption: The responsible entity is the holder of the fuel pathway. Holders of approved fuel pathways that do not generate greater than 6,000 credits and deficits during the previous calendar year for the quantity of fuel produced at a given facility are exempt from AFPR third party verification.

- Verification activities may not begin until DEQ has approved the responsible entity’s conflict of interest disclosure form.

**For recertification pathways:**

- Pathway holders with recertification pathways are required to submit the AFPRs certified and verified through the CARB’s LCFS within 10 days of submitting the verification statement to CARB.

- Important note for pathway holders with recertification pathways that have deferred verification under CARB’s LCFS:
• For facilities that generate fewer than or equal to 6,000 credits per year in California and Oregon, the California pathways need to be verified every three years under California’s verification program.

• For facilities that generate greater than 6,000 credits per year need to undergo annual verification in California, and that verification statement can be provided to DEQ in lieu of going through a separate Oregon verification.

• However, if a facility generates fewer than or equal to 6,000 credits per year in California BUT greater than 6,000 credits in Oregon, the facility still must go through annual verification in Oregon.

Additional third party verification information:

• Pathway holders are responsible for assigning their verification bodies (VBs) to the AFPRs. To assign VBs, go into the OFRS AFP. Then, go to the ‘My Facilities’ tab and find the Assign VB tab. When you select the Assign VB tab, you should see a drop-down menu of VBs.

• Email the 3PV inbox if you cannot find the VB in the AFP or are unsure whether your facility meets the 6,000 credits or deficits generated per year threshold for verification: 3pverify@deq.oregon.gov.

Annual fuel pathway report review

For all pathway holders:

1. CFP staff will review the AFPR for administrative completeness and then contact fuel pathway holders via the AFP with a summary of the AFPR review outcomes and any required follow up actions.

2. Once the fuel pathway holder follows up on any actions and any pending issues are resolved, the CFP staff will submit the AFPR to the assigned VB (if the pathway holder is subject to verification).

Annual fuel pathway report third party verification

For all pathway holders:

1. Upon completion of the verification of the AFPRs, the pathway holder must submit the verification statement to the CFP staff.

   **Important note for recertification pathways**: Pathway holders with recertification pathways are required to submit the verification statement to CFP within 10 days of submitting it to CARB.
2. Once the CFP staff reviews the verification outcomes, they will contact the pathway holders with any follow-up action items regarding the CI value and credit adjustments.

Carbon intensity value adjustment process for fuel pathway holders

Carbon intensity value adjustment

- Non-provisional fuel pathway holders with a verified operational CI value lower than their current certified CI value may elect to keep the previous certified CI value or request that the CFP staff replace their certified CI value with the verified operational CI value, with an option to request adding a conservative margin of safety.

- Non-provisional fuel pathway holders not subject to verification with a CI value lower than the certified CI value may elect to keep the previous certified CI value or request that the CFP staff replace their certified CI value with the operational CI value with an option request adding a conservative margin of safety.

  - To replace the certified CI value with the operational CI value, the fuel pathway holder must submit all materials supporting the reduced CI values, including all materials required in a Tier 1 application or a Tier 2 application, whichever is applicable.

  - In addition, the pathway holder must submit an attestation that the new CI value can be maintained through the next reporting period with the acknowledgment that exceeding the newly certified CI value in subsequent annual reports or verifications is a violation of the requirements of this division.

- For non-provisional fuel pathway holders: CFP staff will ask all non-provisional fuel pathway holders requesting to replace their certified CI value with the verified operational CI value and/or add a conservative margin of safety to respond with the requested information such as the margin of safety CI value to CFP within 14 calendar days of receiving the notice via the AFP.

Effective dates: The new CI values for non-provisional fuel pathway holders requesting to replace their certified CI value with the verified operational CI value is the first quarter of the subsequent annual compliance period. For example, for 2021 AFPRs with a compliance period end date of December 31, 2021, the effective date will be January 1, 2023.

- For non-provisional fuel pathway holders: If a non-provisional fuel pathway holder has an operational CI value higher than the certified CI value, the fuel pathway holder is out of compliance with Division 253 and may be subject to investigation and enforcement by DEQ.
Removal of provisional status

- **For provisional fuel pathways** with at least 24 months of operational data by the end of the compliance year (December 31st of each year), CFP will remove the provisional status.

- **For provisional fuel pathways holders:** If the verified operational CI value is lower than the previous provisionally certified CI value, CFP will adjust the pathway CI value, adding an operational conservative margin of safety upon request of the pathway holder.

Effective dates: The new CI value for these pathways is January of the subsequent year. For example, if the end of the compliance period is December 31, 2021, the effective date will be January 1, 2023.

Continuing provisional status

- **For a provisional fuel pathway** with less than 24 months of operational data by the end of the compliance year (December 31st of each year), CFP will replace the provisionally certified CI values with the verified operational CI values only if the verified CI value is higher than the previous provisionally certified CI value.

- **For a provisional fuel pathway**, conversely, if the verified operational CI value is lower than the previous provisionally certified CI value, CFP will not adjust the pathway CI value until the provisional status is removed.

Effective dates: The new CI value for these pathways is January of the subsequent year. For example, if the end of the compliance period is December 31, 2021, the effective date will be January 1, 2023.

Credit adjustment process for fuel pathway holders

For non-provisional fuel pathway holders:

- If the operational CI value is found to be higher than the previously certified CI value and illegitimate credits have been generated:
  - Through voluntary action², the fuel pathway holder may indicate if the fuel pathway holder or the party holding the credit bank for the respective fuel pathway holder has credits to cover the impact of the CI value adjustment for regulated parties impacted by this adjustment.
  - Credit adjustment by DEQ through the administrative function of the Oregon Fuels Reporting System will occur either by (a) issuing deficits or (b) removal of credits.
  - In the absence of voluntary action, DEQ will act administratively to protect the integrity of the CFP using the tools provided in OAR 340-253-0670 and OAR 2

---

² In accordance with OAR 340-253-0670, DEQ has the authority to suspend, revoke or modify an account, credits, or a fuel pathway code in the Oregon Fuels Reporting System if the agency has good cause to believe illegitimate credits were generated or if a carbon intensity is inaccurate.
340-253- 1005(7). Administrative actions may be taken separately or in tandem with civil or criminal enforcement actions.

Effective dates: Entities receiving credit adjustments based on their AFPR will have until the subsequent annual compliance deadline to acquire credits (purchase credits or report credits generating fuel) needed to account for any negative credit balance created by the adjustment.

For example, credit adjustments related to the 2022 AFPR will have until the 2023 annual compliance deadline on April 30, 2023, to acquire any credits needed to account for any negative credit balance created by the adjustment.

**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.oregon.gov.