

May 11, 2020: Program Update Guidance on implementing the GHG 2019 Rulemaking

Overview

On May 7th, 2020, the Environmental Quality Commission adopted the GHG 2019 rulemaking package that proposed amendments to chapter 340, divisions 215 Greenhouse Gas Reporting Program (GHG RP), 253 Clean Fuels Program (CFP), 012 DEQ's enforcement provisions and a new division, 272 for third-party verification. Most pertinent at this time to CFP are new rules that streamline reporting by allowing fuel suppliers subject to both CFP and GHG RP to report into a single reporting system. The goal of this bulletin is to provide you information about what the regulated parties need to do to comply with these new provisions.

Webinar

CFP will be hosting webinars on May 14th to walk through the contents of this bulletin. All administrators of active regulated party accounts in the CFP Online System were sent a link on May 1st. If you have administrator status in a regulated party's account and did not get one, please send an email to: OregonCleanFuels@deq.state.or.us ASAP. The slide deck will be posted after the webinars. Both the CFP and GHG RP will be hosting additional trainings later in the year to cover the other items in the GHG 2019 rulemaking.

New name for the reporting tool

In the GHG 2019 rulemaking package, the name of the CFP reporting tool was changed from the CFP Online System to the Oregon Fuel Reporting System (OFRS). However, you won't see this change until a future software update of the reporting tool. For now, you will still use the same web address found here: <https://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels-Online.aspx> to access the reporting tool. We will let you know when the changes happen.

Delaying Q1 2020 Reporting Deadlines

In order to give the affected regulated parties enough time to modify Q1 2020 transactions in accordance with the rule changes, the reporting deadlines Q1 2020 are being extended.

	Regular Deadline	Extended Deadline
Transactions uploaded	May 15, 2020	May 31, 2020
Transactions reconciled and submitted	June 30, 2020	July 31, 2020

The Q1 2020 report can be submitted sooner than the extended deadline if the party has reconciled its transactions with its counterparties. Having the Q1 2020 fuel transactions entered accurately will enable the quarterly reports to be rolled up to the annual report at the end of the calendar year. For small importers that are reporting into EZ-Fuels instead of the CFP Online System, EZ-Fuels will be eliminated and future reporting will be done in OFRS.

Changes to the reporting requirements

There are two significant changes to your quarterly reporting under the new rules. The first is breaking the "Import into Oregon" transaction into two separate import transactions that distinguish if the fuels are going directly to retail customers or into the bulk fuel system. The second set of changes formalizes and starts requirements for position holders at terminals to report their sales to below the rack. ***These are the changes that must be made for Q1 2020 transactions by May 31st.***



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New transaction types

There will be five additional transaction types in the reporting tool:

- “Import within the bulk system” means the transportation fuel was imported into Oregon and placed into the bulk system.
- “Import outside the bulk system” means the transportation fuel was imported into Oregon and delivered outside the bulk system.
- “Position holder sale” means the transportation fuel was sold below the rack without a transfer of the compliance obligation.
- “Position holder sale for export” means the transportation fuel was sold below the rack to an entity who exported the fuel.
- “Purchase below the rack for export” means the transportation fuel was purchased below the rack and exported.

What is the bulk system?

Our amended rules define “bulk system” as a fuel distribution system consisting of refineries, pipelines, vessels and terminals. Fuel storage and blending facilities that are not fed by pipeline or vessel are considered outside the bulk transfer system. The bulk system also excludes intermediate storage which is generally owned by a single party and is used to temporarily hold finished fuels before being delivered to the end user or a retail gas station. The table below further illustrates which transactions should be determined within or outside of the bulk system.

Import within the bulk system	Import outside of the bulk system
Fuel imported by pipeline, barge, truck, or ocean tanker into a bulk fuel terminal where it will then be sold by a position holder and reported as a position holder sale	Fuel imported by truck, barge, or rail into intermediate storage owned by a single entity which then delivers it directly to the end user or a retail gas station
	Fuel imported by any mode directly to a retail gas station, cardlock, or otherwise being delivered directly to the end user of the fuel.

If you are unsure of how to classify a given transaction, please contact us for further assistance.

For position holder transactions

For the position holder transaction, position holders should select their business partner if they are registered parties in the reporting tool. If the business partner is not registered, then report the transaction using the “undefined” business partner (FEIN: 14-9876543). Multiple transactions to the “undefined” business partner may be aggregated into a single entry. These transactions should be reported using the actual fuel pathway codes (FPCs) for blended fuel types, if possible. Substitute FPCs for E10, B5, and B20 can also be used. The rulemaking will also allow CFP to add new substitute FPCs as additional blend ratios for finished fuels become more common.

Substitute FPCs are used for in-state transactions where the seller is not providing the buyer with specific carbon intensity (CI) information by using an FPC that contains “0116”. Transactions where the CI is not being passed on to the buyer include: sales or purchases without obligation (including the new position holder-related transactions), exports, loss of inventory, not for transportation use, and exempt fuel uses.



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For position holder sale for export

For the position holder sale for export transaction can only be used for position holder sales where the bill of lading or other clear documentation shows that the fuel is being sold for immediate export. If the exporting party is in the system they must be tagged as the business partner by the position holder, otherwise use the undefined business partner. The buyer in this transaction uses "Purchase from the rack for Export" when reporting to show that they purchased the fuel. They also need to report the export using a separate transaction.

Obligation indicators

The table below illustrates the obligation indicators of these new transaction. These control if the gallons are adding, subtracting, or not affecting the obligation for the FPC they are reported under.

	Import within the bulk system	Import outside of the bulk system	Position Holder Sale	Position Holder Sale for export	Purchased from the rack for export
Obligation Indicator	+	+	0	-	+

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.



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