

Memo

TO: Oregon Department of Environmental Quality, Clean Fuels Program

FROM: Stu Green, Climate and Energy Analyst

DATE: June 9, 2022

RE: Clean Fuels Credits Revenue Spending Report

Purpose

In accordance with OAR 340-253-0640, the Oregon Department of Environmental Quality (DEQ) implemented an annual reporting requirement for utilities that obtain revenue from the sale of clean fuel credits. As a result, all electric utilities that receive base or incremental clean fuels credits must, on an annual basis, report the following:

- the total revenue from the sale of base and incremental credits,
- the percentage of the Clean Fuels Program (CFP) related administrative costs,
- a description of the programs that were funded by CFP revenue from the sale of base credits, and
- a description of the programs that were funded by CFP revenue from the sale of incremental credits.

In summary, for 2021 City of Ashland Electric Utility generated a total revenue of \$46,400 from the sale of clean fuel credits. Of the total revenue generated, 3 percent was spent on administrative overhead and \$45,000 was used to fund vehicle electrification and other utility electrification programs. Ashland Electric did not participate in the generation or sale of incremental credits.

Background

The Clean Fuels Program (CFP) is one of Oregon's strategies for addressing the state's contribution to global climate change. The program was developed in 2016 and can be summarized as follows:

1. Renewable forms of diesel, natural gas, propane, and electricity have arisen as commercially viable and cost-effective alternatives to fossil fuel.
2. The advancements in biofuels and electricity are mitigating tailpipe pollution including carbon monoxide, nitrogen oxides, and particulate matter, subsequently improving the public health of

individuals residing in the state. This is imperative for Oregon’s historically marginalized communities that are located near major transportation corridors, multimodal facilities, and distribution hubs.

3. The program has adopted a market where investments are being made to increase the production and use of lower-carbon fuels, spark innovative technology, and make advancements in infrastructure to distribute these fuels across the state.

Oregon Clean Fuels Program Revenue Spending

OAR 340-253-0640 subsection (9a)

Ashland Electric’s CFP spending budget is based on the revenue generated from the sales of fuel credits in the prior calendar year. The following information represents Ashland Electric’s total credit revenue generated in 2020 from the sale of fuel credits attributable to electric vehicle charging. In 2020, Ashland Electric sold a total of 400 clean fuel credits at the price of \$116 per credit, for a total revenue of \$46,400.

OAR 340-253-0640 subsection (9b)

Subsection 9b requires Ashland Electric to report the percent of clean fuels revenue spent on administrative costs related to participation in the CFP. Ashland Electric’s clean fuels program is handled by three staff members, the Electric Director, an Administrative Assistant, and Climate and Energy Analyst. Staff estimate approximately 20 hours per year are required to meet the minimum CFP requirements. To determine CFP-related administrative costs, staff assumed average, loaded staff costs at \$70 per hour.

Estimated Hours and Staff Costs for CFP

Est. 20 hrs/yr x \$70/hr = \$1,400/yr

OAR 340-253-0640 subsection (9c)

Subsection 9c requires a description of the programs that were funded with CFP revenue received by Ashland Electric. Below is brief description of the programs funded in 2021. Total related program expenses were \$xxx,xxx, which is less than the total revenue generated for 2020.

Ashland Electric programs that are supported by clean fuels funding include:

- Public charging infrastructure: operation and maintenance of low-barrier public charging (in 2021, \$0)
- Rebate programs for:
 - electric vehicles (26 rebates, \$39,000)
 - e-bikes (54 rebates, \$13,700)
 - induction cooktops (9 rebates, \$1,650)
- Participation in AMP NW electric car-sharing project (\$13,000)

Total 2021 program dollars for programs supported by CFP = \$67,350. The gap in 2021 spending over 2020 represents clean fuel funds that carried over from previous years.

OAR 340-253-0640 subsection (9d)

Subsection 9d requires a description of the programs that were backed by CFP revenue Ashland Electric received from the sale of incremental credits and the amount spent in each type in the former year.

For 2021, Ashland Electric did not participate in the generation and sale of incremental credits.

Conclusion

Ashland Electric generated a total of \$46,400 from the sale of clean fuel credits. The percentage of the administrative overhead was 3.01%. \$45,000 in revenue generated from the sale of base credits was used to fund utility electrification programs. Ashland Electric does not participate in the generation or sale of incremental credits.