

# Fact Sheet

## Climate Protection Program: Overview

This document provides a plain language overview of Oregon's Climate Protection Program. DEQ is providing this overview for information purposes only. See Oregon Administrative Rules ([OAR](#)) [chapter 340, division 273](#) for the Climate Protection Program rules.

## Purposes of the Climate Protection Program

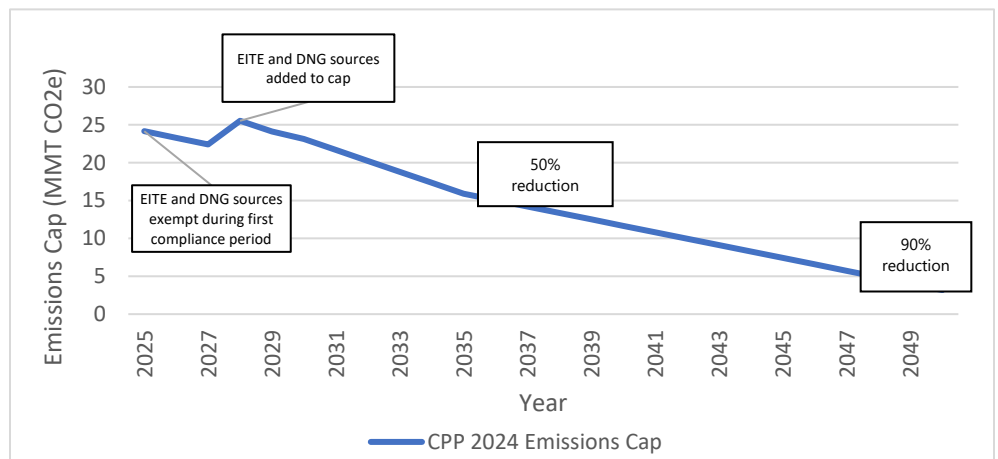
- To reduce greenhouse gas emissions,
- To achieve co-benefits from other air contaminant reductions,
- To support a strong statewide economy, and
- To enhance public welfare for Oregon communities, particularly environmental justice communities, including communities of color, communities experiencing low-income, tribal, and rural communities.

### To support these purposes, the CPP:

- Requires that regulated entities reduce greenhouse gas emissions,
- Supports reduction of other types of air pollution
- Prioritizes reduction of greenhouse gas emissions and other air pollutants in environmental justice communities disproportionately burdened by pollution
- Provides regulated entities with compliance options to minimize business and consumer economic impacts,
- Incentivizes the reduction of emissions from industries in Oregon, and
- Allows regulated entities to comply in part with Community Climate Investments

## Regulating greenhouse gas emissions

The CPP has a declining and enforceable limit, or cap, on greenhouse gas emissions from the use of fossil fuels. The cap is lowered over time reaching a 50% percent reduction by 2035 and 90% reduction in emissions by 2050 from a baseline of average 2017-2019 emissions.



### Translation or other formats

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## How do regulated companies comply?

Each year, DEQ distributes a set number of free compliance instruments to regulated companies. The program gives regulated companies the option to bank compliance instruments if they emit less than what they were allowed, trade compliance instruments with other regulated companies, or earn additional credits by contributing funds to DEQ-approved entities through the community climate investments program. The total number of compliance instruments distributed by DEQ each year is equal to that year's emissions cap, except for 2025. In 2025, for one time only, DEQ will also distribute early reduction compliance instruments.

For every metric ton of greenhouse gas emissions a company is responsible for, it must submit a compliance instrument or a Community Climate Investment credit to DEQ. The first compliance period starts Jan. 1, 2025, and covers emissions through the end of 2027. During the first compliance period regulated companies can choose to use Community Climate Investment credits to meet up to 15% of their compliance. The first demonstration of compliance will be in December 2028 for the years 2025-2027. All subsequent compliance periods will be two years.

The Climate Protection Program is one of many complementary policies and programs in Oregon, such as elective vehicle rebates, the Clean Fuels Program, and utility planning, to reduce climate pollution. The CPP drive emissions reductions as well as leverage reductions achieved through other incentives, which will further support compliance.

## Who is a regulated entity?

### Fuel suppliers

- Natural gas utilities (local distribution companies), and
- Suppliers of gasoline, diesel, kerosene, and propane with emissions that meet or exceed a threshold for inclusion. Over time, the threshold declines to cover a wider scope of emissions and suppliers, and the program will capture approximately 99% of in-scope combustion emissions from liquid fuels and propane used in Oregon.

### Energy-intensive trade-exposed industry sources

- Stationary sources in trade-exposed industry sectors with annual covered emissions that meet or exceed a threshold of 15,000 metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e).

### Direct natural gas sources

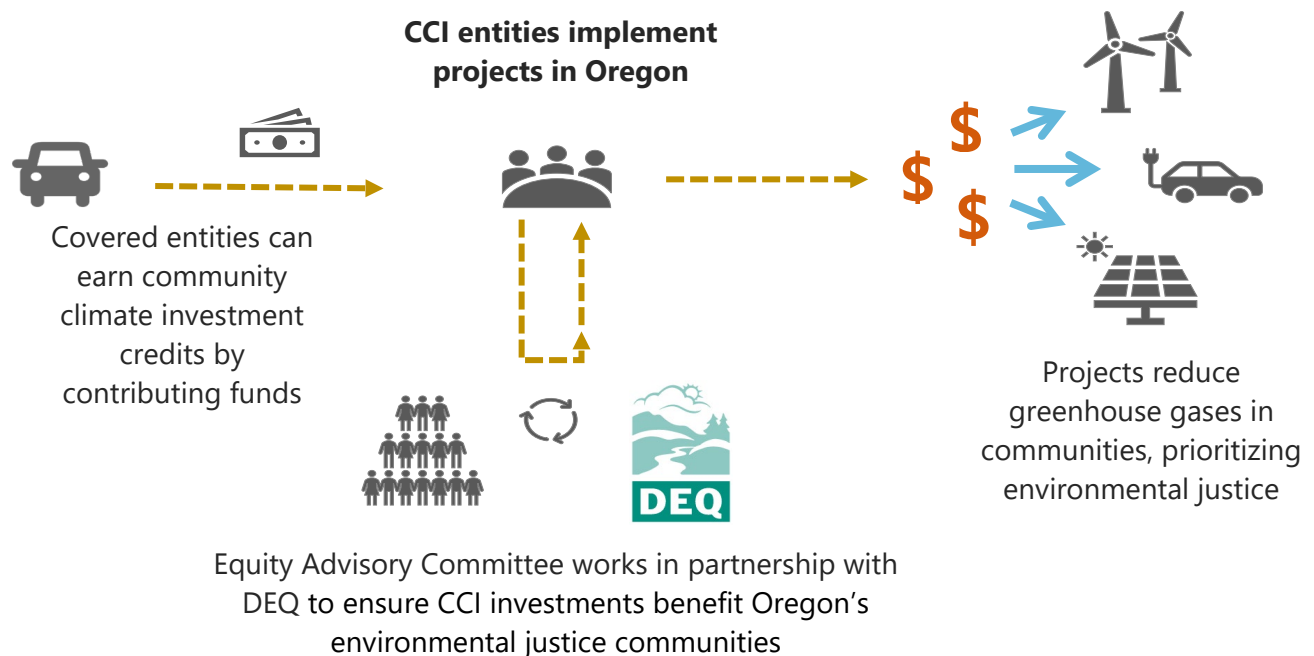
- Stationary sources in non-EITE industry sectors that use natural gas distributed to the source by an entity other than a local distribution company and that meet or exceed a threshold of 15,000 metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e).

### Note on regulated entities

EITE and DNG sources are exempt for the first compliance period (2025-2027) and will not receive compliance instruments for this period. During this time, DEQ will conduct a rulemaking to determine carbon emissions intensity targets for EITE and DNG sources before the second compliance period (2028-2029).

# What are Community Climate Investments?

Covered entities can choose to earn Community Climate Investment credits by contributing funds to third-party entities that will implement projects that reduce greenhouse gas emissions in Oregon. The starting contribution amount to receive a CCI credit is \$129.



## What are environmental justice communities in Oregon?

Environmental justice communities mean communities of color, communities experiencing lower incomes, communities experiencing health inequalities, tribal communities, rural communities, remote communities, coastal communities, communities with limited infrastructure and other communities traditionally underrepresented in public processes and adversely harmed by environmental and health hazards, including seniors, youth and persons with disabilities.

## What kinds of projects will be supported by CCI funds?

Eligible projects include actions that reduce greenhouse gas emissions in Oregon resulting from:

- Transportation of people, freight, or both
- An existing or new residential use or structure
- An existing or new industrial process or structure
- An existing or new commercial use or structure

## More Information

Visit the [Climate Protection Program web page](#).

## Non-discrimination statement

DEQ does not discriminate on the basis of race, color, national origin, disability, age, sex, religion, sexual orientation, gender identity, or marital status in the administration of its programs and activities. Visit DEQ's [Civil Rights and Environmental Justice page](#).