

Program Development to Reduce Greenhouse Gas Emissions: Illustrative Scenarios

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Introductions

Oregon DEQ

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Today's Agenda

Time	Topic
9:00 a.m.	Welcome and introductions
9:05 a.m.	Background and overview of program goals
9:15 a.m.	Review of Illustrative scenarios and potential tradeoffs
9:45 a.m.	Opportunity for clarifying questions
10:00 a.m.	Discussion
10:55 a.m.	Next steps
11:00 a.m.	Adjourn meeting

Meeting Ground Rules

- Provide a balance of speaking time
- Listen to understand and ask questions to clarify
- Respect each other's viewpoints, values and interests
- Focus comments on topics at hand – **be hard on the issues and soft on the people**



Comment Protocols

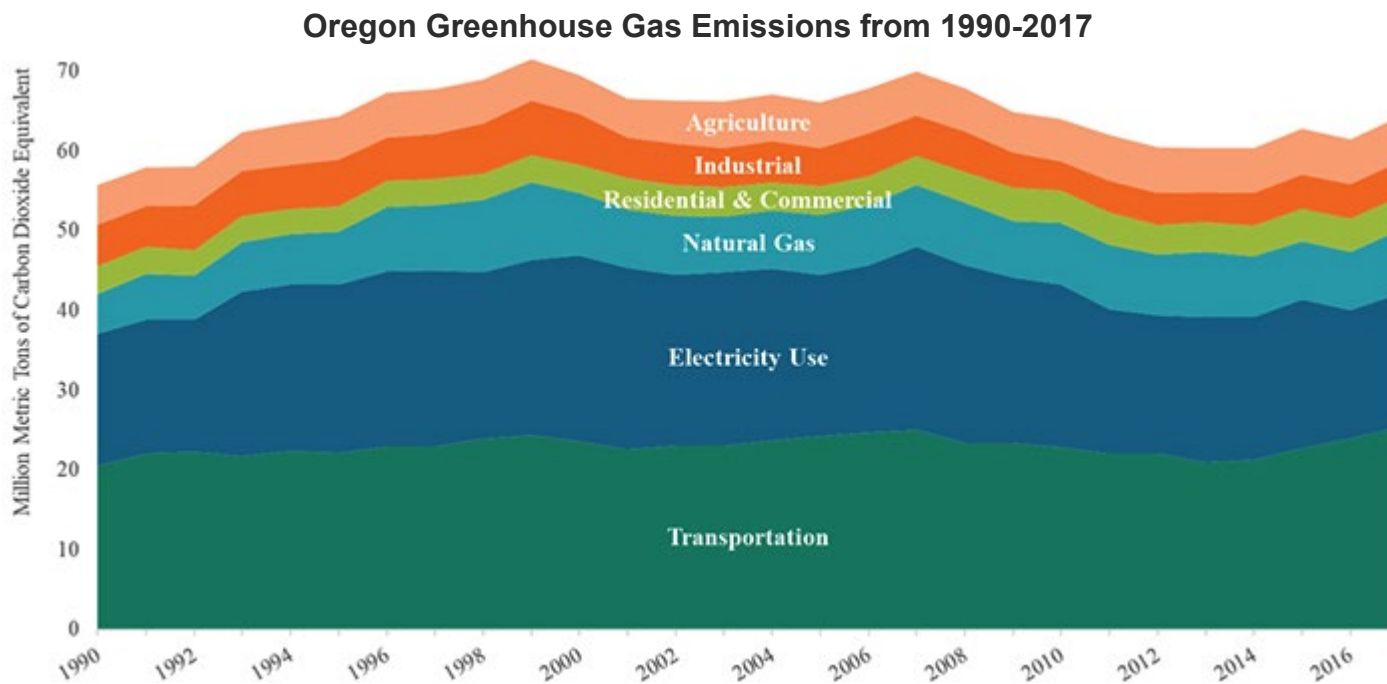
- Stay on mute when not speaking, and feel free to join us on video
 - For questions or comment, use “**Raise Your Hand**” button to get in the queue; if joined by phone, press *9 to raise hand
 - When it is your turn to speak, the facilitator will call on you
 - Say your name and affiliation before speaking
 - Use the “Chat” feature for help troubleshooting any issues

The meeting will not be recorded. A summary will be posted to the cap and reduce webpage:

www.oregon.gov/deq/ghgp/Pages/capandreduce.aspx

Greenhouse Gas Emissions in Oregon

- Leader in addressing GHG emissions
- Many programs to reduce GHG emissions
- Still not on track to do our part to avoid the worst impacts of climate change



New Emissions Reduction Program

- Some of the most significant sources in Oregon
 - Large stationary sources
 - Transportation fuels, including gasoline and diesel
 - All other liquid and gaseous fuels including natural gas

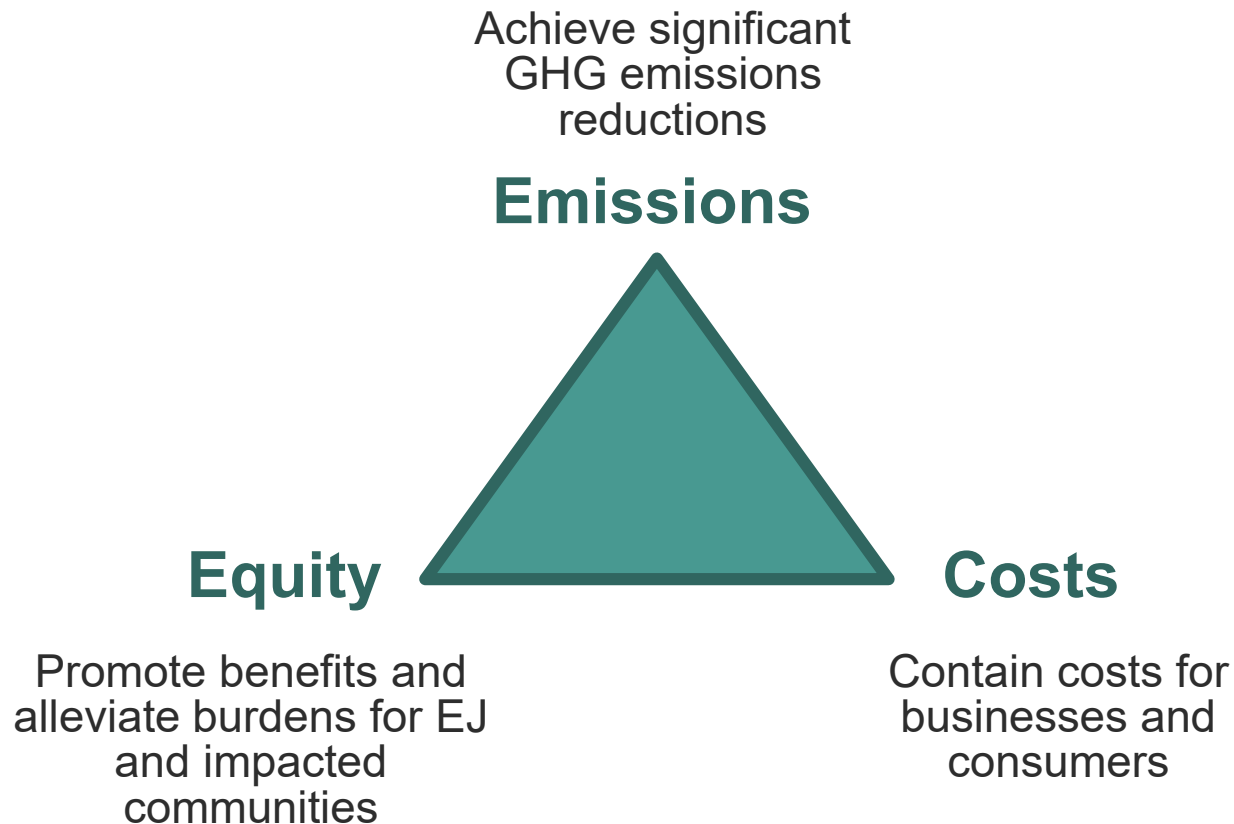


Overall DEQ Process Timeline



Key Program Goals

As heard from stakeholders and identified as priorities by DEQ:



Purpose of Illustrative Scenarios

- Demonstrate relationship between key program goals
- Support discussion of potential tensions between different program design element choices
- Do not represent specific program design proposals
- Not the only options for structuring the program
- Program design proposals discussed during the formal rulemaking

Contracted Modeling Study

- DEQ has contracted with ICF to analyze various program scenarios for:
 - Forecasted greenhouse gas emissions
 - Air quality and public health co-benefits
 - Economic effects on businesses, consumers, and Oregon's economy
- Modeled program scenarios:
 - Not the same as illustrative scenarios discussed today
 - Developed over the coming months
 - Informed by the Rulemaking Advisory Committee and rulemaking process
 - Rulemaking Advisory Committee meetings open to the public
 - Initial results are expected in early 2021

Illustrative Scenarios: Key Tradeoffs

- Total emissions reductions
- Direct emissions reductions by regulated entities
- Availability of compliance flexibility mechanisms
 - Alternative compliance options
 - Ability to trade compliance instruments
- Benefit for impacted communities in Oregon
- Costs to businesses and consumers
- Risk of leakage of businesses and emissions to outside of Oregon

Common Assumptions

- Design decisions most likely to achieve best outcomes within context of program goals
- Based on public feedback and DEQ deliberation
 - Mass-based caps
 - Direct distribution of compliance instruments
 - Banking of compliance instruments
 - Other elements that provide compliance flexibility

Program Elements Not Detailed in Scenarios

- Certain program elements could be designed many different ways
- Less helpful in illustrating tradeoffs
- Will be discussed in detail during the rulemaking:
 - Program start and end dates
 - Regulated greenhouse gases
 - Emissions sources
 - Points of regulation
 - Thresholds for inclusion
 - Length of compliance periods

Scenario Overview

Program Design Element	Scenario 1	Scenario 2	Scenario 3
Initial cap level	Set based on a level lower than recently reported emissions	Set based on recently reported emissions	
Cap trajectory	Steep decline over time	Less steep than Scenario 1	Less steep than Scenario 2
Basis for compliance instrument distribution	Fixed proportion of cap based on recently reported emissions	Initial distribution is a proportion of cap based on recently reported emissions; proportion is regularly updated with new data	Initial distribution is a proportion of cap based on recently reported emissions; proportion is regularly updated with new data and based on emissions reduction plans
Ability to trade instruments	Yes		Yes; in certain instances
Ability to use alternative compliance instruments	Yes; significant	Yes	None; emissions reductions must be directly achieved by regulated entities
Types of allowable alternative compliance options	Out-of-scope emissions reductions through existing offset registries/protocols	DEQ-authorized protocols that reduce emissions and provide co-benefits to Oregon communities, which may include in-scope emissions reductions	None; emissions reductions must be directly achieved by regulated entities
Compliance instrument reserve	No reserve	Yes; set aside from within the cap and accessible based on certain criteria	

Clarifying Questions

- Clarifying questions on the three illustrative scenarios, design choices, or tradeoffs described?

Zoom:



raise hand

Phone:

dial *9

Discussion Questions

- Which program design choices in these scenarios best achieve the program goals?
- What other choices could be made to better meet program goals?
- What tradeoffs or other tensions between design choices are not illustrated by the scenarios?

Zoom:



raise hand

Phone:

dial *9

- Written comments requested by December 9, 2020
- Send comments to CapandReduce@deq.state.or.us

Next Steps

- DEQ is convening the Rulemaking Advisory Committee (RAC)
- Starting the formal rulemaking process
- First RAC meeting planned for January 2021
 - Meetings open to public and opportunity for public comment
 - More information to follow

Tentative Rulemaking Timeline

