NOTICE OF PROPOSED RULEMAKING

INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 345
DEPARTMENT OF ENERGY
ENERGY FACILITY SITING COUNCIL

FILED: 07/30/2026 7:41 PM
ARCHIVES DIVISION SECRETARY OF STATE

FILING CAPTION: Increasing Carbon Dioxide Monetary Offset Rate

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 09/25/2026 11:55 PM
The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

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Filed By:
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HEARING(S)
Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 08/21/2026
TIME: 9:45 AM
OFFICER: Tom Jackman

IN-PERSON HEARING DETAILS
ADDRESS: Columbia River Hotel Conference Room, 3223 Bret Clodfelter Way, Dalles, OR 97058

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 503-446-4951
CONFERENCE ID: 791505381

NEED FOR THE RULE(S):

ORS 469.503(2)(c)(C) directs the Energy Facility Siting Council to establish a carbon dioxide monetary offset rate based on empirical evidence of the cost of carbon offsets and a finding that the applicable carbon dioxide emissions standard remains economically achievable for natural gas-fired power plants. The current rate of $6.40 per ton became effective

October 30, 2024, and recent voluntary and compliance carbon-market prices continue to support a higher rate. The proposed rule increases the rate by the maximum statutorily permitted amount—50 percent—to $9.60 per ton, effective no earlier than October 30, 2026, so that the rate more closely reflects the demonstrated cost of obtaining carbon offsets.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE:

Materials can be found with EFSC's June 26, 2026 meeting, agenda Item G at this URL:
https://www.oregon.gov/energy/facilities/Pages/Council-Meetings.aspx

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STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE:

The proposed rule does not directly affect racial equity because it applies to developers and owners of certain carbon dioxide-emitting energy facilities and does not classify or treat persons differently based on race. The rule may have a modest positive indirect effect by increasing the funds available to avoid, displace, or sequester greenhouse gas emissions and thereby helping reduce climate-related impacts that disproportionately affect Tribal communities, communities of color, and other communities that have historically been underrepresented in public decision-making processes.

An affected facility owner could attempt to pass some increased compliance costs to electricity customers or other consumers. However, for the example natural gas-fired power plant evaluated by the Department, the incremental cost represents approximately 0.20 percent of the estimated annual retail value of the electricity produced; therefore, any resulting adverse racial-equity impact is expected to be minimal and cannot be quantified with available information.

FISCAL AND ECONOMIC IMPACT:

The proposed rule increases the monetary offset rate from $6.40 to $9.60 per ton of carbon dioxide emissions. For an example 418.3-megawatt combined-cycle natural gas plant producing approximately 281,485 tons of excess carbon dioxide emissions annually, the increase would raise estimated annual monetary-offset costs by approximately $900,752. The Department estimates that the example plant would produce electricity with an annual retail value of approximately $452.1 million; therefore, the incremental cost would represent approximately 0.20 percent of that value. The full monetary-offset cost at the proposed rate would be approximately $2.70 million annually, or approximately 0.60 percent of the estimated annual retail value of the electricity produced.

The Department is unable to quantify the impact on every type of nongenerating carbon dioxide-emitting facility because the required emissions reduction and resulting monetary-offset payment would depend on the characteristics of the individual project. The proposed rate remains below prices observed in major United States compliance carbon markets, and the Department finds that the rate remains economically achievable.

The rule is expected to have minimal fiscal impact on state agencies and units of local government because it does not establish a new regulatory program, reporting process, or governmental service. The Oregon Department of Energy and the Council may incur negligible administrative costs associated with adopting and implementing the revised rate.

The members of the public most likely to experience a direct economic impact are utilities, independent power producers, and other persons proposing to construct or modify a fossil-fueled power plant or qualifying nongenerating facility and electing to use the monetary pathway to comply with an applicable carbon dioxide emissions standard. Qualified organizations responsible for administering offset funds may receive and administer larger amounts of offset funding. Businesses or consumers could experience an indirect impact if an affected facility owner passes through part of the increased compliance cost, but any such impact is expected to be small and project-specific. The practical likelihood of substantial statewide impacts is limited because Oregon's broader energy-policy framework restricts development of new emissions-producing generation serving Oregon retail customers.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) State Agencies, Units of Local Government, and Members of the Public Likely to Be Economically Affected

The Oregon Department of Energy and the Energy Facility Siting Council may incur negligible administrative costs to adopt and implement the revised monetary offset rate. No other state agency or unit of local government is expected to incur a direct cost because the rule does not impose reporting, permitting, recordkeeping, or administrative requirements on those entities.

The members of the public most likely to be economically affected are utilities, independent power producers, energy-facility developers and owners, and other persons proposing to construct or modify a carbon dioxide-emitting energy facility subject to an applicable Council emissions standard. The additional cost would be incurred only when an affected person elects the monetary pathway and would equal an additional $3.20 for each ton of required carbon dioxide emissions reduction. Qualified organizations administering offset funds may also be economically affected by receiving and administering larger offset-fund payments. Consumers could be indirectly affected if an owner passes through a portion of the increased cost.

(2) Effect on Small Businesses
(a) Estimate the Number and Type of Small Businesses Subject to the Rules

The Department estimates that no small businesses are likely to be subject to the proposed rule. The rule applies to large energy facilities within the Council's jurisdiction, and the utilities, independent power producers, and facility developers capable of constructing or modifying those facilities are not generally independently owned and operated businesses with 50 or fewer employees, as required by the definition of "small business" in ORS 183.310.

(b) Expected Reporting, Recordkeeping, and Administrative Activities and Costs Required to Comply

The proposed rule does not create or modify any reporting, recordkeeping, application, or administrative requirements. It changes only the monetary rate used to calculate the offset funds required when an applicant elects the monetary pathway for compliance with an applicable carbon dioxide emissions standard. Accordingly, the Department does not anticipate additional reporting, recordkeeping, professional-service, or administrative costs for small businesses. The 2024 filing for the preceding increase reached the same conclusion regarding these categories of compliance cost.

(c) Estimated Cost of Professional Services, Equipment, Supplies, Labor, and Increased Administration Required to Comply

The proposed rule is not expected to require additional professional services, equipment, supplies, labor, or administrative activity. The only direct additional compliance cost is the increase in the monetary offset payment from $6.40 to $9.60 per ton of required emissions reduction. Because no small businesses are expected to be subject to the rule, the Department estimates no compliance cost to small businesses. For any affected entity, the monetary impact will be project-specific and will depend on the amount of emissions reduction required under the applicable carbon dioxide emissions standard.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

They were not, as small businesses do not operate facilities that would be subject to the monetary offsets.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

No RAC was consulted given the targeted nature of this rulemaking and the experience of the prior rulemaking where this offset was increased and where it was not deemed to be needed.

AMEND: 345-024-0580

RULE SUMMARY: Increasing monetary offset rate.

CHANGES TO RULE:

345-024-0580
Monetary Offset Rate ¶

The monetary offset rate is $~~6.4~~9.60 per ton of carbon dioxide emissions.
Statutory/Other Authority: ORS 469.470, ORS 469.503
Statutes/Other Implemented: ORS 469.503