
Date: Nov. 9, 2021

To: Oregon Environmental Quality Commission

From: Richard Whitman, Director
Colin McConnaha, Manager, Office of Greenhouse Gas Programs
Cory-Ann Wind, Oregon Clean Fuels Program Manager

Subject: Item I: Clean Fuels Program update (Informational)
Nov. 17-18, 2021, EQC meeting

Purpose of this item DEQ will provide updates on the Clean Fuels Program, including the upcoming rulemaking to extend the program beyond 2025 and beyond the current requirement of a ten percent reduction in the carbon intensity of transportation fuels. In addition, DEQ will highlight the relationship between the Clean Fuels Program, other work in the Office of Greenhouse Gas Programs, and other agency programs. Collectively, these programs represent the primary means Oregon is using to achieve its greenhouse gas reduction goals in the transportation sector, which represents about forty percent of Oregon's total GHG emissions.

Background The Clean Fuels Program is a critical element of Oregon's plan to reduce greenhouse gas emissions. To date, the Clean Fuels Program has reduced over five million tons of lifecycle greenhouse gas emissions by shifting consumption of traditional transportation fuels (gasoline and diesel) to less carbon-intensive forms such as biofuels, renewable natural gas and propane, and electricity.

The Oregon Clean Fuels Program was approved by the Oregon legislature in 2015 and launched by the EQC in 2016. The program uses 2015 as the baseline year against which average carbon intensity reductions from Oregon's transportation fuels are measured. The commission has approved several programmatic updates since 2016.

In March 2020, Governor Brown issued Executive Order 20-04. Among several policy directives to DEQ and the EQC in this Order, Governor Brown included adjustment of the program goals and timeline. Beyond the currently adopted 10 percent reduction in average carbon intensity by 2025, the Order's policy direction is for the EQC and DEQ to take actions to expand the program to achieve reductions of at least 20 percent by 2030 and 25 percent below 2015 levels by 2035.

Since that time, DEQ has worked with expert consultants and stakeholders to evaluate pathways to significant additional reductions in carbon intensity during the 2026-2035 period. With this foundational work now largely complete, DEQ will initiate a rulemaking process in December 2021 to develop proposed revisions of the Clean Fuels Program rules for commission consideration in the Fall of 2022. DEQ held a listening session with interested parties about the upcoming rule revisions on Oct. 13, 2021. Meeting summaries, presentation slides and other materials from this informational session are available on the rulemaking webpage: <https://www.oregon.gov/deq/rulemaking/Pages/cfp2022.aspx>

Cross-program connections for greenhouse gas emissions reduction

As noted above, the Clean Fuels Program is one element of the climate change work of DEQ and of Executive Order 20-04. DEQ will provide an opportunity for discussion about these connections and important regulatory alignment processes with the commission as part of this informational update.

EQC action and next steps

There is no commission action requested at this time. DEQ will present proposed rulemaking for the Clean Fuels Program in the Fall of 2022.