Climate Protection Program

Summary

Rulemaking Advisory Committee Meeting #6

June 17, 2021, 9 a.m. to 4:10 p.m.
Zoom Meeting

The Office of Greenhouse Gas Programs
700 NE Multnomah St., Suite 600
Portland, OR 97232
Phone: 503-229-5696
800-452-4011
Fax: 503-229-6124

www.oregon.gov/DEQ

State of Oregon Department of Environmental Quality

DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon's air, land and water.

List of attendees

Committee Members in Attendance (for all or part of meeting):

- Amy Schlusser, Green Energy Institute
- Bob Jenks, Citizen's Utility Board
- Brendon Haggerty, Multnomah County Health Department
- Chris McCabe, NW Pulp & Paper Association
- Dan Kirschner, Northwest Gas Association
- Don Sampson, Affiliated Tribes of Northwest Indians
- Dylan Kruse, Sustainable Northwest
- Ellen Porter, Roseburg Forest Products
- Erin Hansell-Heideman, Blown Away Ranch
- Haley Case-Scott, Beyond Toxics & NAACP Eugene/Springfield
- Jana Jarvis, Oregon Trucking Association
- Jeff Stone, Association of Nurseries
- John Hillock, Wallowa County
- Keith Wilson, Titan Freight
- Kevin Booth, Cascade Natural Gas
- Martha Moore, EVRAZ
- Matt Solak, Pacific Propane Gas Association
- Mike Freese, Oregon Fuels Association
- Molly Tack-Hooper, EarthJustice
- Nels Johnson, Northwest Natural
- Nora After, Climate Solutions
- Oriana Magner a, Verde
- Pam Barrow, Food Northwest
- Paul Snyder, Tillamook Creamery Association
- Peter Random, City of Hillsboro
- Ranfis Villatoro, BlueGreen Alliance
- Sharla Moffett, Oregon Business & Industry
- Stan Dean, Oregon Association of Conservation Districts
- Steve Smith, Phillips 66
- Taren Evans, Coalition of Communities of Color
- Tim Miller, Oregon Business for Climate

Staff in Attendance (for all or part of meeting):
DEQ

- Matt Davis, Senior Policy Analyst
- Matthew Espie, Climate Policy Analyst
- Colin McConnaha, Manager, Office of GHG Programs

- Nicole Singh, Senior Climate Policy Advisor
- Lauren Slawsky, Climate Policy Analyst

ICF/Cascadia

- Deb Harris
- Seth Hartley
- Bansari Saha
- Andrea Martin

Kearns & West

- Sylvia Ciborowski, Facilitator
- Kirsten Hauge, Facilitation Team
- Bianca Valdez, Facilitation Team

Summary of Advisory Committee input

The Oregon Department of Environmental Quality (DEQ) thanks the participants in the meeting for their attention throughout the day. The dialogue continues to be constructive and will help DEQ plan for future meetings and develop program recommendations. Overall, members:

- Offered specific suggestions to the draft rule language.
- Requested clarification on elements of the draft rule language.
- Provided suggestions on the threshold for covered fuel suppliers.
- Offered recommendations on the membership of the equity advisory committee and the approach to select projects eligible to receive community climate investment (CCI) funds.
- Offered mixed support over percentage of compliance obligation.
- Expressed mixed support over the determination of CCI price.
- Shared thoughts over the final modeling results.
- Provided varying thoughts and suggestions on the best available emissions reduction (BAER) approach.
- Offered general support for DEQ's leaning for calculating 2022 base cap. General support for the proposed 2035 target and final 2050 target, though there was also support for additional reductions
- Requested clarification on the draft rule language for the compliance instrument distribution.
- Appreciated the added clarity regarding impacted communities in the draft rule language however expressed support for the need to express equity concerns and objectives throughout the rule.

Agenda Item: Welcome, meeting ground rules and public comment opportunities and remarks

Sylvia Ciborowski, facilitator, opened the sixth rulemaking advisory committee (RAC) meeting and thanked the participants for the RAC's ongoing participation. She then reviewed the agenda, participation tips, and public participation protocols. Additionally, she offered committee discussion guidelines to ensure the RAC operates in a collaborative fashion. Colin McConnaha welcomed and thanked advisory committee members for their continued participation, engagement and commitment to working towards a new rulemaking to establish Oregon's Climate Protection Program (CPP). He provided brief introductions for the DEQ Office of Greenhouse Gas Programs staff involved in the development of the CPP.

Colin shared that at the final RAC meeting on July 8, DEQ and the RAC will be discussing the fiscal impact statement. Colin emphasized that this rulemaking has economic and financial implications for households and businesses across the state, therefore any information that would better inform the fiscal impact analysis would be helpful to DEQ. He shared that although they are nearing the end of the rulemaking advisory committee process, the rulemaking is at a halfway point in the program's development process and there continues to be a number of opportunities for meaningful change to the rules as they are proposed. Colin thanked everyone for their continued time and commitment to the rulemaking process.

Agenda Item: Review upcoming meetings and draft rule outline

Nicole Singh shared that the focus of the sixth meeting was on certain portions of the draft rule language and a final review of the modeling results for all four scenarios. Nicole reviewed the CPP RAC and rulemaking timeline. She noted that at the next RAC meeting, DEQ plans to discuss the fiscal impact analysis, proposed changes to the rules, and how enforcement will work in the program. Nicole noted that following the final July RAC meeting, DEQ would not send out new materials to the RAC, however RAC members were invited to submit comments through the public comment process. Nicole walked through a general draft rules outline on the proposed new division to the Oregon administrative rules chapter 340, division 271 and reviewed how the CPP would work for fuel suppliers, natural gas suppliers, and stationary sources. Version 2 of the draft rule language was posted on DEQ's website to inform discussion of this meeting.

Agenda Item: Review draft rule language for community climate investments

Nicole Singh provided a high-level overview of the community climate investments (CCIs) draft rule language. She shared appreciation for the RAC's comments throughout the rulemaking process regarding the development of the CCI language. Next, Matthew Espie reviewed individual sections of the CCI rules and provided details on obtaining and using CCI credits (Rules 0510, 0810 and 0820), CCI credit price (Rule 0820 and 1300), CCI credit banking and recordkeeping (Rules 0830 and 0890), CCI projects (Rule 0950), equity advisory committee (Rule 0960), application to be a DEQ-approved CCI entity (Rule 0910), DEQ approval of CCI entities (Rule 0920), CCI entity requirements (Rule 0930), and tracking program outcomes (Rule 1000). Details may be found on slides 16-27.

Sylvia Ciborowski shared that the group would be breaking out in groups to discuss these draft rule topics in further detail. She reviewed the following key questions for RAC members to discuss in the breakout rooms:

1. Any suggestions, considerations, or concerns on the process for approving CCI entities and projects?
2. Any initial thoughts on allowing 20 percent of a compliance obligation to be met with CCI credits?
3. Any comments or suggestions for the proposed approach for determining the price for CCI credit?

Questions/Comments:

The RAC members were divided into three breakout groups. Following the breakout session, DEQ staff provided summary reports.

Room 1 report out:

- Members sought verification measures for achieved emissions reductions and provided additional considerations for CCI entities to prove they are in good standing and providing benefits to Oregon's workforce. Some expressed interest in safeguards to prevent covered fuel suppliers from being eligible sub-contractors.

- Some interest in ensuring sequestration projects are allowed and allowing CCI funds for infrastructure projects which support cleaner fuels.
- Suggestion to shorten the five-year review period for CCIs.
- Suggestion to review costs for CCI projects and to inform and adjust the CCI price in the future, rather than just relying on the social cost of carbon.
- Suggestion for DEQ to ensure CCI entities propose plans around equity and equitable development and projects that are ready should be prioritized.
- Members shared comments about the compliance obligation that can be met with CCI credits. One member expressed interest in at least 25 percent of allowable usage. Another member noted that it's an important flexibility measure that should be available at the program start. A member expressed concern over the ability to stand this up quickly and suggested phasing in the allowable percent to get up to 20 percent over time to allow for entities to come in. They suggested this would also allow DEQ to gain a better understanding of the types of projects and how quickly they could begin.

Room 2 report out:

- Members sought clarification in terms of process of the equity advisory committee. They offered suggestions to ensure an equitable make-up of the committee, such as including members with statewide geographic diversity, those with lived and environmental justice experience, as well as technical expertise in emissions and climate change.
- Comments around the CCI process relating to tracking, verification of the emissions reductions, and the need for language that requires specific project outcomes that quantify the emissions reductions.
- Concern was shared over the level of work that would be necessary for the CCI aspects of the program, such as setting up third-party entities and projects at a level that would allow covered fuel suppliers to achieve 20 percent compliance.
- Mixed support for the ability to achieve 20 percent of a compliance obligation with CCI credits, with some support for 25 percent.
- Concern that the CCI price based on the social cost of carbon was high and that DEQ should use other methods to determine price.
- Concern shared over how DEQ would prioritize projects. Some members suggested that maximizing emission reductions should be the number one priority for projects.

Room 3 report out:

- Request for clarification on how DEQ would select projects and DEQ's decision-making, especially for the organizations applying and the types of organizations that would be eligible.
- Interest in ensuring that benefits are distributed statewide.
- Suggestion that DEQ should determine how to address the situation if there was not an identified nonprofit organization that could meet a specific need for the CCI aspects of the program.
- Concern that the process does not adequately address the needs of tribal communities in Oregon.
- Suggestion for more technical expertise and business representatives who have experience selecting nonprofit organizations in the make-up of the equity advisory committee.
- Some members shared support for sequestration projects.
- Concern about whether the social cost of carbon is the right approach to set the CCI price.
- Members shared comments about the compliance obligation that can be met with CCI credits. Members shared comments that 20 percent was too high and for DEQ to consider a lower percentage or consider starting at 20 percent and decreasing over time.

Agenda Item: Modeling policy scenarios results review and discussion

Lauren Slawsky provided a brief overview of the modeling policy scenario results including a review of the key assumptions, details of the four policy scenarios, and revisions/updates of the initial reference case results. ICF and Cascadia staff members, Deb Harris, Seth Hartley, Bansari Saha, and Andrea Martin reviewed the final policy scenario modeling results for emissions, health, economics, and co-benefits and equity. Nicole Singh provided DEQ's reflections on the modeling. Details may be found on presentation slides 31-61. Sylvia Ciborowski opened the meeting for clarifying questions and discussion.

Questions/Comments:

- Several RAC members shared concern about the final modeling assumptions and results and how it was important that DEQ consider the cumulative impacts across multiple programs.
- A RAC member asked to clarify how the modeling was done for passenger vehicles and commercial vehicles. Additionally, there was a question if the modeling assumed electrification across all vehicle types in the future.

Response: ICF explained in the modeling for road transportation, there was modeling spliced out by class of vehicles. ICF did not apply a blanket electrification assumption across all the types of vehicles.

- A RAC member noted the modeling looked at co-benefit criteria, such as ecosystem and resilience of the ecosystem. They wondered about the drivers in the proposed CPP toward ecosystem benefits and asked if there were more explicit drivers they could expect to show up in the modeling results.

Response: ICF replied that in terms of consideration of ecosystem, health, and resilience, the key drivers for various policy scenarios was the consideration of the impact of co-pollutants, especially those associated with industrial sources and the impact they can have on surrounding ecosystem.

- One RAC member asked to clarify whether the 2010 baseline for the program was a final decision or was just used for modeling purposes.

Response: DEQ clarified the 2010 baseline was used as a modeling assumption and the base cap would be discussed later in the meeting.

- A RAC member noted the framework of the reference case for the economic and impacts analysis was if no action was taken, then everything would continue business as usual. DEQ should reconsider this framework when conveyed to decision-makers.
- A few members noted that in the modeling, CCIs result in one ton of greenhouse gas emissions reductions for each CCI credit, but this was not required by the draft rules.
- A RAC member commented it was unclear why the significant amount of money available for health benefits and CCI spending was not fed back into the modeling.
- A RAC member asked if the four scenarios used for modeling were developed just for modeling purposes or was DEQ seeking to adopt one of them for the CPP.

Response: DEQ explained that none of the scenarios were specific or complete CPP proposals. The scenarios were designed in consultation with the RAC to inform the program development process.

- A RAC member asked if any of the energy intensive trade exposed (EITE) sectors in Oregon were specifically analyzed in the modeling, especially regarding possible greenhouse gas emissions leakage from the program and of jobs to outside of the state.

Response: ICF explained they did not analyze greenhouse gas emissions leakage to other states or regions within the modeling. The modeling analysis focused on emissions within Oregon. ICF also looked at energy savings and costs across the industrial sector more broadly.

- A RAC member noted that the modeling assumed the Oregon Clean Fuels Program was expanded to 25 percent. They also noted that the modeling showed fuel suppliers purchasing a significant number of CCI credits from the onset of the program and that the CCI price is higher than allowance prices in other jurisdictions. They asked to clarify if they were interpreting the results correctly.

Response: DEQ affirmed the intent of the agency to embark on an extension and expansion of the Clean Fuels Program, though it is not yet adopted into rule. They noted that although 25 percent would be a significant expansion, a separate modeling study conducted for that work demonstrates that upwards of 30 percent could be achieved. The modeling for CPP does show purchasing of CCI credits on day one, but for a small increment of total emissions. Compared to allowance prices in other programs, the CCI price is high but it is only applicable to a portion of total covered emissions since DEQ also distributes compliance instruments directly at no cost.

- A RAC member observed the modeling with IMPLAN is not a dynamic model and does not include projection, job loss, or leakage and due to limitations of the modeling, the member asked if job loss associated with the program was underestimated, thus impacting the economic analysis.

Response: ICF affirmed that IMPLAN is not a dynamic model and presents snapshots only. ICF modeled Oregon as an island economy and did not focus on activity outside of the state. A detailed analysis in this regard was beyond the scope of this study.

- Another member suggested because the data underestimates health and job benefits given that it does not capture the potential significant benefits from CCIs, when determining the fiscal impact analysis, DEQ should fully represent and take into account the significant health benefits and associated economic improvements.

Agenda Item: Review draft rule language for stationary sources

Lauren Slawsky reviewed the draft rule language for stationary sources, including the best available emissions reduction (BAER) approach. Lauren provided information on applicability for covered stationary sources (Rule 0110), BAER assessments (Rule 0310), DEQ's BAER determination (Rule 0320), permitting (Rule 0150), and requirements for covered stationary sources (Rules 0330 and 0390). Details are provided on slides 66-73. Sylvia Ciborowski reviewed the discussion questions and opened the meeting for clarifying questions and discussion.

1. Any clarifying questions about the best available emissions reduction approach?
2. Do you have any suggestions for how DEQ could prioritize the call in for when existing sources must conduct their first BAER assessment?
3. Are there provisions that make sense to better align with existing permitting requirement?
    a. For example, the drafted annual progress reporting deadline is July 31. Is there a different date that would make more sense given other existing reporting requirements?

Questions/Comments:

- A RAC member noted that some facilities are covered by the Cleaner Air Oregon (CAO) program but were not in tier one or two. They asked if whether the calling-in of facilities in BAER would coincide or prioritize tier three facilities under CAO to join the program as well.

Response: DEQ explained there was no specific trigger for facilities brought in under the CPP BAER assessment, however, the assessment would need to be considerate of other regulatory air requirements.

- A member offered support of the BAER approach for stationary sources; however, it was noted the BAER assessment process requires a lot of information and analysis in an optimistic timeframe. Members noted the issues with the types and quantity of analysis required with the time allotted to complete the BAER assessment.
- Concern was shared that the BAER approach as drafted could exempt or allow emissions from stationary sources to increase under the program.
- A few members expressed concern over the draft rule language, including allowing entities to self-report and develop self-assessments. Some supported a third-party auditor to ensure the entities are prioritizing on-site reductions. The auditor could also evaluate whether entities were identifying local air pollution impacts when determining the best available strategies.
- Members expressed concern about the program excluding the emissions from the cap. Members also shared concerns that the BAER would not be assessed more frequently, with a suggestion shared to assess the approach at least every 3-5 years.
- A RAC member asked to clarify that if a source makes one million widgets a year and then increases production to two million widgets the following year, if it would be allowable under the CPP as long as they were using the best available technology.

Response: DEQ affirmed that it was a technology standard, not a standard that sets a specific emissions limit, therefore the program would ask regulated entities to make products in a way that resulted in the least amount of greenhouse gas emissions associated with its production.

- A RAC member suggested sending out all letters at once instead of a call-in approach over a rolling cycle.

Response: DEQ noted availability of staff resources was a consideration and they did not think it was feasible to conduct the evaluations all at once.

- RAC members asked clarifying questions about specific draft rule language. Questions related to whether there was sufficient language around the inclusion of communities in the discussion about a local source's emission reduction goals, how "feasible" was being defined, and the definition of cost-effectiveness. It was suggested to use the term "least cost" instead. Another member supported using the term "least cost" as long as it was clear that it referred to a strategy that achieves the same or higher levels of emissions reduction when compared to other strategies.

Response: DEQ explained that the proposed language for development of the DEQ BAER determination states that DEQ can consult with a variety of people, including local community and third-party consultants.

- A RAC member asked whether an entity could challenge a BAER determination.

Response: DEQ said that there was draft language proposed for how an entity could proceed through a contested case hearing.

- A member offered appreciation for DEQ's efforts to establish guidelines for selecting BAER on a source-by-source basis, however suggested that DEQ translate the BAER determination into specific emissions reduction requirements and operating limits.
- Concern was shared that the BAER approach did not meet the program's equity goal. A member said the approach would focus on manufacturing more products while reducing emissions, but loses focus on other elements, namely health impacts.
- A few members suggested that if a stationary source increases emissions, it should purchase CCI credits. Others commented that this would require more analysis and consideration.

Agenda Item: Review base cap and emissions reduction trajectory

Nicole Singh reviewed the base cap and emissions reduction trajectory. Details are found on slides 75-76. Sylvia Ciborowski reviewed the key discussion questions and opened the meeting for RAC members to provide their written responses using Jamboard, an online comment tool.

Summary from Jamboard exercise:

- *Do you support DEQ's leaning for calculating the 2022 base cap? If not, what would you propose?*
  - Several shared their support.
  - Support for DEQ to utilize recent, accurate, and available data.
  - Varying thoughts on where to set the threshold, ranging from 0 to 300,000 metric tons of carbon dioxide equivalent emissions.
  - General support for a three-year average based on 2017-2019 data, with the exclusion of 2020. However, others noted support for three-year high rather than average.
  - Suggestion to make 2022 a reporting year only with no compliance obligation.
- *Do you support DEQ's leaning for an interim 2035 target and final 2050 target? If not, what would you propose?*
  - General support for proposed interim 2035 target and final 2050 target, but several comments suggesting additional reductions
  - Suggestions included end goal needs to be calculated based on 1990 emissions and using a straight line cap decline to 2050.
  - General and varying support for the strength of the interim target.

Questions/Comments:

- A RAC member shared that an interim target would offer time to reflect if assumptions and the modeling was correct. They suggested consideration if and when a report on the program would be appropriate.

Response: DEQ shared that in the drafted program review section of the rules, they are proposing a review of the program to be reported to the Environmental Quality Commission every five years.

- Another RAC member suggested to reverse the order of the interim target and make the emissions reduction trajectory shallower at the front end of the program and steeper at back end to lessen the impact on consumers and allow for new technologies to develop over time.

Agenda Item: Review draft language for compliance instrument distribution

Matthew Espie provided a review of the draft language for compliance instrument distribution. He reviewed proportional distribution (Rules 0420 and 1300), compliance instrument reserve (Rule 0420) and cessation (Rules 0130 and 0430). Details may be found on 80-83. Sylvia Ciborowski reviewed the following key discussion questions and opened the meeting for clarifying questions and discussion.

1. Do you support the proposed process for proportional distribution of compliance instruments? If not, what would you propose?
2. Do you support the proposed process to use a compliance instrument reserve for new entrants to the program? If not, what would you propose?

Questions/Comments:

- A member asked if the distribution process was proportional to the sector or to the entity.

Response: DEQ explained it would be proportional to the total emissions in the program, so if a covered fuel supplier emitted one percent of total covered emissions under the program, it would receive one percent of compliance instruments during the next distribution.

- Members were generally supportive of the proposed proportional distribution methodology.
- A few RAC members suggested rewriting the equation drafted in Rule 0420 in a way that would reward or incentivize early action to reduce emissions.
- A RAC member suggested including more information in the draft language to explain under what circumstances an entity or fuel supplier could access additional instruments from the reserve.
- Another member shared that when a fuel supplier is no longer covered, DEQ should retire any remaining compliance instruments as opposed to going back to an instrument reserve or redistributing the instruments to other covered fuel suppliers.

Response: DEQ explained a covered fuel supplier would be able to obtain compliance instruments from the reserve only when it is new to the program and does not have three years of data necessary for proportional distribution. An entity that would receive compliance instruments using proportional distribution methodology would not be eligible to receive compliance instruments from the reserve.

- A RAC member asked whether all covered fuel suppliers or just new entrants would be eligible to receive compliance instruments that are being redistributed.

Response: DEQ answered that any covered fuel suppliers would be eligible.

- Members shared concern about the redistribution of compliance instruments. A RAC member observed that if the program is effective, it will reduce consumer demand for fossil fuels and as that happens, if certain current market participants don't restructure business, they will no longer have a customer base for their products. The program would then allow that entity to redistribute compliance instruments to remaining covered entities. The member asked for an explanation of DEQ's rationale.

Response: DEQ explained there is a need for stability and long-term gradual redistribution of the compliance instruments rather than a sudden curtailment of instruments.

- Another RAC member asked to clarify what would happen if a covered entity left the market. Rather than redistributing its compliance instruments statewide, they wondered why an entity would not sell them before exiting the market. The member recommended developing language that would not allow a covered entity to sell the last portion of instruments received before leaving the market.

Response: DEQ explained that an entity could trade compliance instruments during the time of being covered. Once they cease to be covered, they could no longer sell them. DEQ could then retire or redistribute them. Setting any geographic constraint would be difficult, as emissions data is not reported to DEQ with any geographic granularity.

- There was mixed support for the threshold for non-natural gas fuel suppliers. Some members supported the threshold to begin at 200,000 MT CO2e and then decline in order continue to incentivize further emission reductions. Others felt the 200,000 MT CO2e threshold was too high while others advocated for a 300,000 MT CO2e threshold.

Agenda Item: Review updates to initial draft rule language from RAC 5

Nicole Singh reviewed updates made to the initial draft rule language from RAC #5. Details may be found on slides 85-88. Sylvia Ciborowski opened the meeting for clarifying questions and discussion.

Questions/Comments:

- Appreciation was shared for the added clarity in the rules around impacted communities, prioritization, and definitions in the purpose and scope.
- A member shared support for a strong interim target, with at least 45 percent reduction by 2035 and closer to 90 percent below 1990 emissions levels by 2050.
- Members discussed the CCI approach, including:
    - Interest in prioritizing CCI projects that would achieve greenhouse gas emissions reductions instead of co-pollutant reductions.
    - Support for the need for geographic diversity within the membership of the proposed equity committee.
    - Concern about the approach to approval of entities and individual projects, including whether it would allow for sequestration.

Response: DEQ said that the language in the draft rule requires that CCI projects must result in emissions reductions. A project that sequesters carbon would pull historic emissions from the atmosphere. DEQ noted that as written, the CCI language could be interpreted to not include sequestration. DEQ will consider ways to offer greater clarity.

- Members expressed the need for draft rule language that would not allow unrestricted banking and trading of compliance instruments.
- Another member shared the draft language did not have enough substance from an environmental justice perspective. They said the intention and purpose statement should be expressed in the rest of the rules in a more meaningful way. Members expressed support for the need to express equity concerns and objectives throughout the rule and not just as part of the purpose statement.
- Concern was shared around the lack of penalty provisions in the rule and how that would impact CCI investments. A RAC member asked DEQ to impose financial penalties on every ton of emissions that was not supported by a compliance instrument or CCI.

Response: DEQ said enforcement and penalty provisions for the program are under development and will be discussed at the next RAC meeting the following month.

Agenda Item: Next steps

Sylvia provided closing comments and noted that attendees were invited to submit written comments and feedback to DEQ by June 25. She reminded RAC members that the seventh and final RAC meeting is scheduled for July 8. Colin McConnaha offered his final thoughts on the sixth RAC meeting and thanked RAC members for their comments. A member asked a clarifying question if information would be available about the fuel costs or cost of electrification to inform the fiscal analysis. Colin responded that DEQ would not have a specific estimate of cost per therm or per gallon.

Agenda Item: Public Comment Period

Topics from the public comment period included the following:

- Recognition that flexibility may be necessary to achieve rapid early reductions. Given that, a suggestion to have regulated entities decrease their emissions through use of flexibility options but that it should be dependent on regulated entities showing realistic long-range plans for how will meet cap. Also, a suggestion to set a declining threshold over time.
- Concern expressed over the concept of unlimited banking of CCIs or any compliance instrument.
- Support for including carbon sequestration as a CCI option, however the 501c3 requirement would prevent several forestry and agricultural entities from engaging in the program and it was suggested to encourage business participation. Questions concerning whether carbon sequestration is an example of reducing air contamination in Rule 0950, relating to community climate investments. Interest in whether CCI credits could include offsets that would enable and incentivize landowners to initiate carbon sequestration projects.
- Concerns around the exclusion of the electricity sector since the exemption would not achieve DEQ's goal to include equity in their rulemaking nor support the state meeting its emissions reduction goals.
- Mixed support was shared around CCI credits being set at social cost of carbon.
- Regarding stationary sources, concern shared that the BAER approach would negate the concept of developing a program that is based on free market principles.
- Suggestion for the equity advisory committee to consist of at least 35 percent BIPOC (Black, Indigenous, and People of Color) and for the committee to be paid for their time.
- Interest in DEQ using 1990 levels as a baseline to measure overall greenhouse gas reductions.
- Request for section 4 and 5 of Rule 0110 on program applicability to not exempt greenhouse gas emissions from combustion of renewable natural gas, biofuels, and biomass. Support for DEQ to capture as many emissions as possible under the cap and reduce the current proposed compliance period.
- Concern around long term health effects that program will have on BIPOC and frontline communities.
- Request for DEQ to report the cost of climate inaction in the fiscal impact analysis report.
- Support for reflecting a one-to-one reduction in greenhouse gas emissions for CCI credits in the rule language, especially in regard to the transportation sector. Regarding enforcement, there was nothing in the rule that required one-to-one reductions. Support for an accountability mechanism.
- Concerns on the pace of the rulemaking and how it may limit opportunities for equitable participation.
- Suggestion that the use of CCI credits should not be greater than 20 percent and concern that the 50 percent limitation on the purchases of CCI credits was too high.
- Concern that the focus of discussion is on corporate interests.

Meeting adjourned at approximately 4:10 p.m.

Alternative formats

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.