

March 30, 2023

TO: Leah Feldon, Director

FM: Office of Greenhouse Gas Programs

RE: Proposed Order distributing 2022 reserve compliance instruments to covered fuel suppliers under the Oregon Climate Protection Program, Oregon Administrative Rules, chapter 340, division 271

Purpose

For the purposes of distributing compliance instruments held in reserve to covered fuel suppliers as set forth in OAR chapter 340, division 271, the Office of Greenhouse Gas Programs is requesting that the Director approve an order specifying the number of 2022 reserve compliance instruments to be distributed to each eligible covered fuel supplier that requested such a distribution.

Recommendation

The Office of Greenhouse Gas Programs recommends that the Director approve the proposed order, attached to this report.

Background

The reasons for this proposed order are described in the findings in the order.

Attachments

A. Proposed Order

Order Distributing 2022 Reserve Compliance Instruments to Covered Fuel Suppliers
Under OAR 340-271-0420

BEFORE THE DIRECTOR OF THE DEPARTMENT OF ENVIRONMENTAL QUALITY

In the matter of distributing 2022 reserve compliance)
Instruments to covered fuel suppliers) FINDINGS and
As required by OAR 340-271-0420) ORDER

Findings

This order implements responsibilities given to the Oregon Department of Environmental Quality (DEQ) by Oregon Administrative Rule chapter 340, division 271. Per OAR 340-271-0420(5), DEQ may distribute one or more compliance instruments from the compliance instrument reserve to eligible covered fuel suppliers in the Oregon Climate Protection Program.

Five covered fuel suppliers requested a distribution from the compliance instrument reserve for 2022. DEQ determined that each of these covered fuel suppliers was eligible to request compliance instruments from the reserve because they became a covered fuel supplier after DEQ had distributed compliance instruments for 2022, per OAR 340-271-0420(5)(a)(B).

To account for the limited or non-existent reported historic emissions data to the Oregon Greenhouse Gas Reporting Program (Oregon Administrative Rule chapter 340, division 215) that is characteristic of new covered fuel suppliers, and to distribute reserve instruments as equitably as possible given the lack of verified greenhouse gas emissions data, staff elected to use the most recent, reasonably reliable, data submitted to DEQ in determining the number of reserve compliance instruments to distribute to each eligible covered fuel supplier. To that end, DEQ made use of data collected by the Oregon Clean Fuels Program (Oregon Administrative Rule chapter 340, division 253) to calculate assessed emissions for the first three quarters of 2022. DEQ has determined this is an equitable approach to addressing the differences in reported historic emissions data for the covered fuel suppliers requesting a distribution from the compliance instrument reserve for 2022.

While the fuels reported into the Clean Fuels Program for the first 3 quarters of 2022 represent the most recent data covered fuel suppliers have submitted to DEQ, it is not the directly reported emissions data collected by the GHG Reporting Program that underpins much of the Climate Protection Program. These data have also not yet been third party verified to ensure accuracy, nor does it represent a full year of reported emissions data. Thus, while DEQ has determined this represents an appropriate source of data to inform this distribution of reserve instruments, this data could not be used to calculate the annual distribution of compliance instruments to all covered fuel suppliers as specified in OAR 340-271-0420(4)(b)(A).

Due to the number of requests for compliance instruments from the reserve received by DEQ for 2022 and the assessed emissions of the new covered fuel suppliers making the requests, there were insufficient compliance instruments in the reserve to distribute the maximum possible amount to each covered fuel supplier. To create an equitable distribution of the available compliance instruments held in the reserve, DEQ determined that the 400,000 compliance instruments in the reserve would be distributed proportionally based on the share of overall

assessed emissions using the data collected by the Oregon Clean Fuels Program for the first three quarters of 2022 for each covered fuel supplier.

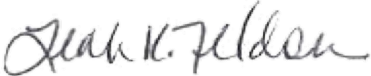
Company	Share of assessed covered emissions
Conrad & Bischoff	0.2%
Elbow River Marketing USA, Ltd.	11.4%
HF Sinclair Refining and Marketing LLC	45.8%
Parkland (US) Supply Corp.	41.4%
REG Marketing & Logistics Group, LLC	1.2%

Order

As provided in OAR 340-271-0420(5), DEQ will distribute the following number of reserve compliance instruments to five covered fuel suppliers:

Covered Fuel Supplier	2022 Reserve Compliance Instruments to Distribute
Conrad & Bischoff	606
Elbow River Marketing USA, Ltd.	45,762
HF Sinclair Refining and Marketing LLC	183,201
Parkland (US) Supply Corp.	165,524
REG Marketing & Logistics Group, LLC	4,908
Total	400,000

Dated: 03/31/2023

By: 

Leah Feldon
Director
Oregon Department of Environmental Quality