



Oregon Department of Environmental Quality

Housing Cost Impact Statement Clean Fuels Program Corrections

A housing cost impact statement is an estimate of the effect of a proposed rule or ordinance on the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single family dwelling on that parcel.

HEARING DATES	1:00 p.m., July 20, 2016
ADDRESS	DEQ Headquarters, 811 SW 6 th Avenue
CITY/STATE	Portland OR, 97204
PHONE	503-229-5696
PERMANENT RULE	
EFFECTIVE DATE	On filing, June 15, 2016

Below please provide a description of the estimated savings or additional costs that will result from this proposed change. Provide a brief explanation of how the cost or savings estimate was determined. Identify how change impacts costs in categories specified:

Description of proposed change:

DEQ proposes to amend Oregon Clean Fuels Program rules under division 253 of chapter 340 of the Oregon Administrative Rules. The proposed rule changes would correct a miscalculation of how the clean fuel standards and the carbon intensity values of two fuel pathways were calculated in the rules adopted by the EQC on Dec. 9, 2015.

The EQC adopted temporary rules on April 21, 2016 to correct the miscalculation described above; this rulemaking will make those corrections permanent.

Description of the need for, and objectives of the rule:

What need would the proposed rule address?

In February 2016, a regulated party contacted the Clean Fuels Program because calculations they had developed while planning for compliance with the clean fuel standards were not consistent with those adopted by the EQC on Dec. 9, 2015. It was discovered that the adopted rules omitted

a necessary adjustment for the energy density of ethanol and biodiesel relative to the energy density of gasoline and diesel fuel.

- 1) The miscalculation results in the clean fuel standards being lower than they should be. Table 1 shows the current and proposed clean fuel standards after the miscalculation is corrected.

Table 1					
Current and proposed clean fuel standards					
Year	Reduction	Current Standards		Proposed Standards	
		Gasoline	Diesel	Gasoline	Diesel
2015	(baseline)	97.80	99.48	98.62	99.64
2016	0.25%	97.56	99.23	98.37	99.39
2017	0.50%	97.31	98.98	98.13	99.14
2018	1.00%	96.82	98.49	97.63	98.64
2019	1.50%	96.33	97.99	97.14	98.15
2020	2.50%	95.36	96.99	96.15	97.15
2021	3.50%	94.38	96.00	95.17	96.15
2022	5.00%	92.91	94.51	93.69	94.66
2023	6.50%	91.44	93.01	92.21	93.16
2024	8.00%	89.98	91.52	90.73	91.67
2025	10.00%	88.02	89.53	88.76	89.68

- 2) The miscalculation also results in the carbon intensity values for E10 (gasoline blended with 10 percent ethanol) and B5 (diesel blended with 5 percent biodiesel) being lower than they should be. Table 2 shows the current and proposed carbon intensity values.

Table 2		
Current and proposed clean fuel standards		
Fuel type	Current carbon intensity value	Proposed carbon intensity value
E10	97.68 gCO ₂ e/MJ	98.54 gCO ₂ e/MJ
B5	98.48 gCO ₂ e/MJ	99.64 gCO ₂ e/MJ

Adopting the proposed rules will correct the miscalculations.

This affects the program in two important ways:

- Most importantly, the clean fuel standards and the carbon intensity values currently in rule are simply inaccurate and need to be corrected. Correcting the rule will ensure that reports submitted by regulated parties are accurate. DEQ has notified the regulated parties about this situation and will continue to do so to ensure proper reporting after this rulemaking is complete.
- The omission has created inaccuracies in the way deficits and credits are calculated and used to demonstrate compliance with the program.

How would the proposed rule address the need?

Adopting the proposed rules will correct the omission, ensuring that reports submitted by regulated parties are accurate.

How will DEQ know the rule addressed the need?

DEQ will know that the need was addressed when quarterly reports are submitted and they are accurate.

List of rules adopted or amended:

Amend OAR 340-253-8010, 340-253-8020, 340-253-8030, 340-253-8040

Materials and labor costs increase or savings:

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel. DEQ determined the proposed rules would have no effect on the development costs because the proposed rules only affect transportation fuels used in Oregon.

Land costs increase or savings:

None.