

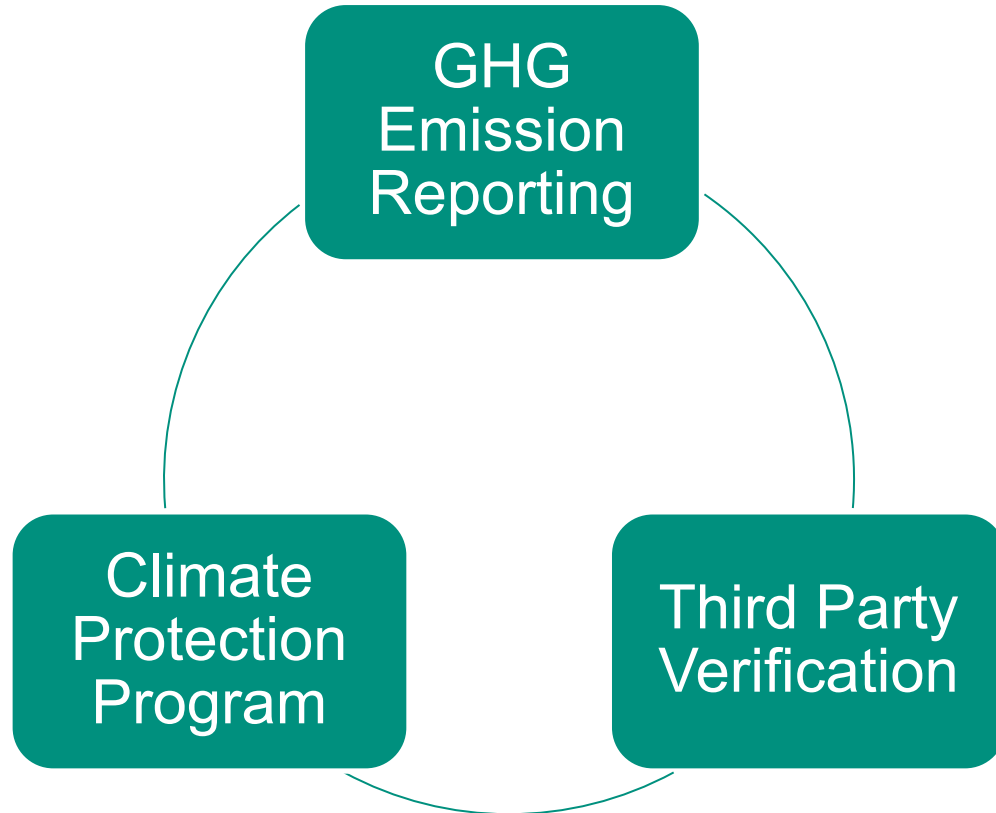
Climate 2023 Rulemaking Overview

Presentation to Environmental Quality Commission

Sept. 14, 2023

Colin McConnaha and Nicole Singh

2023 Climate Rulemaking



Programs impact

- Regulated entities
- Oregonians
 - » Environmental justice communities

Presentation overview

Overview of the climate programs

- Greenhouse Gas Reporting Program
- Third Party Verification
- Climate Protection Program

Review of rulemaking scope

- Clarifications, with added specificity for reporting of biomethane
- Best Available Emission Reduction for facility modifications
- Modifying approach for distribution of CPP compliance instruments

GHG Reporting Program

Purpose: To collect complete and accurate greenhouse gas emissions data and related information from Oregon's largest sources of GHGs.



Fuel Suppliers (100+)



Natural gas suppliers (3 utilities; 3 pipelines; 1 importer)



Petroleum and natural gas systems (5 system operators)

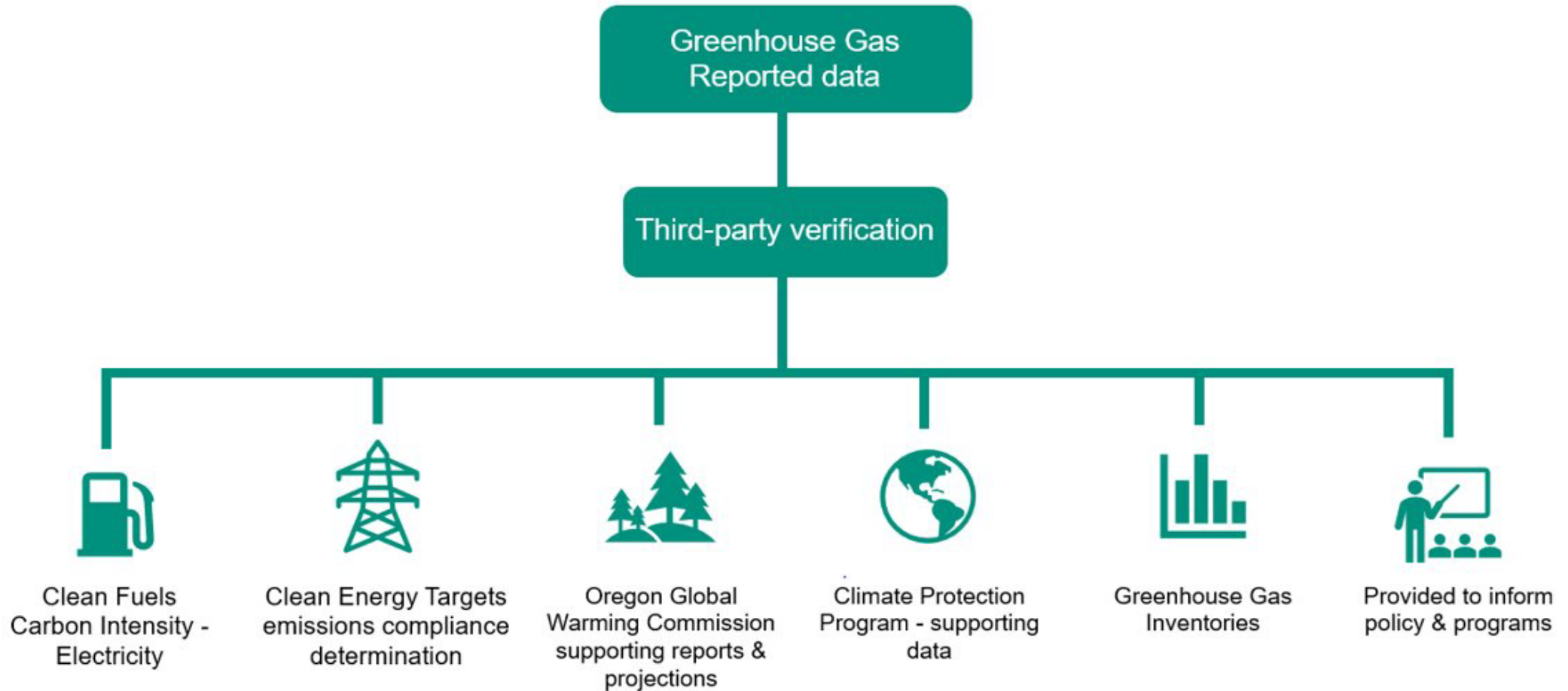


Air permitted stationary sources (200+)



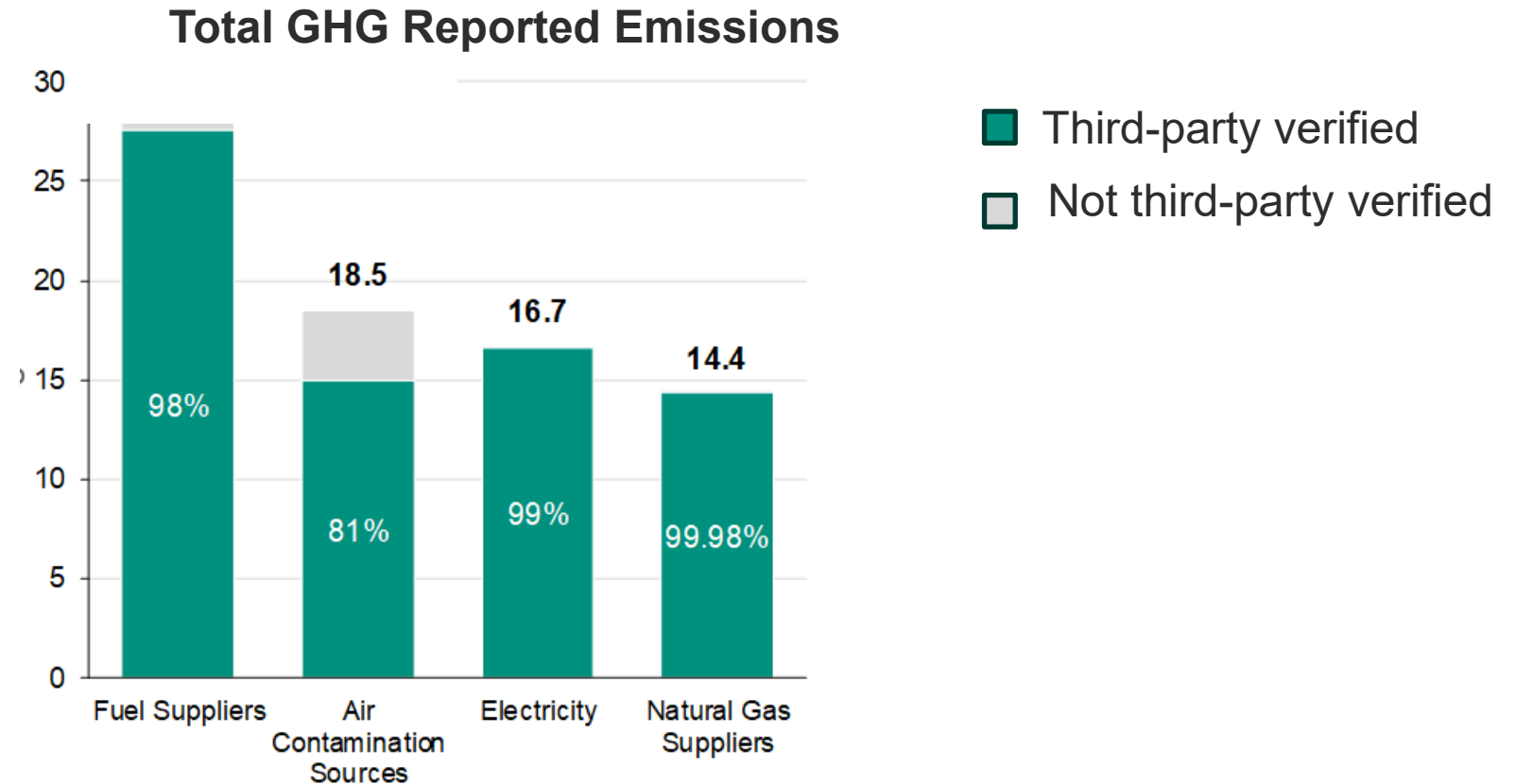
Electricity suppliers (40+)

Uses of our GHG RP data



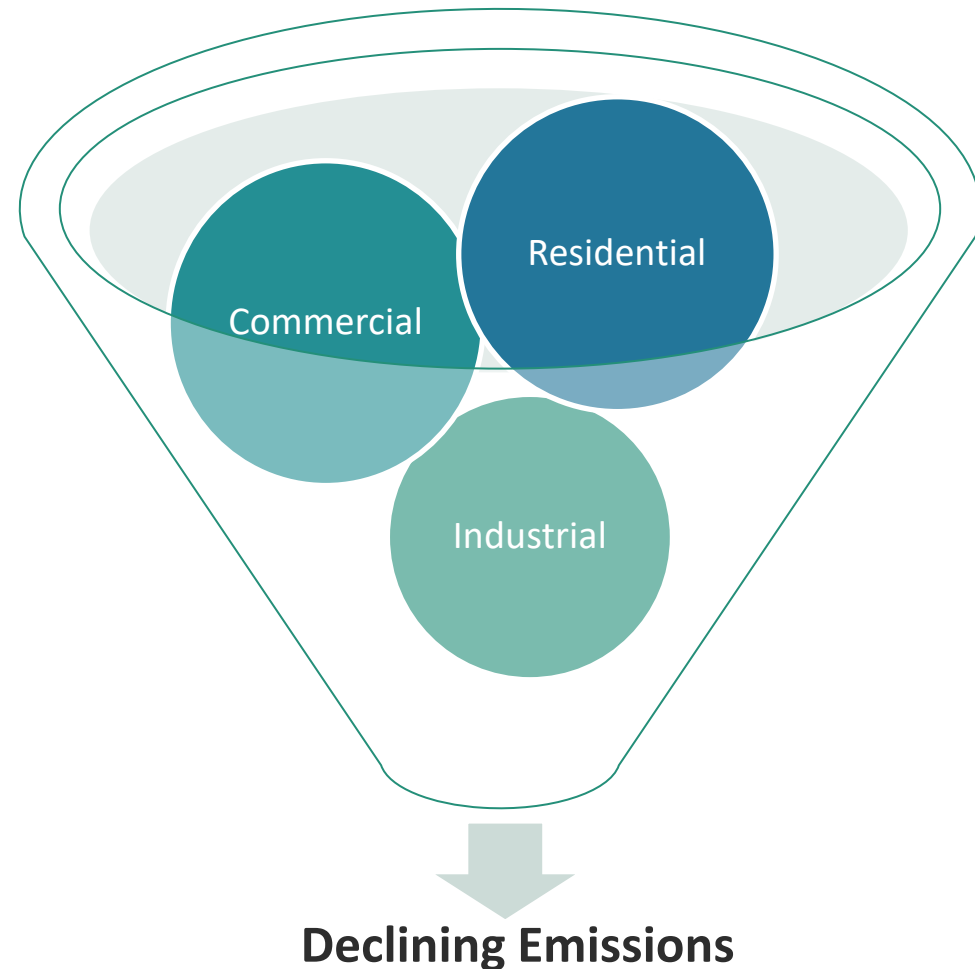
Third party verification

Purpose: To improve data quality and reliability through a detailed independent review



Climate Protection Program

- Mandatory limits on GHG emissions from fossil fuel
 - Natural gas
 - Gasoline
 - Diesel
 - Propane
- No electricity generation
 - HB 2021 (Clean Energy Targets)



CPP: Regulated entities

Covered fuel supplier type	Covered emissions	Applicability thresholds
Natural gas utilities	<p>Anthropogenic greenhouse gas emissions from natural gas supplied</p> <p>Excludes:</p> <ul style="list-style-type: none">• Natural gas used at electricity generating facilities• Biomass-derived fuels	No threshold
Liquid fuels and propane suppliers	<p>Anthropogenic greenhouse gas emissions from fossil fuels supplied</p> <p>Excludes:</p> <ul style="list-style-type: none">• Aviation fuels• Biomass-derived fuels	<p>Declining threshold (MT CO₂e) over time</p> <p>For 2022-2024: 200,000 Declines to 25,000 by 2031</p>

CPP: Reducing emissions

Increase mix/use of
biofuels/biomass
derived fuels

Increased
electrification

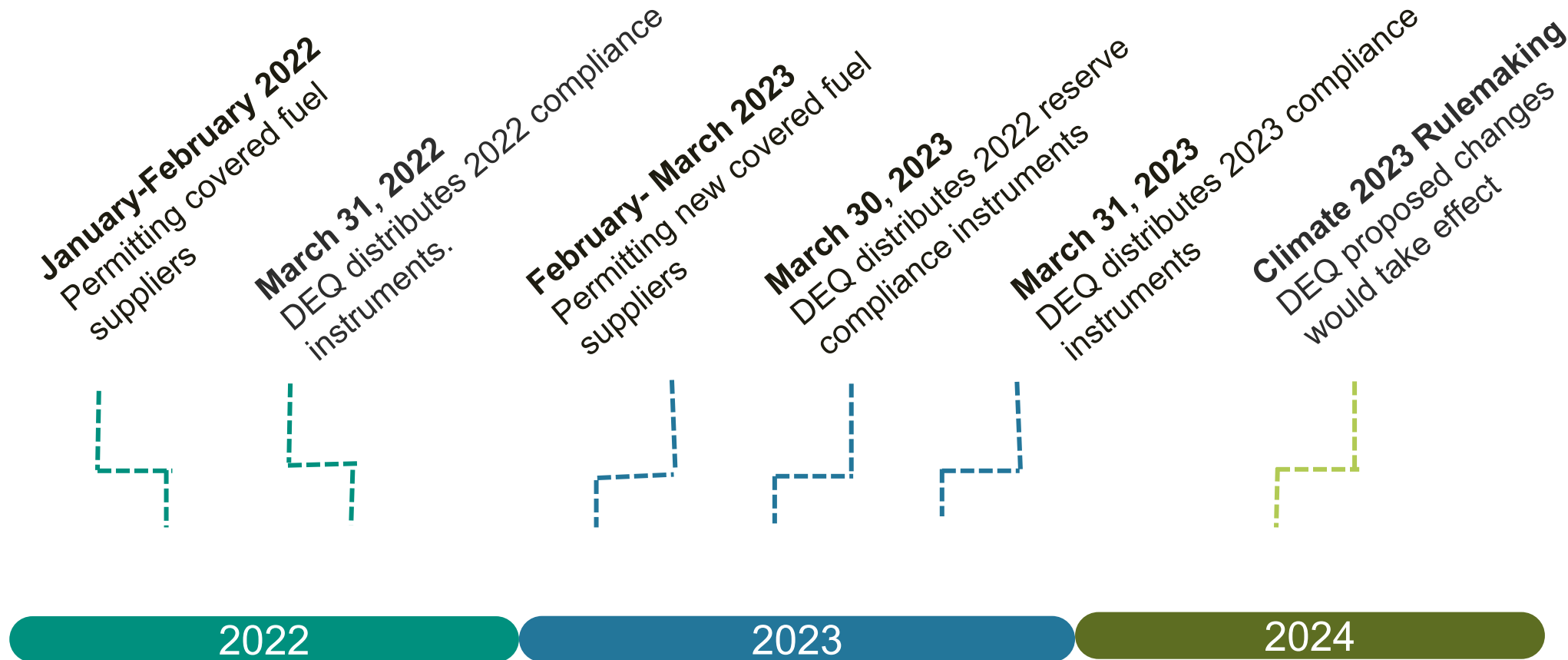
Demand
response &
energy
efficiency

Emerging
technologies,
e.g., hydrogen



**Emissions reductions in
Oregon to meet 2035 and 2050
reduction targets**

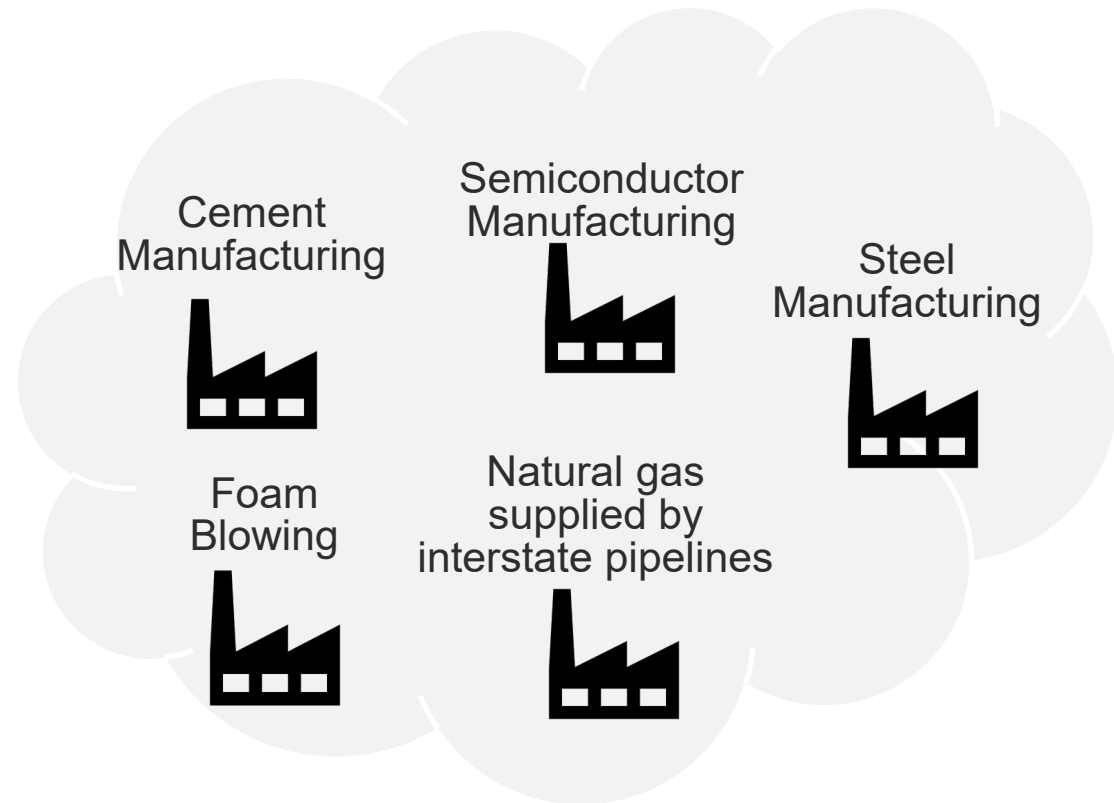
CPP update: Fuel suppliers



Compliance Period 1

Best Available Emissions Reduction

- Site specific evaluations of technologies and practices to reduce onsite emissions
- Emissions at facilities not covered by the emissions cap
- Threshold: 25,000 MT CO₂e
- 14 facilities
- DEQ currently conducting first BAER assessment



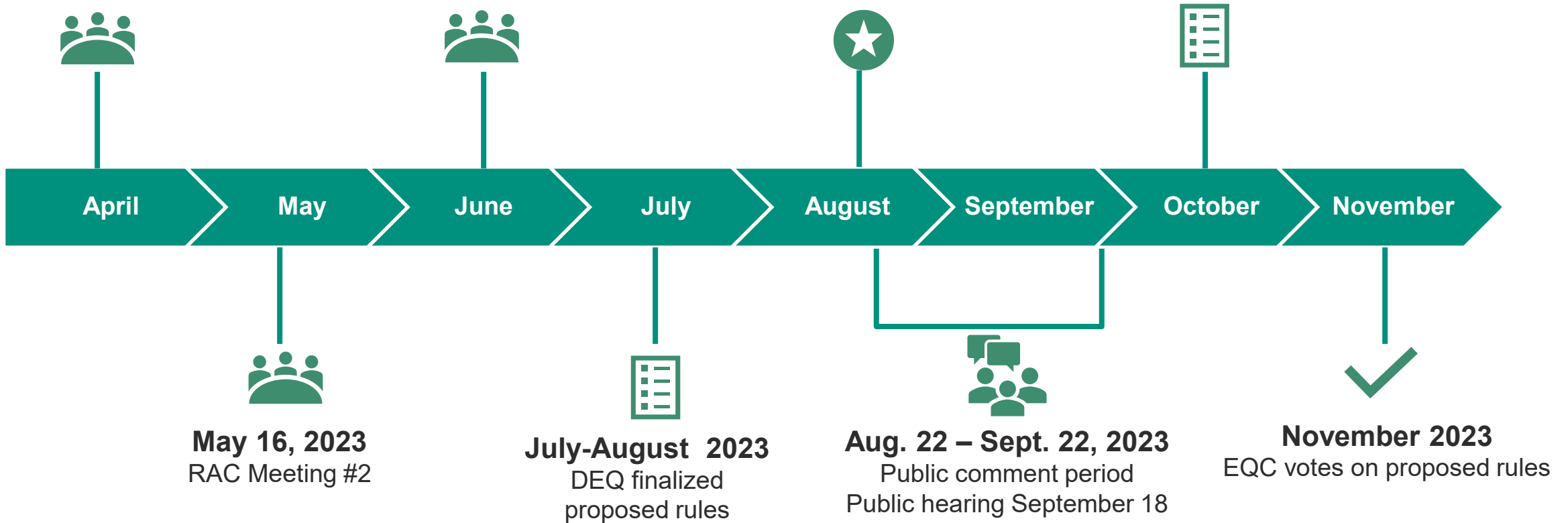
2023 Climate rulemaking process

April 4, 2023
RAC Meeting #1

June 27, 2023
RAC Meeting #3

Aug. 22, 2023
DEQ publishes Notice of
Proposed Rulemaking

October 2023
DEQ revises proposed rules



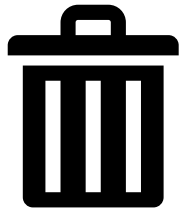
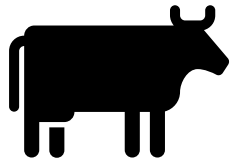
Climate 2023 advisory committee

- Ash Grove Cement Company
- Coalition for Renewable Natural Gas
- Green Energy Institute (Lewis and Clark)
- HF Sinclair
- Northwest & Intermountain Power Producers Coalition
- Northwest Natural
- Oregon Environmental Council
- Oregon Fuels Association
- PacifiCorp
- Renewable Hydrogen Alliance
- Shell Trading US Company
- Space Age
- Trinity Consultants
- Western States Petroleum Association

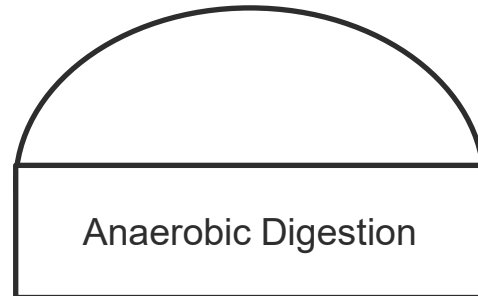
Climate 2023 rulemaking scope

1. GHG Reporting Program: Refinements to the reporting of biomethane in place of natural gas through book and claim accounting
2. Climate Protection Program: Clarifications on when proposed modifications at industrial facilities would trigger BAER before modification is approved
3. Climate Protection Program: Changes to how compliance instruments are distributed to liquid and propane fuel suppliers

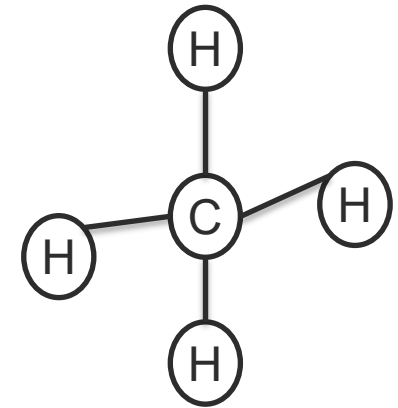
GHG RP: Biomethane



Organic matter



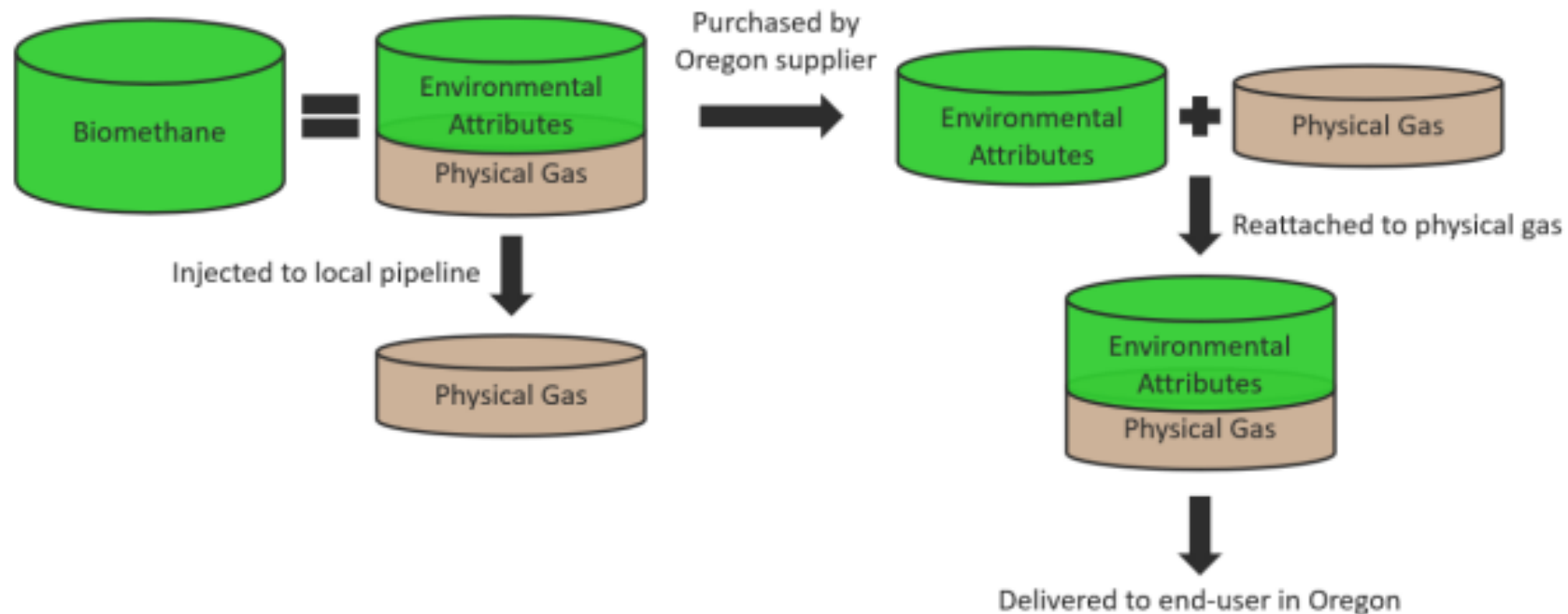
Biogas upgrading



Biomethane

Reporting biomethane: book and claim example

- Producers may develop biomethane projects inside or outside of Oregon, inject fuel into inter-connected pipeline, and the reporter may claim supply of biomethane to Oregon customers

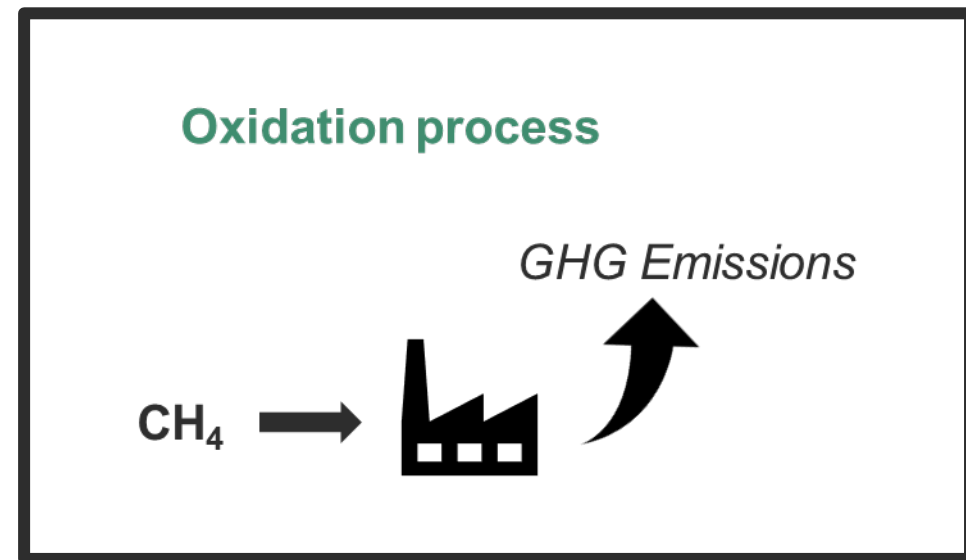
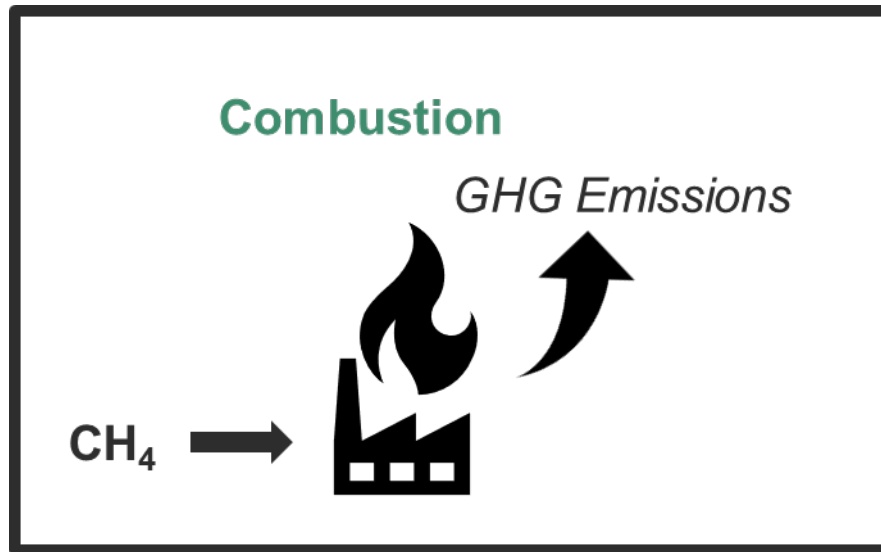


CPP: Best Available Emissions Reduction

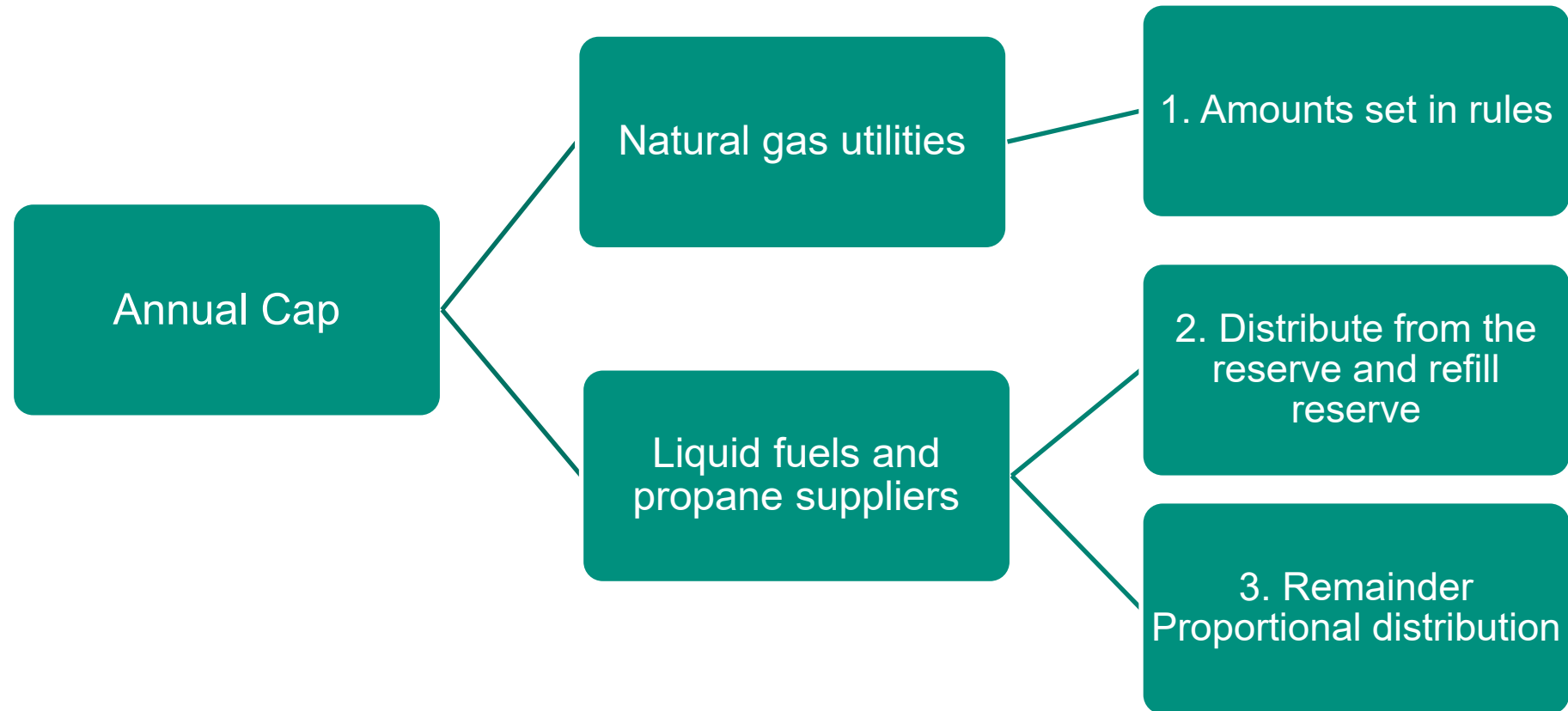
- Additional clarification on the type of facility modifications that require BAER
- BAER order before modification is approved
- BAER required when 4 conditions apply

CPP: BAER and natural gas utilities

- 2022 temporary rule amendments proposed to be incorporated
- Ensure all emissions from use of natural gas are covered emissions

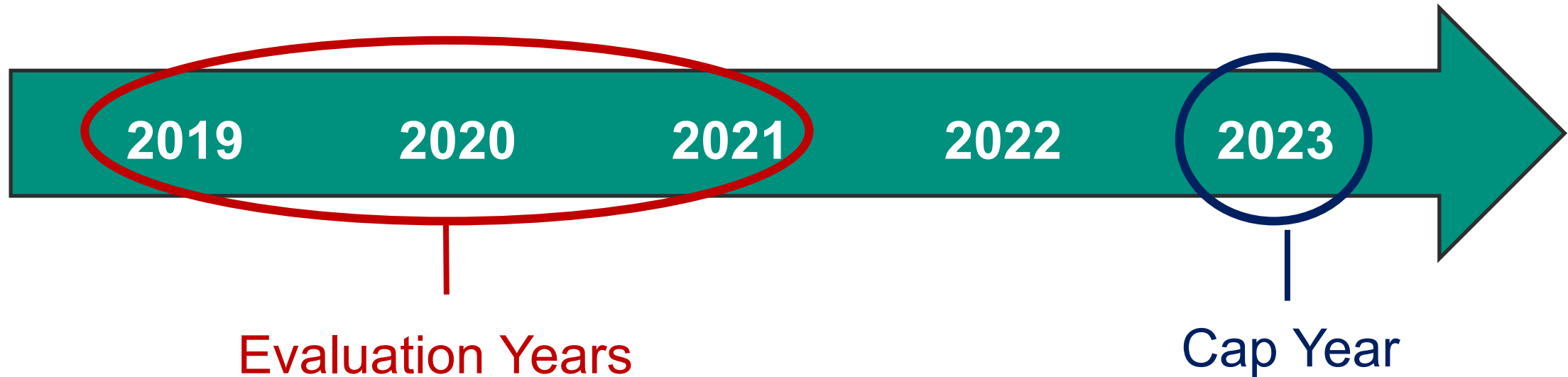


CPP: Compliance instrument distribution



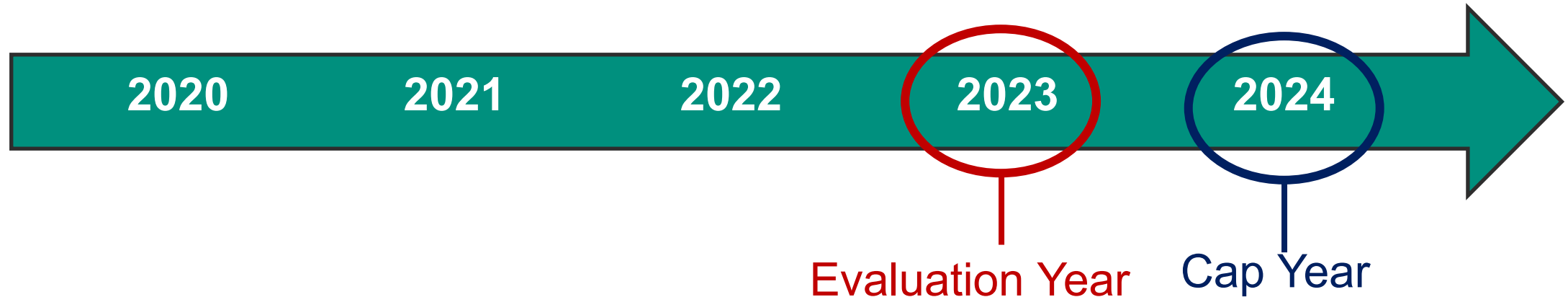
2023 compliance instrument distribution

Current



CPP: Compliance instrument

- Proposing
 - One year evaluation period
 - Switching to using the most recent unverified emissions data initially
 - Apply emission data correction for verified emissions in next distribution
 - Impose customized holding limit for each fuel supplier at end of compliance period
 - Other adjustments to implementation timeline to accommodate changes



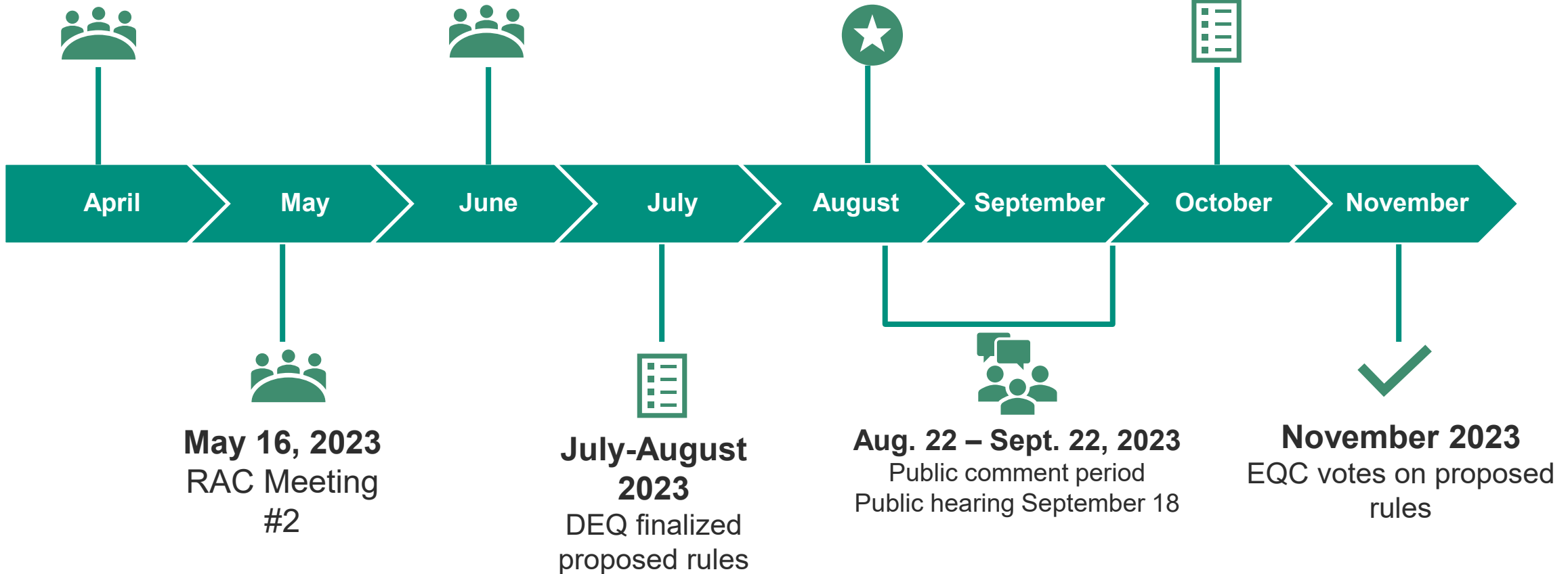
2023 Climate rulemaking process

April 4, 2023
RAC Meeting #1

June 27, 2023
RAC Meeting #3

Aug. 22, 2023
DEQ publishes Notice of
Proposed Rulemaking

October 2023
DEQ revises proposed
rules



Title VI and alternative formats

DEQ does not discriminate on the basis of race, color, national origin, disability, age or sex in administration of its programs or activities.

Visit DEQ's [Civil Rights and Environmental Justice page](#).

[Español](#) | [한국어](#) | [繁體中文](#) | [Русский](#) | [Tiếng Việt](#) | [العربية](#)
Contact: 800-452-4011 | TTY: 711 | deqinfo@deq.state.or.us