

Climate Protection Program Update

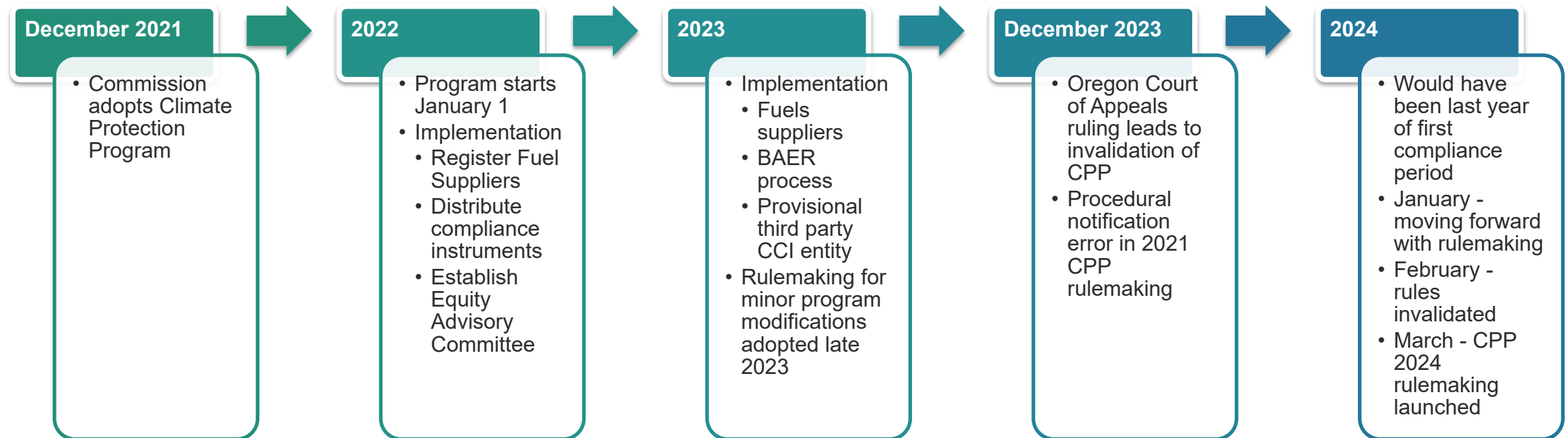
Environmental Quality Commission

Colin McConnaha and Nicole Singh

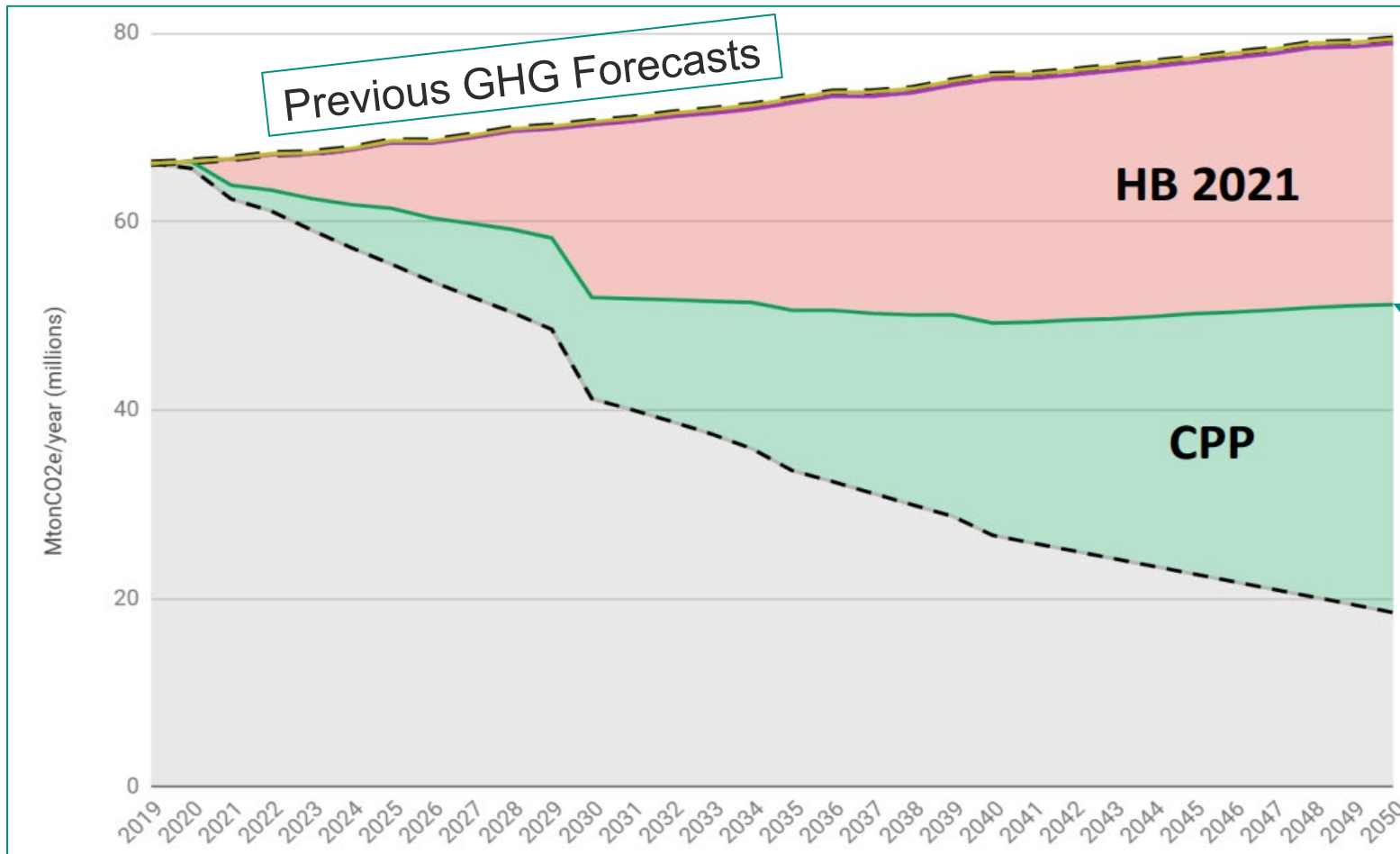
March 21, 2024

Why are we here (again)?

- Court of Appeals invalidated CPP rules, finding DEQ failed to notice the rules correctly
- Reestablish climate program in place of Climate Protection Program



Why is CPP 2024 important?



With the Climate Energy Targets bill (HB 2021)
Supported by DEQ's GHG Reporting and Verification Programs

With DEQ's Climate Protection
Supported by DEQ's GHG Reporting and Verification Programs

Source: Oregon Global Warming Commission

Why is CPP 2024 important?

Provide certainty and clarity on Oregon's climate policy

- Regulated entities
- Businesses, consumers, all of us

CPP 2024 rulemaking process

- Deliberate but efficient
- Re-establish program for 2025 implementation

Today's agenda

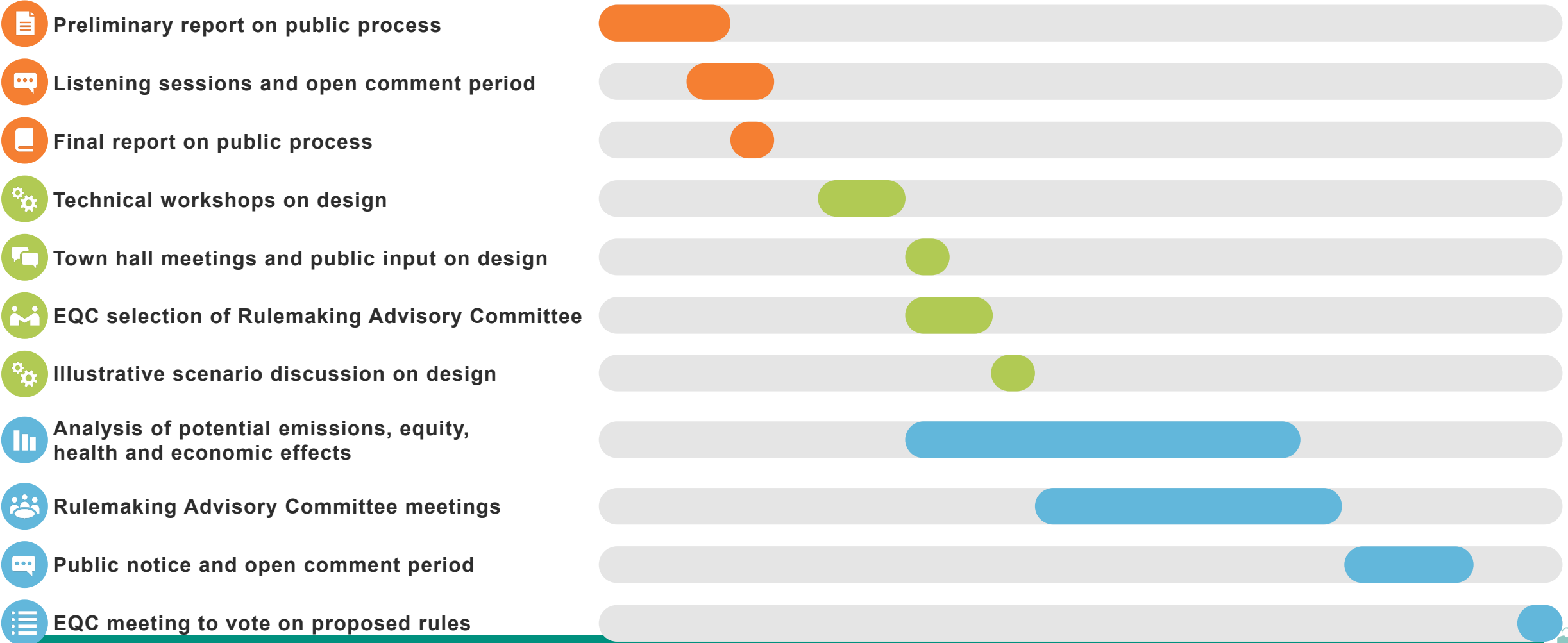
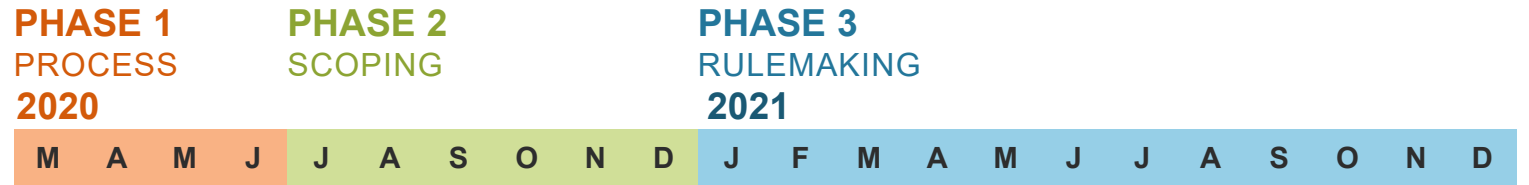


CPP 2021 design and development recap



CPP 2024 rulemaking process review

Climate Protection Program (CPP) 2021 Development



Significant public engagement



- Hundreds of attendees at town halls & workshops in the pre-rulemaking process
- Hundreds of attendees at the rulemaking advisory meetings
- Oral and written comments at every step
- Over 7,000 comments in response to Notice of Proposed Rulemaking
- Extensive and diverse group of engaged stakeholders, regulated entities, communities, individuals

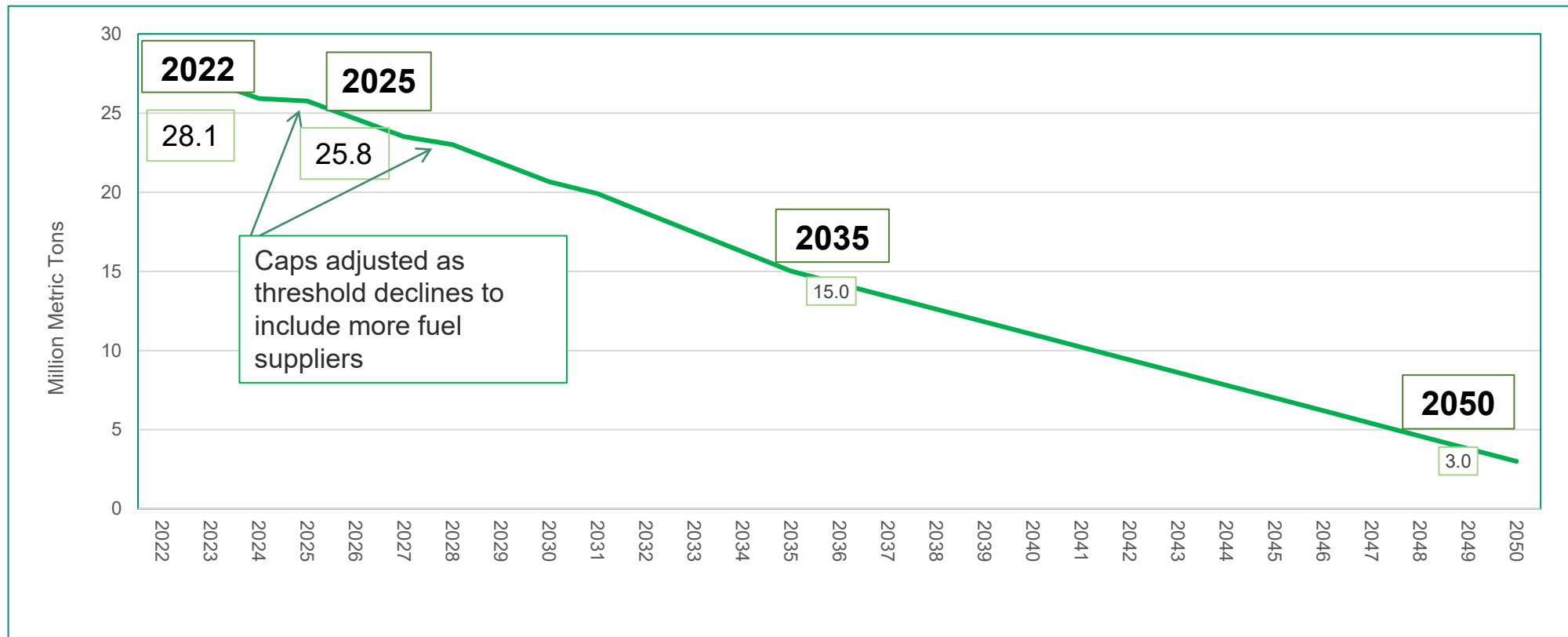
CPP Regulated entities

Fuel supplier type	Covered emissions	Applicability thresholds
Natural gas utilities	<p>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>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 Declined to 100,000 in 2025 and 25,000 by 2031</p>

CPP Emission Cap

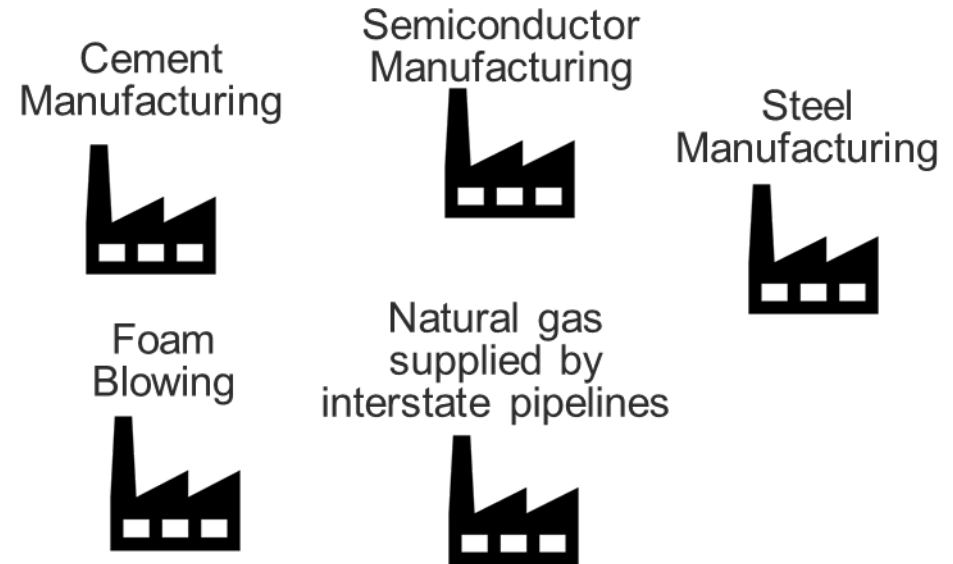
50% emissions reduction by 2035

90% emissions reduction by 2050



Best Available Emissions Reduction

- Industrial “process” GHG emissions
- GHG emissions from solid fuel, interstate pipeline natural gas
- Stationary sources - Industrial facilities
- Site specific strategies to reduce emissions
- Annual emissions $\geq 25,000$ MT CO₂e
 - New: Potential to Emit
 - Existing: Actual Emissions
- Facility modification



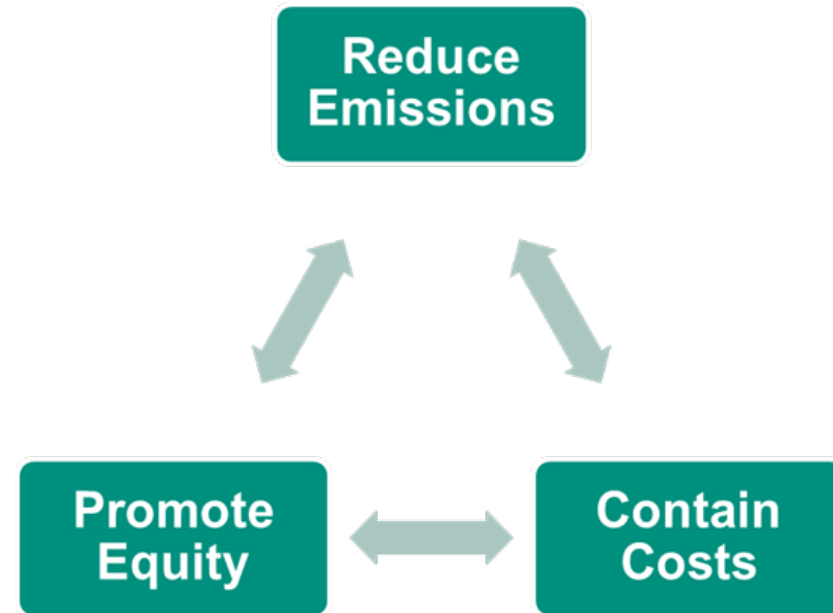
Why focus on equity?

EJ Communities Face

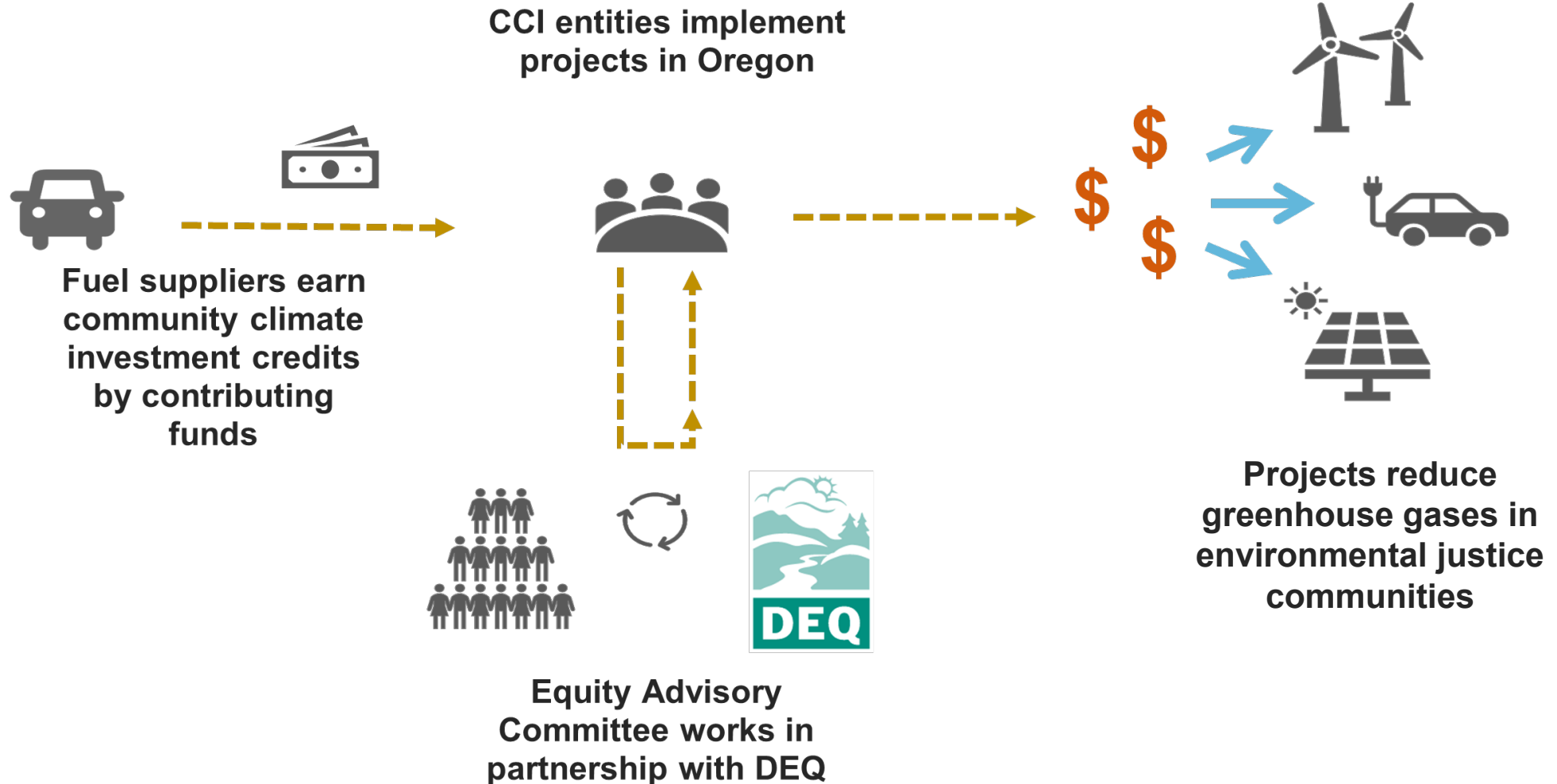


- ↑ Greater pollution exposure
- ↑ Greater impacts of climate change
- ↓ Less representation in public processes
- ↓ Less access to new, clean technologies

Environmental justice communities include communities of color, communities experiencing lower incomes, tribal communities, rural communities, coastal communities, communities with limited infrastructure



Community Climate Investments



CPP 2024 rulemaking approach

- Reestablish a program to set limits on emissions from significant sources in Oregon
 - Enforceable & declining limits on fossil fuels beginning in 2025.
 - Comparable scope and emissions reduction ambitions as CPP 2021
- Staff don't intend to propose a major program redesign, but
 - Open to hearing new ideas for program design and implement
 - Adjustments for 2025 program start

CPP 2024 rulemaking

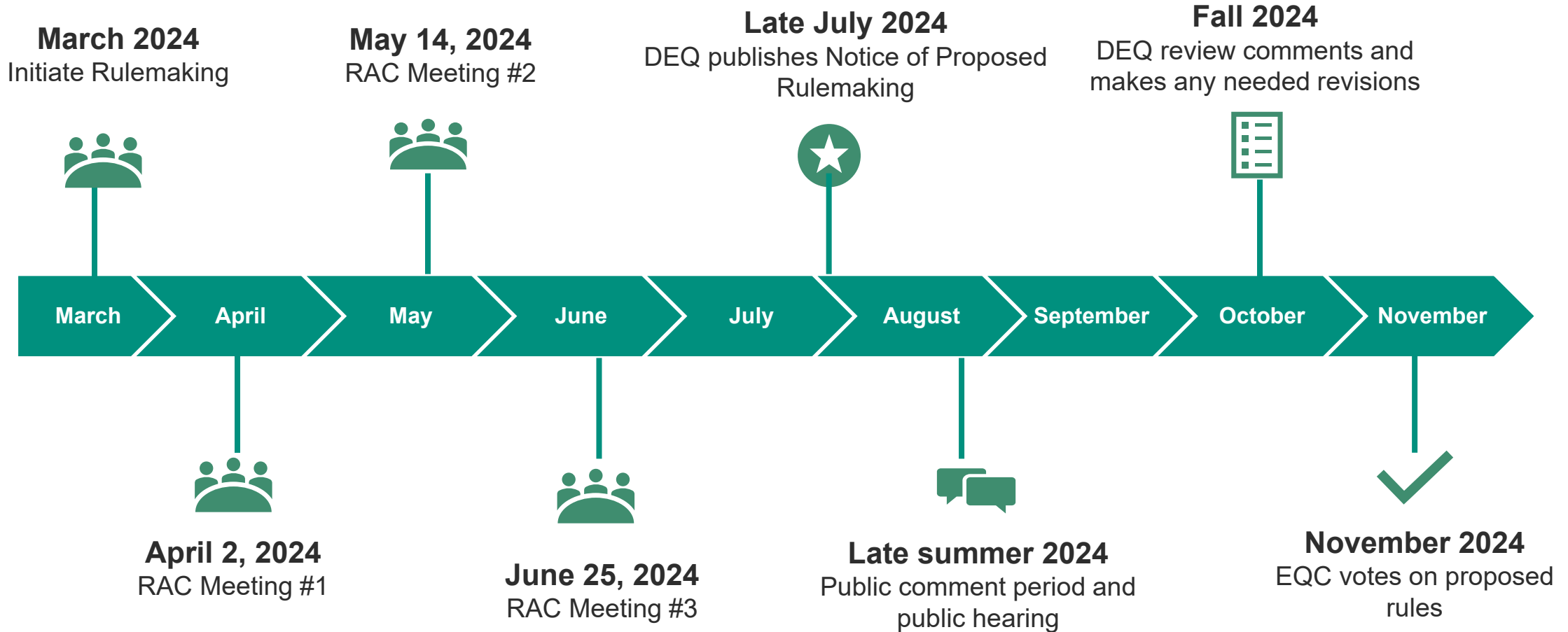
DEQ will consider modifications that would further strengthen the program.

- Opportunities to increase equitable outcomes while supporting or strengthening emissions reductions?
- Opportunities to further minimize costs to business and the public while supporting or strengthening emissions reductions?
- Developments in federal funding opportunities
- New state and federal energy/climate policies

CPP 2024 advisory committee

- 25 advisory committee members
 - Potentially regulated industry
 - Potentially regulated fuel suppliers
 - Environmental advocates
 - Tribal representatives
 - Community/equity advocates
- Considerations for supporting and selecting members
 - Size, balance, capacity, engagement
 - DEQ staff and facilitator

CPP 2024 rulemaking timeline



Questions?

CPP 2024 rulemaking webpage:

[www.oregon.gov/deq/rulemaking/Pages/ CPP2024.aspx](http://www.oregon.gov/deq/rulemaking/Pages/_CPP2024.aspx)