



Oregon Clean Fuels Program

2024 Rulemaking

First Rules Advisory Committee Meeting

Oregon Department of Environmental Quality

Office of Greenhouse Gas Programs

April 17, 2024

Agenda

- Welcome and RAC member introductions
- OR-GREET & Pathways
- CCS
- Third Party Verification
- Reporting
- General public comment period

Meeting Guidelines



Fully participate in Rulemaking meetings



Come prepared



Participate in an open and mutually respectful way



Balance of speaking time



Serve as a liaison to your larger community of interest



Act in good faith

Meeting Format

- DEQ will present on a topic and then take questions and invite discussion on the proposals from the RAC.
- RAC members will be called on first for questions and discussion. DEQ will take comments or questions from the public afterwards
- A general public comment period will be held at the end of the meeting. Prior to that, please keep comments and questions on topic.

Instructions for Questions and Comments

To verbally ask a question or make a comment:

- If you have joined by Zoom, click “Raise Hand.”
- If you have joined by phone, press *9 to raise your hand.
- We will call on participants. You will receive an “unmute” request. Please accept it. If you are commenting by phone dial *6 to unmute.
- Please provide your name and affiliation.
- Attendees will be allocated reasonable time for public comment depending on the number of commenters.
- **If we run out of time and you have not had a chance to speak, you can still provide written comments after the meeting.**



2024 Rulemaking: Scope

This rulemaking is focused on:

- Updating OR-GREET in concert with updates to the CA-GREET model
- Adding fuel pathway applications and electricity transactions in quarterly reports to the scope of Third Party Verification
- Updates to rules on Carbon Capture and Sequestration projects
- Other updates to clarify or improve program rules following the implementation of the 2022 rulemaking

2024 Rulemaking Timeline

- The next RAC meeting is likely in June
- Plan is to go out to public notice and comment on this rulemaking over the summer, and take it to EQC in late fall or winter

RAC Member introductions

- Please provide a short introduction of yourself, your affiliation, and one outcome you are looking for in this rulemaking

OR-GREET

- DEQ is continuing to work on updating OR-GREET, and is not yet ready to issue draft models for review
- DEQ plans to issue those draft models and the updated values for the Lookup, Substitute, and Temporary fuel pathway code tables for review and comment
- This will occur prior to the fiscal RAC meeting

OR-GREET

- Fossil Fuels
 - Maintaining same approach as OPGEE updates in 2018 rulemaking by using the 2015 Washington refineries crude slate as a baseline
 - Considering applying adjustments to the California values to adjust for crude oil transport distances to Washington's refineries
 - Crude slate information appears to be no longer being published by the Washington Research Council
 - **Are there alternatives to check if the crude slate CI has increased since 2015?**

OR-GREET

- Preliminary draft average has not had transport distances adjusted, using CI values from OPGEE 3.0b

	kbbls/yr	2018 analysis CI Avg	Preliminary draft 2024 analysis CI average
Alaska	73,365	15.91	9.3
Conventional Canadian	46,136	8.40	10.73
Oil Sands Canadian	22,411	23.88	23.21
Bakken	51,465	9.73	10.85
All Others	13,031		
Known All Others from EIA	8,173	9.00	11.33
Remaining Unknown (~2%)	4,858		
Known WA VWA CI		13.22	11.65

OR-GREET

- Otherwise, we plan to match California on applying the updated diesel engine tailpipe emissions factor for N₂O to ULSD, Biodiesel, and Renewable Diesel unless anyone has evidence that the N₂O emissions there are specific to the California diesel specification

OR-GREET Transition

- Changes to lookup table values and accompanying changes to the targets will take effect in 2025
- Use the 2025 Annual Fuel Pathway Reporting cycle to transition certified fuel pathway codes in 2026
- 2025 Annual Fuel Pathway reports would be required to contain both 3.0 and 4.0 calculators
 - 3.0 calculator would be used for confirming compliance with the certified CI
 - 4.0 calculator would be used for issuing new FPCs for 2026 once verification for that year is complete

OR-GREET transition

- After this rulemaking, DEQ will not accept new applications using OR-GREET 3.0
- Will only accept recertification applications using a 3.0 calculator or value until March 2025 so we can prioritize working on the transition to 4.0

Feedstock Attestations

- For specified source feedstocks – which are feedstocks that are generally assigned a lower CI score because they are a waste stream or non-primary product of a process – DEQ is considering a new set of attestations in concert with California’s proposed requirement
- The goal is to get additional sworn assurances that these feedstocks are real and valid in order to build on the existing chain of custody tracking

Sustainability Certifications

- Separately, California is proposing to require sustainability certifications for crop-based feedstocks as a guardrail against concerns about crops being diverted from food to energy and additional land being converted to farmland.
- DEQ is not currently proposing to add this, but would like feedback on if we should in order to stay in alignment with California or if any other guardrails should be considered?

Questions and discussion

- Please raise your hand and we'll call on you

Carbon Capture and Sequestration

- We propose three actions related to CCS:
 - Refining eligibility to geologic storage projects that can meet Class VI well requirements attached to fuel production facilities
 - Placing the risk calculation for credit set-asides into the Reserve Account in rule, and using the same calculation and values that California does in their CCS protocol for the LCFS
 - Creating a DEQ-controlled Reserve Account

CCS: Risk Assessment

- The risk assessment takes a number of factors into account and comes up with a percentage of the credits attributable to the CCS project to withhold
- DEQ is proposing to use the same assessment that California has in its CCS protocol for the LCFS, which we also used with Red Trail
- Mechanically, the withholding will be accomplished by raising the certified CI by the number of grams equal to the risk assessment percentage multiplied by the carbon sequestration credit

CCS: Reserve Account

- For the reserve account, we propose:
 - Will be under the control of DEQ, and DEQ will annually place credits into that account based on the risk-based contribution required of fuel pathways with CCS project
 - DEQ will invalidate credits in the reserve account instead of holding the fuel producer responsible for replacing them in cases of unintentional or accidental release, or an intentional release that the fuel producer is not responsible for and could not prevent
 - The reserve account will contain credits from all of the fuel producers that are required to contribute to it, but DEQ will only retire credits up to the contribution of an individual fuel producer in the case that CO₂ has been released from a storage reservoir
 - If released CO₂ is larger than the contribution by that fuel producer, DEQ may require the fuel producer to retire the balance
 - Each metric ton of CO₂ emitted from a geologic reservoir is equal to one credit

CCS: Reserve Account

- We propose keeping credits in the reserve account indefinitely, with a review of that policy in 2030 once we better understand these projects and the permanence risks
- That review would also consider CCS provisions in the program more broadly

Questions and discussion

- Please raise your hand and we'll call on you

Third Party Verification: Validation

- DEQ is proposing to require validation of all original tier 1 and tier 2 pathway applications to Oregon.
- This would not apply to recertification pathways from California which have already undergone validation and/or at least one year of verification
- This would align with California's pathway validation process

Third Party Verification: Validation

- This change will only affect a handful of fuel producers each year, as the majority of pathway applications are recertifications
- Considering implementing this requirement 6 months after the effective date of this rulemaking

Third Party Verification: Electricity

- DEQ is proposing to expand quarterly report verification to electricity reporting
- For utilities, we propose to remove any residential EV credits they receive from the 6,000 credit and deficit threshold for verification
- Otherwise leave the process the same in terms of applicability, monitoring plans, and the other aspects of verification
- Considering if changes need to be made to verification rules to better capture electricity reporting entities, including aggregators

Third Party Verification: Electricity

- What do site visits look like for electricity reporting versus liquid fuels or RNG?
 - How different are they for aggregators?
- Should we assume that aggregators would never be eligible for less intensive verification because changes in clients or data collection at clients' facilities will occur each year?
- Is there a need for additional rule language around electricity verification in terms of monitoring plans, data checks, etc.?

Questions and discussion

- Please raise your hand and we'll call on you

Reconciliation and corrections

- We are proposing refinements to the reconciliation requirement and corrections process
 - In response to ongoing difficulties with the reconciliation process for DEQ and many reporting entities
- Proposing to:
 - Make more explicit requirements that transactions be reconciled, and remain reconciled post corrections being filed for past quarters
 - Requiring correction requests identify if they will affect business partners, and that the entity filing the correction request must notify each business partners before making the request

Reconciliation and corrections

- Proposing to create a formal process for requiring corrections within a certain timeframe if a reporting party has not responded to informal requests to make corrections
- This process would be initiated by DEQ, and the reporting entity would have 14 calendar days to respond by filing a correction request or providing an explanation and evidence why the report does not need to be corrected

Other minor updates

- Clarify that Fuel Supply Equipment (FSE) registrations must include evidence that the registrant is the credit generator for the equipment
- Updates to match definitions and export notifications and methodology that the Greenhouse Gas Reporting Program adopted last year

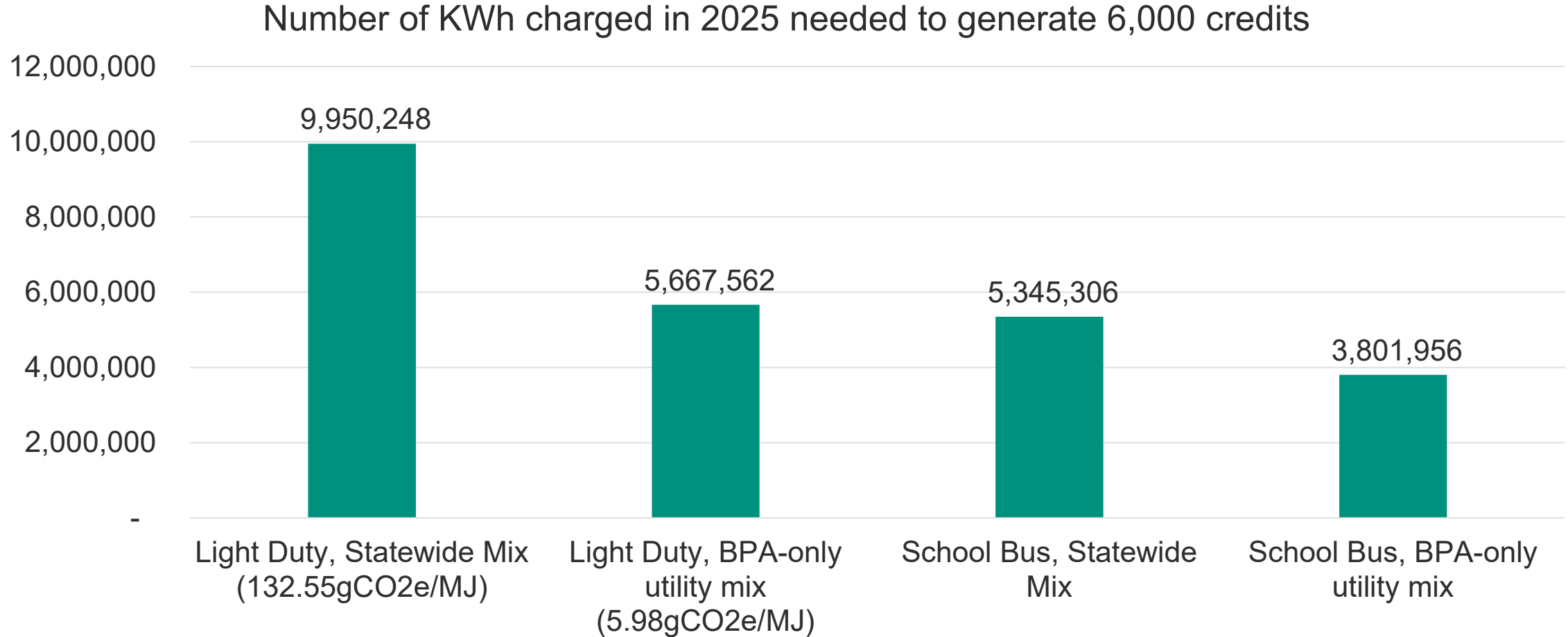
Questions and discussion

- Please raise your hand and we'll call on you

General Public Comment

- Please raise your hand and we'll call on you
- DEQ will be taking written comments on this rulemaking via email to CFP.2024@DEQ.oregon.gov Please submit those comments by **5 p.m. Pacific on Wednesday, May 8th, 2024.**

Addendum: Electricity Verification Treshold



Title VI and alternative formats

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