



Oregon Department of Environmental Quality

# Meeting Summary

## Climate Protection Program 2024 Rulemaking Advisory Committee Meeting #1

April 2, 2024, 10 a.m. to 4 p.m.

### List of attendees

#### Committee Members in Attendance (for all or part of meeting):

- Abbie Krebsbach, Cascade Natural Gas
- Alex Gallard, Pacific Propane Gas Association
- Bill Gaines, Alliance of Western Energy Consumers (AWEC)
- Carra Sahler, Green Energy Institute
- Chris Huiard, Space Age
- Ira Cuello Martinez, Pineros y Campesinos Unidos del Noroeste (PCUN)
- Jeremy Price, HF Sinclair
- Jessica Spiegel, Western States Petroleum Association (WSPA)
- Jim Verberg, BP America, Inc.
- Kyna Harris, Oregon Public Health Institute
- Lisa Arkin, Beyond Toxics
- Mark Healy, Contractor to Coquille Indian Tribe
- Mary Moerlins, Northwest Natural
- Meredith Connolly, Climate Solutions
- Mike Freese, Oregon Fuels Association
- Nick Staub, Ed Staub & Sons
- Nora Apter, Oregon Environmental Council
- Pam Barrow, Food Northwest
- Patrick Mills, Umatilla Tribes
- Ranfis Villatoro, BlueGreen Alliance
- Rocky Dallum, Northwest Pulp & Paper Association
- Sharla Moffett, Oregon Business and Industry
- Shaun Jillions, Vista
- Sherrie Villmark, Community Energy Project
- Tim Miller, Oregon Businesses for Climate
- Xitlali Torres, Verde

#### Staff in Attendance:

- Sylvia Ciborowski, Kearns & West, Facilitator
- Gillian Garber-Yonts, Kearns & West, Senior Associate
- Karin Power, Natural Resources and Climate Policy Advisor, Governor Tina Kotek
- Leah Feldon, DEQ, Director
- Colin McConnaha, DEQ, Office of GHG Programs Manager
- Nicole Singh, DEQ, Senior Climate Policy Advisor, Rulemaking Coordinator
- Matt Steele, DEQ, Climate Policy Analyst
- Rachel Fernandez, DEQ, Greenhouse Gas Program Analyst
- Whitney Dorer, Climate Policy Community Engagement Coordinator

## Welcome and opening remarks

Sylvia Ciborowski opened the meeting. Rachel Fernandez provided an overview of the webinar logistics. Sylvia informed the group that the meeting will be the first of three RAC meetings and gave an overview of the following meeting objectives.

- Communicate the scope of the Climate Protection Program (CPP) 2024 rulemaking and proposed workplan.
- Discuss key program elements
- Introduce rulemaking advisory committee (RAC) members.

Director Feldon welcomed RAC members and thanked them for their attendance. She acknowledged the RAC members who participated in the CPP 2021 Rulemaking. She shared that the CPP 2024 Rulemaking will be an opportunity to look at lessons learned and implement programmatic improvements. She shared that DEQ will be using the work completed during the CPP 2021 Rulemaking process as a starting point. Director Feldon reminded the group that the purpose of the CPP is to reduce GHG emissions in Oregon.

Director Feldon acknowledged the difficulty that comes with ramping up a new program and pointed to regulatory and climate policy certainty as important outcomes of the CPP 2024 Rulemaking process. She added that the program that gets developed needs to fit within the confines of the Environmental Quality Commission's authority. She reiterated her appreciation for the RAC's time and shared that the groups discourse will help to improve the CPP.

Karin Power, Natural Resources and Climate Policy Advisor for Governor Kotek, greeted the RAC and shared the Governor's support for the Climate Protection Program. She shared the Governor's office's appreciation for the RAC as well as the DEQ team.

Colin McConnaha, Office of GHG Programs Manager, introduced himself and the DEQ team.

- Nicole Singh, Senior Climate Policy Advisory and Rulemaking Coordinator
- Matt Steele, Climate Policy Analyst
- Rachel Fernandez, Greenhouse Gas Program Analyst
- Whitney Dorer, Climate Policy Community Engagement Coordinator

Director Feldon thanked Sylvia for facilitating CPP 2024 process and reminded the group that Sylvia facilitated the CPP 2021 rulemaking.

## Agenda Overview

Sylvia informed the group that all materials are posted on the CPP 2024 Rulemaking website. Sylvia reviewed the meeting agenda and meeting ground rules.

## Advisory Committee Introductions

Sylvia asked the 27 RAC members to share their name, affiliation, and responses to the following questions.

- What inspired you to be part of this effort to re-establish a Climate Protection Program?
- What would a successful rulemaking outcome look like to you?

Below are summarized responses shared by RAC members. Members seek:

- To reduce greenhouse gas (GHG) emissions in Oregon.

- To contribute to equity and fairness improvements.
- To ensure that the revised rules consider impacts to environmental justice communities, youth, low-income communities, immigrant communities, as well as communities of color.
- To make up for lost time and implement the CPP quickly in the face of the climate crisis.
- Find a balance between reducing GHG emissions and maintaining a sustainable economic future for businesses and employees in Oregon.
- A strengthened set of rules that meet DEQ's stated timeline.
- A set of updated rules that work for communities across the state.
- To avoid penalizing regulated entities that have been doing the right thing and recognize companies that have been complying with the program.
- To find common ground among the communities and entities represented by the RAC members.
- To support fuel suppliers and manufacturing communities.
- To develop a set of rules that foster the growth of renewable fuels.
- To provide for flexible compliance pathways for regulated entities.
- To reduce global GHG emissions and help entities stay and move into Oregon.
- A program that is implementable and provides certainty to regulated entities.
- Recognition of the changed landscape and availability of new technology and funding for climate related projects.
- A program that meets the Environmental Quality Commission (EQC)'s authority, reduces GHG emissions, and has a functional compliance instrument program that recognizes cost impacts.

Sylvia thanked the RAC members for their introductions and for sharing their interests.

## **Review Climate Protection Program 2024 Rulemaking Scope, Timeline, and Workplan**

Colin McConnaha shared that in December 2023 a decision by Oregon Court of Appeals determined that DEQ made procedural error when noticing the CPP 2021 Rulemaking. As a result, the rules were invalidated. Colin shared that the CPP 2024 program will mirror the previous program but build on DEQ's learned experience to improve. Colin shared that DEQ saw the program effective in its early years. He informed the group that there will be three RAC meetings approximately six weeks apart, and that after the process concludes there will be a formal public comment period. Over the fall of 2024, DEQ will respond to comments, make any needed adjustments, and make a final recommendation to the Environmental Quality Commission (EQC).

Colin shared a chart showing statewide emissions projections with and without HB 2021 and the CPP in place. He noted the importance of providing certainty and clarity on Oregon's climate policy. He shared that DEQ will be deliberate but efficient in re-establishing the program for 2025 implementation.

Colin shared that the team does not intend to propose a major program redesign. However, DEQ is open to hearing new ideas for program design and implementation and noted that adjustments are needed for the program to start in 2025.

Nicole Singh thanked the RAC members for attending in-person. She shared an overview of the CPP schedule on slide #22 of the RAC1 Slide Deck [linked here](#)).

Nicole shared the topics for the three anticipated RAC meetings and informed the group that DEQ will be accepting written comments throughout the process. She requested that the RAC members send any comments within a week of each meeting and thanked the RAC members who have already submitted comments. Nicole informed the group that any comments that are received by DEQ will be

posted on the website. Even though CPP 2024 is a new rulemaking, Nicole shared that DEQ is working from the CPP rules prior to invalidation and throughout this rulemaking will provide redline to track proposed changes from those rules.

#### **Questions/Comments:**

- A RAC member asked for clarification regarding the draft language.
- DEQ has started by circulating a first draft of CPP 2024 rules with proposed changes from the CPP rules prior to invalidation redlined. Rule language will be discussed more at subsequent RAC meeting.

## **Initial Climate Protection Program Development and Implementation**

Nicole recapped basic elements of the initial CPP program and shared a recap of the CPP 2021 rule making process. She noted the significant public engagement during the first process and highlighted the three goals from the initial CPP: significantly reducing emissions, promoting equity, and containing costs for businesses and consumers. She shared that promoting equity was increasing benefits and reducing burdens for environmental justice communities, including communities with less access to alternative energy sources.

#### **Questions/Comments/Discussion:**

- A RAC member shared that the group should be considering the positive impacts of the CPP. They shared that the third CPP goal should go beyond “containing costs” and include both economic costs and opportunities.
- A few RAC members shared that the CPP does not work in isolation and encouraged the group to think holistically about economic opportunities created by the program.
- A RAC member shared that they support the CPP and that it resulted in more biofuel product coming to the market. They noted that gasoline has not seen the same clean energy opportunities as diesel.
- A RAC member shared that conventional fuels are responding to policy changes, but that market realities need to be considered as well. They cautioned against being too aggressive.
- A RAC member shared that DEQ needs to consider technology realities. They noted that in some cases there can be opportunities, but that the group should consider costs as well.
- A RAC member shared that the goals put forth by DEQ are shared goals, but balance is important.
- A RAC member shared that the only supply for renewable diesel is in Portland. They noted that businesses on the east side of the state have less access to renewable diesel, or future high ethanol gasoline and cited efficiency issues that occur when moving product across the state.
- A RAC member shared the need to broadly consider costs associated with health and environmental impacts related to climate and pollution.
- A RAC member shared that cost containment will be important as suppliers face higher costs up front. They noted that customers haven’t seen a price signal yet.
- A RAC member shared the importance of acknowledging what has happened already regarding emissions reduction. They asked DEQ to consider credits or offsets to account for emissions reduction taking place outside of the CPP.
- A RAC member encouraged the Committee to be forward looking considering the scope of the CPP. They cited examples regarding the availability and cost of renewable diesel and emphasized the speed with which new solutions are becoming cost effective. A RAC member

responded by noting that some technologies will move faster than others and cautioned against moving too quickly with policy.

- A RAC member shared that creating quality jobs and addressing climate change are not in conflict.
- A RAC member shared that there are federal funds that could be earmarked to bring in fuels that will support CPP goals.
- A RAC member shared that some uncertainty can't be controlled. They noted that cost containment will help protect businesses that are trying to comply.
- A RAC member shared that pushing emissions out of Oregon and into states with fewer environmental protections is a real risk.
- A RAC member shared that data will be necessary to understand opportunities.

## Public Comment

Sylvia facilitated public comment. There were 10 commentors.

### Public Comments:

- Commenter shared their organization mobilizes parents, kids, and families for climate justice and a livable future for all. They shared that they advocate for the strongest emissions reduction possible and are concerned about delay of the CPP. Additional emissions reductions should be considered to make up for lost time. Also shared concerns about exemptions for large stationary sources and requested that the rules be amended to include large industrial sources under the cap.
- Commenter shared that they are an energy systems modeler and climate policy analyst. They shared that they participated in DEQs previous CPP Rulemaking and that they support DEQ's stated goal to set enforceable and declining limits on fossil fuels beginning in 2025 with a comparable scope and emission reduction ambition as the 2021 CPP. They shared their ideas for CPP improvements, 1) reduce the 2035 target of 15 million metric tons by an amount equal to the difference between the new program baseline and the original 2025 cap, 2) require early compliance and make 2025 an initial compliance year followed by 3-year intervals, 3) retain the Community Climate Investment Program and maintain that impacted communities which are disproportionately impacted by climate pollution receive economic and public health benefits, 4) strengthen the BAER program by adopting stronger guardrails to ensure that emissions from Oregon's industrial sector do not continue to grow and immediately start implementation of the BAER process in 2025 for the largest emitters in each major industry sector.
- Commenter shared that he works with Environmental Justice communities, local governments and tribes to design and fund clean energy projects that provide local benefits. They shared their support for the CPP and requested that the Community Climate Investment Program be reinstated.
- Commenter shared support for DEQ quickly reinstating the CPP. They shared concern regarding the threat of climate change. They shared support for the CPP 2024 rulemaking timeline and requested that DEQ adopt the previous emissions cap trajectory. They cited the need to invest in low-income, rural, and communities of color who have been most impacted by climate and economic injustice.
- Commenter shared that their members are the natural gas utilities and pipelines who deliver energy to businesses, institutions, and industries in the Pacific Northwest. They shared that there is not RAC representation for natural gas customers outside of industrial customers and questioned how DEQ will consider impacts to energy consumers.

- Commenter shared that they represent rural Oregonians concerned about climate change. They shared that they were involved in the previous RAC process and shared a request to RAC members representing the fossil fuel industry to operate in good faith. They requested that the revised program include industry emitters included under the cap. They requested that the development of the CPP be science based.
- Commenter shared that he represents Pulp and Paper workers. They shared concern that the RAC lacks representation from unions and shared concerns over job loss for sectors affected by the CPP.
- Commenter requested that GHG reductions be prioritized in the early years of the program. They requested that the Community Climate Investments be guided by people who serve the communities of the greatest need in Oregon and reflect science and mapping.
- Commenter shared that they produce renewable diesel and renewable propane. They shared that Global Clean Energy uses a feed stock called Camelina and cited the benefit of their product. They requested DEQ consider the benefits of intermediate crops.
- Commenter shared they represent community members in Roseburg, Oregon. They shared rural communities are at increased vulnerability to wildfires. Stuart requested that DEQ adopt the full CPP as quickly as possible and speed up the program timeline to make up for lost time.

Sylvia and Nicole thanked the public for sharing their comments.

## **Initial Climate Protection Program Development and Implementation Continued**

Nicole continued with the overview of the initial CPP. Starting with the cap component of the initial CPP, she listed the two types of covered fuels suppliers under the CPP, natural gas utilities, and liquid fuels and propane suppliers. She noted that there were no compliance obligations for emissions from biomass derived fuels. She also noted that the electricity sector was not included in the CPP, but as Colin had mentioned HB 2021 was a program focused on GHG emissions from that sector. She recapped how the applicability thresholds were used for liquid fuels and propane suppliers and noted that 2024 would have been the last year of the first compliance period for the CPP. She also briefly reviewed Community Climate Investments (CCIs), noting that they are unique to the program in Oregon.

Nicole also provided a brief overview of the Best Available Emissions Reduction approach (BAER). She also briefly discussed the Climate 2023 rulemaking.

### **Questions/Comments/Discussion:**

- One RAC member asked for clarification around the exclusion of aviation fuels. In response DEQ staff referenced their understanding of EQC's authority and the nature of global air travel. DEQ contrasted CPP with Oregon's Clean Fuels Program which is a lifecycle emissions program.
- One RAC member asked how many of the approximately 12-15 BAER facilities had been called into the program and DEQ clarified that no facilities had completed the BAER process before the rule was invalidated.
- A RAC member shared the importance of ensuring that any design considers how workers are employed and trained. They noted the opportunity to leverage federal investments to provide for greater diversity in the clean energy workforce.
- RAC members asked about the CCI price for CPP 2024 and also how DEQ selected the CCI credit contribution amount for the initial CPP.

- One RAC member asked a question regarding modeling for the proposed and final CCI credit contribution price. They noted that the proposed CCI credit contribution price and the price in the 2021 final rule were very different. They requested that DEQ model the final rule price and were concerned about not knowing the full economic impact of a CCI contribution price in the absence of modeling.
- A RAC member shared that they are interested in discussing CCI credit contribution price setting and shared support for an offset program. They noted the importance of ensuring that CCI projects lead to measurable GHG reductions. They shared also that the regulated entities would support legislation calling for an auction.
- A RAC member shared support for the work DEQ had done around the CCI program and noted that it is an optional method for regulated entities to comply with the CPP.
- A RAC member commented that DEQ should be able to verify GHG reductions for the CCI program.
- A RAC member asked for details on the status of the CCI program. They noted that the CCI program had multiple purposes, including ensuring benefits for environmental justice communities.
- DEQ provided additional detail on how the CCI program would have worked, recapped some of the considerations that went into the development of the CCI program.
- DEQ shared that many RAC members and stakeholder wanted did not want to allow for any compliance pathways or options that did not require regulated entities to reduce their reported emissions. DEQ understood those concepts but also recognized the need to have additional compliance options for regulated entity. This led to the CCI component which was designed specifically Oregon. Under the CPP all compliance instruments were distributed for free and any CCI funds were prioritized for environmental justice communities as defined in the CPP and invested in any projects that reduced greenhouse gas emissions.
- DEQ shared that on average the program wanted to achieve one ton of GHG emission reduced for each CCI credit. DEQ was also required to report out on GHG emissions reduction achieved per CCI credit awarded.
- DEQ explained that it worked with an Equity Advisory Committee, along with any CCI entities, on the investment of the CCI funds to support the program's environmental justice goals.
- DEQ shared that prior to the program's invalidation, DEQ had selected a provisional CCI entity and was near to finalizing a contract. Once complete, regulated entities could have begun earning CCI credits by contributing funds to the CCI entity.
- DEQ provided some background on how the CCI contribution prices was developed. DEQ referenced the modeling that was done with DEQ's consultant ICF during the initial CPP development. The modeling was used to help inform program options and looked at difference potential polices scenarios including alternative compliance options that eventually became the CCI program. DEQ could not recall if the various modeling scenarios used the CCI contribution prices in the CPP rules. DEQ also explained that the modeling also looked at macroeconomic impacts, public health impacts, and included an equity analysis. DEQ also received analysis and materials from RAC members on potential program impacts and climate change impact costs, which was outside the scope of the modeling.
- DEQ invited the RAC to share comments on the CCI program prior to RAC 2, when the topic would be on the agenda.

## **Key Program Elements to Review for CPP 2024 Rule: Emissions Caps**

Nicole shared a chart describing the emissions reduction trajectory under the CPP. For CPP 2024 DEQ staff are considering, cap coverage or emissions scope, cap baseline, and cap reduction

trajectory. Nicole shared that the DEQ established 2022 base cap using a 2017-2019 emissions data baseline. The team used GHG reporting data to demonstrate compliance with the program. She shared an overview of the considerations for the CPP 2024 emission caps including:

- Cumulative emissions reductions
- Reduction targets
- 2017-2019 starting caps
- 2022-2024 three-year period
- Regulated entities thresholds

Nicole shared different options for how to approach restarting the program, which could include starting with the 2025 cap as outlined in the previous rules or starting with the 2022 cap and then having a steeper decline to meet the same 2035 and 2050 caps as in the previous rules.

She shared the following four discussion questions.

- Thoughts on using the 2025 cap and thresholds from the invalidated CPP program?
- Thoughts on starting with the 2022 base cap, but keeping the same caps in 2035 and 2050 from original CPP?
- Methods DEQ should consider for incentivizing fuel suppliers that have been reducing emissions faster since 2022?
- Other considerations or approaches for re-establishing emissions reductions caps starting in 2025?

#### **Questions/Comments/Discussion**

- A RAC member noted that the baseline was set prior to the pandemic and shared that natural gas utilities aim for normalization due to weather related shocks.
- A RAC member commented that DEQ should aim to keep the program consistent using the 2017-2019 data and 2025 cap. They noted that the goal should be to achieve the same emissions reduction and that it is important to figure out how to make up for 2022-2024 emissions. They shared that a discussion should be had around rewards for early actors.
- A RAC member shared that they believed CPP is significantly more aggressive than the target set forth by the legislature and that the cost impacts would be significant first ten years of the program. They shared a preference that DEQ level out what they believe would be a significant initial spike in natural gas costs for customers.
- A RAC member commented that CPP was not the same as an economy wide program and noted that as discussed in the initial CPP development starting with a 2017-2019 baseline for CPP based on reporting data, meant a higher starting point than the legislative mandates which use 1990 as the baseline year.
- A RAC member shared support for starting with the 2025 cap and noted the importance of considering cumulated emissions reductions in the cap trajectory. They noted that the target set forth by the legislature was based on a 1990 baseline.
- A RAC member shared that they want to avoid a punitive program for businesses that had already been complying with the initial CPP. They shared that the issue with the 2025 data is that there is a compliance delta between actual emissions from 2022 to 2024 and a reinstated 2025 cap. The member suggested there should be credit for emissions reductions that have already been made. They shared that the only fair way to treat businesses and customers is to start the cap to cover 100% of actual emissions declining over time.
- A RAC member agreed that companies who complied with the initial program would have a difficult time under the 2025 cap scenario. They shared that liquidity in the market is a priority.
- A RAC member shared that the 2021-2023 baseline would support alleviating some issues. They noted that adjusting the trajectory slope would be helpful for both decarbonizing and reducing shock for customers.



- A RAC member shared that Oregon began talking about an economy-wide cap in 2007. They noted that the CPP was invalidated based on a technicality and cited the science based need to reduce emissions in the near term. They shared that the program should start with the 2025 cap and hit the same mid-point target in 2035. They shared that the first compliance period should start at the end of 2025 and
- A RAC member shared that neighboring states have shock absorbers built into their programs to navigate the downward trajectory in emissions, which Oregon's program lacks. They shared by having to start the program again in 2025 there will be less liquidity unless DEQ considers past emission reductions. They shared that CCIs should be reflective of comparable market scenarios in other states. They stressed the need for some liquidity.
- A RAC member shared that there are lots of unknowns when starting with the 2025 cap.
- Another RAC member shared that there are multiple shock absorbers built into the system including compliance instrument trading and banking, three-year averaging for compliance periods, and CCIs. They shared a proposal for the cadence of compliance periods in the early years of the program. They shared that while the marginal cost of a CCI is higher than credits in similar cap and trade programs, such as in Washington, the overall compliance cost is lower because compliance instruments are distributed at no cost under the CPP.
- A RAC member shared that the volumes for 2024 renewable diesel are lower than they would have been if the CPP had not been invalidated, making 2024 an inaccurate reflection of where the CPP is headed. They noted that if the program had continued there would be more liquidity.
- DEQ did provide some additional background on CPP development. Greenhouse Gas Reporting Program data was used to establish the cap since the reporting data is used to distribution compliance instruments, determine covered emissions and compliance obligations, which resulted in a more recent baseline. DEQ also noted that most recent available emissions data from 2022 indicates that multiple fuels suppliers were reducing emissions and across all covered fuels suppliers 2022 emission were below the 2022 emission cap. DEQ will also evaluate the 2023 emission data which should be available by the second RAC meeting.

## Key Program Elements to Review for CPP 2024 Rule: Regulated Entities

Matt Steele discussed different points of regulation for regulated entities including upstream at the supplier level, and downstream at the end user level, which is the approach DEQ took with the BAER program. He shared a chart depicting the emissions in the state of Oregon by sector and noted that the data was pulled from the GHG Inventory. He noted that some sectors do not report emissions directly to DEQ which can make them difficult to regulate.

Matt shared an overview of liquid fuel and propane emissions in Oregon and noted the number of companies above the threshold at different emissions levels.

Matt shared charts showing total natural gas emissions by supplier and noted that those emissions aren't regulated under CPP because DEQ staff understanding is that the EQC does not have authority to directly regulate emissions from existing pipelines. Those emissions are covered under the BAER program, but not at the supplier level. He shared that stationary source emissions aren't often covered under the CPP because about 75% of the fuel types are natural gas and shared the number of sources that would be covered under different emission levels.

Matt shared the following three discussion questions.

- What should DEQ consider in reestablishing a program in 2025 for regulated entities?
- Should DEQ reconsider the point of regulation for any emissions?

- Should DEQ include facility-specific regulations similar to the Best Available Emissions Reduction regime in the CPP? Should all emissions be covered by the cap?

### Questions/Comments/Discussion:

- A RAC member asked if there is a specific exemption for marine fuels. DEQ clarified that there is not a specific exemption for fuels used in marine crafts.
- A RAC member requested that DEQ include in-state power generation since facilities that produce power for export to other states would not be covered by other emissions reduction regulations but would still create GHG and co-pollutant emissions within Oregon.
- A RAC member confirmed that more stationary sources would be regulated only if DEQ moved the point of regulation for natural gas emissions from the natural gas supplier onto the stationary source.
- A RAC member asked if DEQ counts natural gas to run a boiler and whether DEQ considers emissions that are precursors to GHGs. DEQ shared that natural gas used to run a boiler was covered, but that precursors to GHGs would not be covered as they are not reported to the agency.
- A RAC member shared concern for regulating all emissions from natural gas supplied by the utility at the utility. They shared that it creates winners and losers in the economy and gave examples of how cost impacts are experienced at the point of regulation.
- A RAC member shared that the majority of transport customers are in the wood products sector. They shared a preference that DEQ regulate these customers directly instead of regulating the natural gas supplier.
- A RAC member shared support for DEQ reinstating BAER regulations for the entities as in the previous program. They added that there should be an emissions reduction timeline requirement.
- A RAC member shared their experience as a fuel supplier and noted that the point of regulation for liquid fuel suppliers can shift emissions obligations onto smaller suppliers.
- A RAC member shared that they support the highest point of regulation. They shared that there could be confusion and recommended DEQ develop an FAQ for fuel suppliers to better understand how the program works.
- A RAC member shared that regulators want the fewest number of regulated entities. They shared that DEQ should consider who knows the best way to reduce emissions, and shared interest in understanding whether transport customers could be included in the CPP.
- A RAC member from the natural gas utilities perspective shared that they would prefer not to be responsible for transport customers that they can't control.
- A RAC member shared that having the utility be the point of regulation may not be the best approach.
- A RAC member shared that it is easier for an end-user to identify and implement emissions reductions and also easier for DEQ to properly recognize and credit those emissions reductions when they are not regulated at the natural gas utility level.
- A RAC member shared that their comments were meant to flag a potential problem in achieving emissions reductions quickly.
- A RAC member shared that the thinking at the legislature was that entities could voluntarily come into the program to opt in at different thresholds to allow them to control their own emissions reductions as a cost saving measure.
- A RAC member shared that there are some industrial users thinking about compliance mechanisms and instruments, as well as potential legislative approaches.
- A RAC member shared that they are in strong support for covering process-based emissions under the cap. They shared that this is something that was supported by public interest

organizations during the previous RAC. They noted that the first two years of the program showed the growing need to cover emissions under the cap. They noted that federal investment has been mentioned several times and that there are available funds for industrial decarbonization and technological advancements.

- A RAC member shared that it makes sense to use existing facilities expertise to manage emissions. They shared that facilities would need to be under a real cap and not the BAER approach.
- A RAC member noted that BAER facilities under a cap would be susceptible to leaving the state.
- A RAC member shared that DEQ needs to consider leakage and net carbon emissions.
- DEQ shared that they look at things through reporting data which can be limiting. DEQ shared that the program is looking at regulating large point sources, but that the RAC member was proposing regulating transport customers which vary widely in size. DEQ shared that the list of transport customers changes frequently.
- DEQ noted that they would make it easier for the RAC and the public to find some material that has been requested from the CPP 2021 including the modeling conducted by contractors to support program options during the included emissions modeling, macroeconomic trends, public health and equity analysis. DEQ would post materials which RAC members had provided and had been referred to during the CPP 2021 rulemaking and at this CPP 2024 RAC meeting.

## **Rulemaking Next Steps**

Sylvia reminded the attendees that public comments can be submitted online and that DEQ has requested comments by April 9. Sylvia shared that written comments will be made available. She reminded everyone that the next meeting is May 14. Colin thanked the RAC members for their time and encouraged the group to share comments. Meeting adjourned at approximately 4:00 p.m.

## Translation or other formats

[Español](#) | [한국어](#) | [繁體中文](#) | [Русский](#) | [Tiếng Việt](#) | [العربية](#)

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