



State of Oregon Department of Environmental Quality

Written Comments

CPP 2024 Rulemaking Advisory Committee Meeting 1

This document is a compilation of written comments received related to the first meeting of the advisory committee for the Climate Protection Program 2024 Rulemaking held April 2, 2024.

Comments

APANO Joint Letter ¹	3
Association of Western Energy Consumers.....	9
Beyond Toxics Joint Letter ²	11
Brigid Baumann.....	21
Elizabeth Olsen.....	22
Great Old Broads for Wilderness.....	23
Growth Energy.....	26
Helena Birecki.....	28
HF Sinclair.....	30
Joseph Stenger.....	33
KB Mercer.....	35
Ken Barker.....	36
Kristin Guest.....	37
Leigh Merriman.....	38
Lenny Dee.....	39
Lisa Cohn.....	40
Maria Nazzaro.....	41
Marilyn Feldhaus.....	42
Martha Dibblee.....	43
Meg Bowman.....	44
Nora Lehmann.....	45
Northwest Natural Joint Letter ³	46
Pat DeLaquil.....	53
Southern Oregon Climate Action Now.....	54
Tube Forgings of America, Inc.....	56
Western States Petroleum Association.....	58

Translation or other formats

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

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¹ Beyond Toxics, Bonneville Environmental Foundation, Citizens for a Better Lincoln County Climate Reality Project, Portland Chapter, Climate Solutions, Community Energy Project, Consolidated Oregon Indivisible Network, Dancing Hearts Consulting, Douglas County Global Warming Coalition, Electrify Now, ElectrifyPDX, ELSO Inc., Ecumenical Ministries of Oregon, Oregon Interfaith Power and Light, Families for Climate, Forth, Green Energy Institute at Lewis & Clark Law School, Growing Gardens, League of Women Voters of Oregon, Mobilizing Climate Action Together (MCAT), Natural Resources Defense Council (NRDC), Neighbors for Clean Air, Nesika Wilamut, Nimiipuu Protecting the Environment, Oregon Business for Climate, Oregon Citizens' Utility Board, Oregon Environmental Council, League of Conservation Voters, Oregon Physicians for Social Responsibility, Oregon Wild, Community for Earth Unitarian Church, Sierra Club, Sustainable Northwest, The Nature Conservancy, Umpqua Watersheds, Unite Oregon, Verde, Wild Diversity, 350 Eugene, 350Deschutes, 350PDX, 350 Salem OR

² COIN – Consolidated Oregon Indivisible Network, Climate Reality Project – Portland Chapter, Columbia Riverkeeper, Climate Solutions, Community Energy Project, Douglas County Global Warming Coalition, Earthjustice, Oregon Interfaith Power & Light, Ecumenical Ministries of Oregon, Oregon League of Conservation Voters, Familias en Acción, Oregon Public Health Institute, Families for Climate, Oregon Wild, Green Energy Institute at Lewis & Clark Law School, PCUN, Mobilizing Climate Action Together, Southern Oregon Climate Action Now, Natural Resources Defense Council, SAFE Cities, Neighbors for Clean Air, The Pacific Forest Trust, Oregon Business for Climate, Third Act Oregon, Oregon Environmental Council, Umpqua Watersheds, Verde, ZERO Coalition, 350 SalemOR, 350 Washington County, 350PDX

³ Avista Corporation, Cascade Natura Gas Corporation

APANO * Beyond Toxics * Bonneville Environmental Foundation * Citizens for a Better Lincoln County
Climate Reality Project, Portland Chapter * Climate Solutions * Community Energy Project
Consolidated Oregon Indivisible Network * Dancing Hearts Consulting
Douglas County Global Warming Coalition * Electrify Now * ElectrifyPDX * ELSO Inc.
Ecumenical Ministries of Oregon Oregon Interfaith Power and Light * Families for Climate * Forth
Green Energy Institute at Lewis & Clark Law School * Growing Gardens
League of Women Voters of Oregon * Mobilizing Climate Action Together (MCAT)
Natural Resources Defense Council (NRDC) * Neighbors for Clean Air * Nesika Wilamut
Nimiipuu Protecting the Environment * Oregon Business for Climate * Oregon Citizens' Utility Board
Oregon Environmental Council * League of Conservation Voters
Oregon Physicians for Social Responsibility * Oregon Wild * Community for Earth Unitarian Church
Sierra Club * Sustainable Northwest * The Nature Conservancy * Umpqua Watersheds * Unite Oregon *
Verde * Wild Diversity * 350 Eugene * 350Deschutes * 350PDX * 350 Salem OR

Director Leah Feldon
Oregon Department of Environmental Quality
Office of Greenhouse Gas Emissions
Cc: Governor Kotek, Karin Power and Geoff Huntington

February 29, 2024

RE: 2024 Climate Protection Program Restoration - Guiding Principles

Dear Director Feldon:

On behalf of the undersigned 42 environmental justice, business, climate, public health, and community-based organizations from across Oregon, we applaud the commitment by Governor Kotek and the Department of Environmental Quality to reinstate Oregon's Climate Protection Program without delay. Upholding and restoring these cornerstone climate and community protections by the end of 2024 is essential to prevent incalculable harm to Oregon families, workers, and local economies, now and in the future.

The Climate Protection Program represents a historic victory for Oregon, not only because of its vital role in achieving Oregon's climate goals and delivering meaningful investments in and benefits for Oregon communities, but also because the program was developed **by and for Oregonians**. Alongside our partners and individual Oregonians from across the state, many of our organizations participated in each stage of DEQ's extensive 18-month rulemaking process, which included more than 100 hours of rulemaking-related meetings across six technical workshops, three "Town Halls," and seven, day-long Rulemaking Advisory Committee meetings. More than 7,600 Oregonians weighed in during the original Climate Protection Program rulemaking from 2020 to 2021, and the overwhelming majority were in favor of strong protections for climate and communities.

The lawsuits brought by the oil and gas industry, and subsequent Court of Appeals ruling to invalidate the program based on a procedural technicality, should not undermine this sound democratic process that was just completed a short time ago. The robust public input and support for the Climate Protection Program must not be erased. The program was working, and on track to deliver significant near-term climate and community benefits. Substantially changing the program at this juncture due to a mere procedural

technicality would be a great disservice to all the effort and input that's already gone into program design and implementation.

As the State moves forward with a process to reinstate the cornerstone Climate Protection Program, it is vital that DEQ:

1. Establishes a Rulemaking Advisory Committee that reflects the demographic and geographic diversity of this state, and ensures strong public interest representation;
2. Uses the previously adopted rules as a starting point for any new program, and maintains or strengthens the science-based emissions cap trajectory and an effective, independent Community Climate Investment program that is responsive to community needs; and
3. Adopts the most expeditious schedule for program reinstatement possible, consistent with legal prudence, and commits to readopting the rules this year.

We offer the following recommendations to serve as guiding principles as DEQ moves forward with its process to restore the Climate Protection Program. Thank you in advance for your consideration.

1. Establishes a Rulemaking Advisory Committee that reflects the demographic and geographic diversity of this state, and ensures strong public interest representation.

The stated goals of the Climate Protection Program are to reduce greenhouse gas emissions and deliver economic, public health, and job creation benefits for Oregon communities. Therefore, ensuring adequate climate, environmental justice, and public health representation on the Rulemaking Advisory Committee (RAC) is paramount. While not perfect, the makeup of the RAC for the original Climate Protection Program rulemaking included diverse demographic and geographic representation and represents a good starting point for DEQ to consider as it identifies RAC membership for its process to reinstate these rules.

Specifically, we urge DEQ to formulate a RAC that ensures there are more seats for public interest organizations, climate expertise, and community perspectives than seats for industry, fossil fuel and other regulated parties. It would be questionable and highly concerning to have those regulated by the program overly influencing the writing of the rules and regulations for themselves, many of whom recently sued the agency to overturn this very program. A RAC with strong representation of climate science and climate change mitigation policy expertise, as well as expertise from Tribal, environmental justice and frontline communities, will ensure that thoughtful perspectives from those most impacted by climate change and the burning of fossil fuels are informing the creation of sound climate policy that delivers on its economic, public health, and job creation goals for Oregon communities.

2. Uses the previously adopted rules as a starting point for any new program, and maintains or strengthens the science-based emissions cap trajectory and an effective, independent Community Climate Investment program that is responsive to community needs.

Prior to the Court's decision to invalidate the rules, the Climate Protection Program was projected to achieve 45 percent of the state's targeted emissions reductions by 2035, and invest hundreds of millions of dollars annually in environmental justice and other communities across Oregon. As DEQ moves forward with its rulemaking process to reestablish the Climate Protection Program, we expect the agency to

maintain the science-based integrity of these rules to ensure Oregon stays on track to meet its climate goals and deliver benefits for Oregon communities.

Specifically, it is imperative that the reinstated program **maintain or strengthen the science-based emissions cap trajectory established in the previously adopted rules, and an effective, independent Community Climate Investment program that is responsive to community needs.** The emission reduction targets and corresponding base emissions cap and trajectory are essential to the overall integrity of the Climate Protection Program and moving the needle on climate emission reductions in the regulated sectors. With the unfortunate delay of this program caused by the lawsuit, we have lost years of pollution reduction, on top of what had already been decades of delayed climate action. These cumulative emissions that were not reduced in the intervening years that the CPP should have been in place are worsening the climate crisis and air pollution in local communities, and must be accounted for in the reinstated program to make up for lost time.

The Community Climate Investment program was developed with extensive input from community members and environmental justice leaders to enable needed investments in community-led solutions to reduce our energy bills, make our homes safer, and make our air cleaner for generations to come. This critical component of the CPP was on the cusp of being implemented when the court invalidated the program and it needs to be reinstated as quickly as possible. Environmental justice and community-based organizations have already invested time and resources into developing potential projects and investment opportunities, and this current delay should not change the CCI program that was designed and long-planned for Oregon communities.

3. Adopts the most expeditious schedule for program reinstatement possible consistent with legal prudence, and commits to readopting the rules this year.

Every day that these landmark climate protections are delayed represents another day that justice is denied to Oregon communities— especially rural, low-income, and communities of color, who stand to benefit the most from emissions reductions and economic prosperity under the CPP. **It is therefore vital that DEQ and the Commission adopt the most expeditious schedule possible for program reinstatement, and commit to a process that culminates in readopting the rules this year.**

We are in the decisive decade for climate action. Without the Climate Protection Program, Oregon simply does not have an adequate or workable plan to achieve the state’s climate goals. Our state also misses out on the innovation, job creation, and energy cost savings that this program will drive, that are vital for our economy and household budgets. It is imperative that the State hold firm in its progress toward growing clean energy industries that create local, high-quality jobs across Oregon.

Oregonians have long demanded that fossil fuel companies take responsibility for the devastating harm they cause to our lives, our families, and our communities. Now, it is up to DEQ leadership to swiftly restore the protections we need to ensure a healthy climate future for all Oregon families.

We will be watchdogging this process every step of the way to ensure this delay due to a procedural technicality does not result in weakening the underlying program, which was already the result of years of rigorous study, community engagement and agency process. We look forward to seeing this program

reinstated before the end of 2024 so that we can get back to the urgent work of investing in low-income, rural and communities of color who have borne the brunt of climate and economic injustice for too long.

Sincerely,

Amy Powers
Co-Executive Director
APANO

Teryn Yazdani
Staff Attorney and Climate Policy Manager
Beyond Toxics

Todd Reeve
CEO
Bonneville Environmental Foundation

Martin Desmond
President
Citizens for a Better Lincoln County

Karen Harrington
Chair, Legislative Committee
Climate Reality Project, Portland Chapter

Meredith Connolly
Oregon Director
Climate Solutions

Charity Fain
Executive Director
Community Energy Project

Jeff Hammarlund
Co-chair
**Consolidated Oregon Indivisible Network
Climate, Energy and Environment Team**

Stuart Liebowitz
Facilitator
Douglas County Global Warming Coalition

Esperanza Tervalon
Chief Executive Officer
Dancing Hearts Consulting

Rev. Richenda Fairhurst
Chair, Creation Justice Committee
**Ecumenical Ministries of Oregon
Oregon Interfaith Power and Light**

Brian Stewart
Co-Founder
Electrify Now

Eli Spevak
Co-founder
ElectrifyPDX

Sprinavasa Brown,
Co-Founder & Executive Director
ELSO Inc.

Leonard Barrett
Co-President
Families for Climate

Jeanette Shaw
Director of Policy
Forth

Carra Sahler
Director and Staff Attorney
**Green Energy Institute at Lewis & Clark
Law School**

Jason Skipton
Executive Director
Growing Gardens

Rebecca Gladstone
Co-President
League of Women Voters of Oregon

Daniel Frye
Steering Committee Member
Mobilizing Climate Action Together (MCAT)

Angus Duncan
PNW Consultant
Natural Resources Defense Council (NRDC)

Mary Peveto and Nakisha Nathan
Co-Directors
Neighbors for Clean Air

Tana Atchley Culbertson
Executive Director
Nesika Wilamut

Julian Matthews
Coordinator
Nimiipuu Protecting the Environment

Tim Miller
Director
Oregon Business for Climate

Sarah Wochele
Policy Associate
Oregon Citizens' Utility Board (CUB)

Nora Apter
Senior Program Director, Climate
Oregon Environmental Council

Lindsey Scholten
Executive Director
Oregon League of Conservation Voters

Samantha Hernandez
Healthy Climate Program Director
Oregon Physicians for Social Responsibility

Lauren Anderson
Climate Forest Program Manager
Oregon Wild

Bill Harris
Member
Community for Earth UU Church

Damon Motz-Storey
Oregon Chapter Director
Sierra Club

Nicholas Burnett
Energy Markets and Finance Manager
Sustainable Northwest

Laura Tabor
Climate Action Director
The Nature Conservancy

Kasey Hovik
Executive Director
Umpqua Watersheds

Rene Braga
Climate Justice Community Organizer
Unite Oregon

Cheyenne Holliday
Advocacy Manager
Verde

Mercy M'fon
Founder & Co-Director
Wild Diversity

Patty Hine
President
350 Eugene

Diane Hodiak
Executive Director
350Deschutes

Cherice Bock
Climate Policy Manager
350PDX

Philip H. Carver, Ph.D.
Co-coordinator,
350 Salem OR



April 8, 2024

Preliminary Comments of the Alliance of Western Energy Consumers on the Oregon Department of Environmental Quality’s Climate Protection Program 2024 Rulemaking

The Alliance of Western Energy Consumers (“AWEC”) appreciates this opportunity to provide comments on the Oregon Department of Environmental Quality’s (“DEQ”) 2024 Climate Protection Program (“CPP”) 2024 rulemaking. AWEC represents approximately 40 large electricity and natural gas consumers in the Pacific Northwest, including natural gas sales and transportation customers served by the three Oregon local distribution companies (“LDCs”)—NW Natural, Avista and Cascade. AWEC’s primary focus is to ensure that its members have access to safe, reliable, and competitively priced energy supplies and services and in promoting a healthy economy and environment in the Pacific Northwest and beyond. Accordingly, AWEC appreciates the opportunity to participate in this rulemaking process and to discuss proposed improvements to the CPP, with the objective of enhancing the effectiveness and economic efficiency of the rule in reducing carbon emissions while maintaining the competitiveness of Oregon business.

AWEC is a participant in the Rulemaking Advisory Committee (“RAC”) and participated in the DEQ’s April 2, 2024 RAC Meeting. In general, AWEC is supportive of the DEQ’s CPP 2024 workplan, as well as its openness to improvements to the rules to make them viable for Oregon business. Notwithstanding, even though the rulemaking process is being expedited and a previous rulemaking exists, it is essential to proceed in a careful and rigorous manner. Each element and assumption of the rule warrants thorough examination and consideration, irrespective of time constraints and the prior analysis conducted.

AWEC’s believes it is important to attempt to achieve Oregon’s climate policy objectives while also fostering a robust economy and making Oregon an attractive place to conduct business. Accordingly, AWEC proposes changes that will make compliance with the rule more feasible for Oregon businesses by increasing compliance options and decreasing compliance costs.

AWEC is developing a set of proposals for the new CPP rule that achieve the foregoing objectives, and we look forward to discussing AWEC’s proposal with the DEQ and stakeholders in the coming weeks. Meanwhile, in response to DEQ’s request for initial comments by April 8th 2024, the following is a summary of the concepts AWEC is working on:

The 2024 CPP Should Contain an EITE Program

Nearly every carbon market in the world has some form of Energy-Intensive Trade-Exposed (“EITE”) program. The joint California/Québec market; the Washington State Climate Commitment Act market; the Northeast, Regional Greenhouse Gas Initiative (“RGGI”) market; the EU Emission Trading System; The UK Emission Trading System; the Korea Emission Trading Scheme, among others, all contain design elements to accommodate the unique carbon impacts and characteristics of EITE entities. The proposed CPP rule, in contrast, does not. AWEC views this as an essential part of an effective climate policy.

The purpose of an EITE program is simple--it is intended to address the widely accepted problem of carbon leakage. Most EITE business require natural gas in their operations, and currently no viable alternative source of energy exists. Adopting rules that otherwise dramatically increase the cost of energy for Oregon EITE entities will harm their competitiveness in global markets and diminish their ability to make sales and products at economically viable prices. This in turn reduces output from Oregon entities leading to a shift in production and energy consumption to



regions with higher carbon footprints and without carbon mitigation rules. Thus, imposing aggressive carbon costs on such entities can result in the counterproductive effect of increasing overall global carbon emissions. It also has negative impacts on the state economy, diminishing both jobs and tax base.

The 2024 CPP Should Reflect Linkage

It is widely recognized that carbon emissions are a global issue. It is also recognized that compliance cost efficiencies can be achieved by linking the various global carbon mitigation programs so that the most economical available carbon reduction measures can be utilized broadly. As an example, the State of Washington is presently working toward linking its carbon mitigation program with those of other jurisdictions.

DEQ has indicated there may be limitations of its authority that prevent it from adopting a cap-and-trade program similar to those that exist in other jurisdictions. AWEC believes, and will be proposing, that those limitations can be partially overcome by linking the price of compliance instruments in Oregon (CCI's) to the market-determined price of compliance instruments in other jurisdictions. CCI price linkage can help reduce the cost of compliance with Oregon's CPP, while providing the same level of carbon reduction. It is also more reflective of the actual cost of carbon reduction compared to an administratively determined CCI price. Linkage can also help continue the competitiveness of Oregon business with those in other jurisdictions with carbon mitigation programs.

The 2024 CPP Should Include Additional Compliance Pathways

Most carbon mitigation programs provide for the use of carbon offsets from other jurisdictions. Given the limited compliance alternatives available for the CPP, and the lack of a tradable market for instruments, AWEC believes that some level of carbon offsets should be allowed as a compliance instrument in the CPP, and will be proposing a mechanisms for that.

Also, there may be mechanisms for Oregon businesses to reduce their carbon emissions that require additional funding. AWEC is evaluating the potential for utilization of a portion of the revenues from Oregon compliance instruments (CCI's) to fund the adoption of such measures.

AWEC will share more detail in writing regarding its proposed 2024 CPP program enhancements before the next RAC meeting. Thank you for your consideration.

Sincerely

William (Bill) A. Gaines
Executive Director, AWEC



Oregon Department of Environmental Quality
 Office of Greenhouse Gas Emissions
Cc: Director Leah Feldon, Karin Power

April 12, 2024

RE: Climate Protection Program 2024 Rulemaking - RAC #1

Dear DEQ Office of Greenhouse Gas Emissions::

The undersigned 34 environmental justice, business, climate, public health, and community-based organizations from across Oregon applaud the commitment by Governor Kotek and the Department of Environmental Quality to reinstate Oregon’s Climate Protection Program without delay. Upholding and restoring these cornerstone climate and community protections by the end of 2024 is essential to prevent incalculable harm to Oregon families, workers, and local economies, now and in the future. We appreciate the opportunity to provide comments and feedback related to issues discussed at the first Rulemaking Advisory Committee (RAC #1) meeting of the Department of Environmental Quality’s (DEQ) Climate Protection Program 2024 rulemaking.

The Climate Protection Program represents a historic victory for Oregon, not only because of its vital role in achieving Oregon’s climate goals and delivering meaningful investments in- and benefits for- Oregon

communities, but also because the program was developed **by and for Oregonians**. Alongside our partners and individual Oregonians from across the state, many of our organizations participated in each stage of DEQ's extensive 18-month rulemaking process, which included more than 100 hours of rulemaking-related meetings across six technical workshops, three "Town Halls," and seven, day-long Rulemaking Advisory Committee meetings. More than 7,600 Oregonians weighed in during the original Climate Protection Program rulemaking from 2020 to 2021, and the overwhelming majority were in favor of strong protections for climate and communities.

The lawsuits brought by the oil and gas industry, and subsequent Court of Appeals ruling to invalidate the program based on a procedural technicality, should not undermine this sound democratic process that was just completed a short time ago. The robust public input and support for the Climate Protection Program must not be erased. The program was working, and on track to deliver significant near-term climate and community benefits. Substantially changing the program at this juncture due to a mere procedural technicality would be a great disservice to all the effort and input that's already gone into program design and implementation. Since the original Climate Protection Program was adopted in 2021, the need for climate action has only become more urgent. Therefore, if any changes are considered to the program, the only path is to make these rules more stringent.

Prior to the Court's decision to invalidate the rules, the Climate Protection Program was projected to achieve nearly half of the state's targeted 45 percent emissions reductions by 2035, and invest hundreds of millions of dollars annually in environmental justice and other communities across Oregon. As DEQ moves forward with its rulemaking process to reestablish the Climate Protection Program, we expect the agency to maintain the science-based integrity of these rules to ensure Oregon stays on track to meet its climate goals and deliver benefits for Oregon communities.

As the State moves forward with a process to reinstate the cornerstone Climate Protection Program, it is vital that DEQ uses the previously adopted rules as a starting point for any new program, and maintains or strengthens the science-based emissions cap trajectory and an effective, independent Community Climate Investment program that is responsive to community needs. Building on these topline recommendations, we offer the following comments and feedback in response to issues raised at the first RAC meeting for the 2024 Climate Protection Program rulemaking, and specifically urge DEQ to:

1. Strengthen the emissions cap to achieve the same level of cumulative emissions reductions by 2035 as the previously adopted program and require immediate compliance;
2. Maintain a strong, effective, independent Community Climate Investment program that is responsive to environmental justice community needs;
3. Hold large stationary source industrial polluters accountable to mandatory declining emissions targets under the cap;
4. Utilize and uplift accurate data and compliance cost information to calculate economic benefits of reducing emissions under this program; and
5. Uphold the established rulemaking timeline and commitment to readopting the rules this year.

Thank you in advance for your consideration.

1. Strengthen the emissions cap to achieve the same level of cumulative emissions reductions by 2035 as the previously adopted program and require immediate compliance.

The emission reduction targets and corresponding base emissions cap and trajectory are essential to the overall integrity of the Climate Protection Program and moving the needle on climate emission reductions in the regulated sectors. If DEQ truly seeks to design a Climate Protection Program that “achieves greenhouse gas emissions reduction targets without sacrificing equitable outcomes and while limiting costs to consumers,” it must establish emission reduction targets and a cap trajectory that reflect the best available science. The United Nations Intergovernmental Panel on Climate Change (IPCC) says we must cut our emissions in half by 2030 to stay below 1.5 degrees of warming.

With the unfortunate delay caused by the oil and gas industry lawsuit, we have lost years of pollution reduction, on top of what had already been decades of delayed climate action. These cumulative emissions that were not achieved as required by the Climate Protection Program, until it was invalidated, are worsening the climate crisis and air pollution in local communities, and must be accounted for in the reinstated program to make up for lost time.

The science-based cap and trajectory from the previously-adopted Climate Protection Program must be strengthened now to get Oregon back on track. It is imperative that DEQ **strengthen the science-based emissions cap trajectory to achieve the same level of cumulative emission reductions as the previously adopted Climate Protection Program rules. We therefore urge DEQ to modify the rule to achieve the same level of cumulative emissions reductions as the previously-adopted program. Specifically, DEQ should use a lower starting emissions cap for 2025 and every year thereafter to make up for emissions lost in the 3 years of delay of the program.**

Likewise, DEQ should require immediate compliance to make up for the three years already lost due to the oil and gas industry litigation, and the urgent need to protect communities already impacted by climate change. The schedule for compliance should be a one-year period for 2025. Ensuring near-term emissions reductions is key to delivering public health benefits and alleviating burdens for impacted communities, by reducing harmful co-pollutants that disproportionately affect Black, Indigenous and People of Color communities, rural and low-income Oregonians.¹ Further, near-term reductions have the potential to provide significant economic benefits, by encouraging early investment in clean energy and other emissions-reducing technologies and innovations, providing immediate benefits for impacted communities, along with new opportunities and economic development across the state.

The regulated entities have been preparing for climate regulation that reins in their emissions for years, and have been working to comply with their required emissions reductions under the previously-adopted Climate Protection Program rules. NW Natural, Cascade Natural Gas, Avista, BP, Shell, Chevron, Phillips

¹ Oregon Health Authority’s recent Climate and Health in Oregon 2020 report underscored that rapidly accelerating climate change is intensifying public health crises in Oregon, hurting communities of color and tribal communities first and worst, and that these health risks will only get worse with continued inaction.
<https://www.oregon.gov/oha/PH/HEALTHYENVIRONMENTS/CLIMATECHANGE/Documents/2020/Climate%20and%20Health%20in%20Oregon%202020-%20Full%20Report.pdf>

66, Marathon Fuels, HF Sinclair and others have already publicly pledged to reduce or eliminate their net emissions by 2050 or sooner. Not to mention, regulated gas utilities, transportation fuel suppliers, and large industrial facilities now have the opportunity to leverage billions of dollars in federal climate and clean energy investments under the Inflation Reduction Act, Bipartisan Infrastructure Law, and CHIPS & Science Act. With unprecedented funding available to support the transition to more efficient and electric homes and buildings, transportation systems, and industries, regulated entities have every means at their disposal to rapidly and affordably decarbonize and comply with greenhouse gas reduction targets in line with science.

2. Maintain a strong, effective, independent Community Climate Investment program that is responsive to environmental justice community needs.

The Community Climate Investment program was developed with extensive input from community members and environmental justice leaders to enable needed investments in community-led solutions to reduce our energy bills, make our homes safer, and make our air cleaner for generations to come. This critical component of the Climate Protection Program was on the cusp of being implemented when the court invalidated the program. Environmental justice and community-based organizations have already invested time and resources into developing potential projects and investment opportunities, and the reinstated rules must uphold the integrity of the CCI program that was designed and long-planned for Oregon communities.

We are therefore opposed to any proposals that would significantly undermine climate, cost saving, and environmental justice outcomes under the Community Climate Investment program. Specific to the topics discussed at RAC #1, we are concerned about unintended impacts if DEQ were to move forward with redistributing or adding to the emissions caps compliance instruments that potentially would have been banked from 2022 to the present under the invalidated rules.

Redistributing potentially banked compliance instruments risks flooding the market with an oversupply of compliance instruments, which could in turn delay emissions reductions and divert critical investments from the Community Climate Investment program. **This risks undermining the Climate Protection Program's ability to deliver near-term climate, economic, and public health benefits for environmental justice communities across Oregon.** For environmental justice communities, the harm of current and past pollution from the intervening years cannot be undone - and community organizations will not be reimbursed for any time, effort or costs that they invested in preparing projects to be part of the CCI program; it is therefore inequitable and unjust to allow for covered fuel suppliers to benefit from the ability to bank compliance instruments from a program that simply no longer exists and many of them fought to overturn.

We strongly urge DEQ to prioritize the needs of environmental justice communities when considering the 2022 emissions data and subsequent impacts that will compromise and severely delay critical investments in overburdened communities, perpetuating existing systemic injustices. We look forward to continuing the discussion around other methods that DEQ could consider for rewarding or incentivizing early emissions reductions, including revising the formula to calculate compliance instrument distribution.

3. Hold large stationary source industrial polluters accountable to mandatory declining emissions targets under the cap.

As our organizations repeatedly expressed through written and verbal comments throughout the initial Climate Protection Program rulemaking process, it is vital that large industrial emitters be held accountable for their significant climate pollution by ensuring regulation of both fuel combustion and process emissions from stationary sources. Moreover, many of our organizations expressed strong concerns during the initial rulemaking about DEQ's proposal to exempt stationary sources from binding emissions reduction requirements and instead regulate these emissions through a BAER approach. We repeatedly recommended that industrial source emissions come under the program's emissions cap to assure the best outcomes for achieving Oregon's greenhouse gas (GHG) reduction goals while improving air quality and public health in impacted communities. We urged DEQ to require mandatory reductions in process-based GHG emissions that increase in stringency over time, consistent with the Climate Protection Program's science-backed, declining emissions cap.

Contrary to our strong and repeated recommendations, the final EQC-adopted Climate Protection Program rules provided a BAER approach for stationary sources to comply with the Climate Protection Program, meaning that emissions from stationary sources could very well increase under this program. Unfortunately, since the adoption of the final Climate Protection Program rules in 2021, increasing emissions from Oregon's industrial sector has become a reality. As one example, in the 2023 legislative session, lawmakers adopted the "Oregon CHIPS Act," which provides \$210 million in funding and creates land use exemptions to accelerate the development of semiconductor plants or other advanced manufacturing facilities. Last summer, Portland General Electric sharply increased its future load forecast, primarily due to industrial growth and increasing data center demand on the horizon.² Similarly, Intel Corporation indicated an increase in its GHG emissions by 906,560 tons per year in a recent air quality permit application for an expansion of its Hillsboro facilities, more than doubling the emissions from these facilities.³ This has major implications for the decarbonization goals of the state of Oregon and for Intel's own stated goal of achieving net-zero greenhouse gas emissions by 2040.⁴ Given the increasing inevitability of a growing industrial sector, it is especially critical that DEQ use this rulemaking to strengthen regulation of large industrial facilities.

As the only existing state regulation on major industrial emitters, **responsible for roughly 20% of our state's total GHG emissions**, it is vital that the Climate Protection Program works to ensure science-based, sector-wide emissions reductions from large stationary sources in Oregon. In fact, DEQ's

² PGE, facing clean energy challenge, revises load forecast sharply higher as data centers sprout, Portland Business Journal, July 11, 2023:

<https://www.bizjournals.com/portland/news/2023/07/11/pge-new-annual-energy-needs-44-higher.html>

³ Oregon DEQ Air Contaminant Discharge Permit-Major NSR Review Report for Intel Corporation

⁴ Intel Newsroom. April 13, 2022. Intel Commits to Net-Zero Greenhouse Gas Emissions in its Global Operations by 2040.

<https://www.intel.com/content/www/us/en/newsroom/news/net-zero-greenhouse-gas-emissions-operations.html#gs.542wuj>

preliminary Climate Protection Program reference case modeling estimated that industrial emissions will *increase* by 28% between 2018 and 2050.⁵

As DEQ noted in the first RAC meeting, at the time of the court’s ruling—two years into program implementation—DEQ had yet to complete a single assessment for large industrial facilities regulated under the BAER program. Without adequate changes, the BAER program will continue to lag, meaning that emissions from these sources will continue unabated, with negative impacts for air quality and public health for neighboring environmental justice communities in Oregon. **We strongly urge DEQ to amend the rules to cover large industrial source greenhouse gas emissions under the cap, which will assure the best outcomes for achieving Oregon’s emissions reduction goals while improving air quality and public health in impacted communities.**

Continuing to enable the development of new sources or expansion of existing sources without clear emissions limits flies in the face of DEQ’s stated equity and emissions goals under the Climate Protection Program. Particularly given recent, historic federal investments in industrial decarbonization—including more than \$20 billion from the 2022 Inflation Reduction Act, an estimated \$67 billion from the 2022 CHIPS and Science Act, as well as forthcoming investments from the Climate Protection Program’s Community Climate Investment program—that will accelerate industrial efficiency upgrades and other technological advancements, **there is no reasonable excuse to continue to enable unfettered climate pollution from large industrial facilities in Oregon.**

4. Utilize and uplift accurate data and compliance cost information to calculate economic benefits of reducing emissions under this program.

The emissions reductions under the Climate Protection Program give Oregon the opportunity to spur job growth and technological innovation, improve public health, and create cleaner, cheaper, healthier energy and transportation options that will benefit Oregon jobs, families, and the economy.

The Fiscal Impact Statement adopted for the 2021 Climate Protection Program rules rightfully acknowledged that directly reducing emissions has the potential to benefit business for covered entities, as well as to benefit Oregon’s economy as a whole. This assessment is in line with economic analyses that have clearly shown that emissions reductions can serve to reboot our economy and set it up for long-term success. Recent Energy Innovation modeling found that—if well implemented—the Climate Protection Program, along with other recently-adopted Oregon climate policies, will add nearly 10,000 jobs and \$2.5 billion to Oregon’s GDP in 2050. Strong implementation will also avoid 600 asthma attacks and 40 premature deaths annually in 2050, with avoided deaths 40 to 90 percent greater for people of color. The modeling found that these health care benefits will amount to a cumulative \$49 billion in avoided health care costs through 2050.⁶

⁵ Or. Dept. of Env’tl. Quality & ICF, Oregon Climate Protection Program: Modeling Study on Program Options 9 (2021), <https://www.oregon.gov/deq/Regulations/rulemaking/RuleDocuments/ghgcr2021modStudyResults.pdf>.

⁶ <https://energyinnovation.org/2022/03/10/new-oregon-energy-policy-simulator-modelling-shows-major-benefits-of-accelerating-climate-policies/>

Renewable energy is not only cheaper overall, it does not suffer from wild price volatility like gas.⁷ Therefore, emissions reductions under the Climate Protection Program will protect consumers from future price fluctuations. The more we can move toward electric vehicles and appliances, the less we have to worry about the price of oil and gas being determined half a world away. Electrification and cleaner ways of making those fuels exist right here in Oregon. This Climate Protection Program will help us deploy those technologies at scale, providing cost-savings, job creation, and healthier living environments for people and families across Oregon.

Given the decades of harm and misinformation that polluting industries have already inflicted on the public—not to mention the impacts to come as climate change worsens—it is unconscionable that fossil gas utilities and oil companies continue to promote misinformation about the costs of compliance and economic impacts under the Climate Protection Program. **With that, we strongly encourage DEQ to bring accurate compliance cost information into the next RAC meeting and discussion of the fiscal impact of the reinstated program to ensure an informed and reasoned conversation among all participants.** This is especially relevant for considering costs for the regulated gas utilities.

As DEQ develops the fiscal and racial impact of the reinstated program, we urge you to remember that, while the economic impacts from Climate Protection Program compliance will likely be positive when aggregated across Oregon’s economy as a whole, the costs of inaction—the failure to achieve science-based emissions reductions—may be higher than the state’s economy can bear. Climate change is already producing devastating impacts for Oregon’s economy and frontline communities. As underscored by OHA’s 2023 Climate and Health in Oregon report, these climate hazards disproportionately harm the health and wellbeing of communities of color, Tribal communities, low-income, and other environmental justice communities more than other populations.⁸ The destruction caused by recent climate-fueled weather events and natural disasters, such as wildfires, droughts, and unprecedented heat waves, have price tags in the billions of dollars. The 2023 Oregon Climate Change Research Institute’s Sixth Oregon Climate Assessment emphasized that “Oregon’s economy and gross domestic product (GDP) remain highly impacted” by climate change, threatening multiple sectors, industries, and communities across the state. These costs are projected to rise dramatically as the climate crisis worsens.

By reducing climate-change causing fossil fuel emissions, the Climate Protection Program will result in substantial benefits for our workers and our economy, including reduced health care costs, job loss prevention, avoided future business closures, and sustaining Oregon’s natural resource economy. In December 2023, U.S. Environmental Protection Agency economists updated the federal social cost of carbon, which estimates the economic impact of climate change.⁹ The new estimate of the social cost of carbon calculates the harm to the economy caused by climate pollution as **\$190 per ton of carbon dioxide emissions**. As DEQ prepares its fiscal impact statement for the 2024 Climate Protection Program, we urge you to utilize the federally adopted social cost of carbon to adequately assess the economic benefits of reducing emissions under this program.

⁷https://www.theguardian.com/business/2021/sep/21/government-should-have-moved-earlier-to-low-carbon-say-industry-experts?utm_campaign=C%26S%20Gas&utm_source=hs_email&utm_medium=email&_hsenc=p2ANqtz--7WcT24tGuVFNnu7cGmjQYu-rPiSluVCcdO02PIZCIJS7uDIkhE1_cusdAJwj7SvNmlEwR.

⁸

https://www.oregon.gov/oha/PH/HEALTHYENVIRONMENTS/CLIMATECHANGE/Documents/le-105251_23.pdf

⁹ <https://www.epa.gov/environmental-economics/scghg>.

5. Uphold the established rulemaking timeline and maintain commitment to readopting the rules this year.

Every day that these landmark climate protections are delayed represents another day that justice is denied to Oregon communities— especially rural, low-income, and communities of color, who stand to benefit the most from emissions reductions and economic prosperity under the Climate Protection Program. **We therefore applaud DEQ’s commitment to a timeline that results in re adoption of the Climate Protection Program rules this year.**

We are in the decisive decade for climate action. Without the Climate Protection Program, Oregon simply does not have an adequate or workable plan to achieve the state’s climate goals. Our state also misses out on the innovation, job creation, and energy cost savings that this program will drive, which are vital for our economy and “household budgets. It is imperative that the State hold firm in its progress toward growing clean energy industries that create local, high-quality jobs across Oregon.

Oregonians have long demanded that fossil fuel companies take responsibility for the devastating harm they cause to our lives, our families, and our communities. We cannot afford to continue jeopardizing the lives and livelihoods of our communities for the sake of preserving the status quo. Now, it is up to DEQ leadership to swiftly restore the protections we need to ensure a healthy climate future for all Oregon families.

We look forward to seeing this program reinstated before the end of 2024 so that we can get back to the urgent work of investing in low-income, rural and communities of color who have borne the brunt of climate and economic injustice for too long.

Sincerely,

Teryn Yazdani
Staff Attorney and Climate Policy Manager
Beyond Toxics

Karen Harrington
Chair, Legislative Committee
Climate Reality Project, Portland Chapter

Meredith Connolly
Oregon Director
Climate Solutions

Jeff Hammarlund
Co-chair
Climate, Energy and Environment Team of COIN

Deborah Ferrer
Leadership Team
COIN - Consolidated Oregon Indivisible Network

Audrey Leonard
Staff Attorney
Columbia Riverkeeper

Charity Fain
Executive Director
Community Energy Project

Stuart Liebowitz
Facilitator
Douglas County Global Warming Coalition

Molly Tack-Hooper
Supervising Senior Attorney
Earthjustice

Taylor Silvey
Public Relations & Public Health Coordinator
Ecumenical Ministries of Oregon

Jessica Nischik-Long
Acción Climática Program Manager
Familias en Acción

Nora Lehmann
Advocacy Coordinator
Families for Climate

Carra Sahler
Director and Staff Attorney
**Green Energy Institute at Lewis & Clark
Law School**

Brett Baylor, Rick Brown, Linda Craig, Pat
DeLaquil, Dan Frye, Debby Garman, KB
Mercer, Michael Mitton, Rich Peppers, Rand
Schenck, Jane Stackhouse, Joe Stenger and
Catherine Thomasson
Steering Committee
Mobilizing Climate Action Together

Angus Duncan
PNW Consultant
Natural Resources Defense Council

Nakisha Nathan & Mary Peveto
Co-Executive Directors
Neighbors for Clean Air

Tim Miller
Director
Oregon Business for Climate

Nora Apter
Director of Programs
Oregon Environmental Council

Taylor Silvey
*EMO Public Relations & Public Health
Coordinator*
Oregon Interfaith Power & Light

Lindsey Scholten
Executive Director
Oregon League of Conservation Voters

Kyna Harris
Program Director
Oregon Public Health Institute

Lauren Anderson
Climate Forests Program Manager
Oregon Wild

Ira Cuello-Martinez
Policy and Advocacy Director
PCUN

Jess Grady-Benson
Organizing Director
Rogue Climate

Alan Journet
Co-facilitator
Southern Oregon Climate Action Now

Anne Pernick
Senior Advisory
SAFE Cities at Stand.earth

Arian Dehnow
Policy Associate
The Pacific Forest Trust

Thor Hinckley
Coordinating Committee
Third Act Oregon

Kasey Hovik
Executive Director
Umpqua Watersheds

Xitlali Torres
Air Quality and Climate Program Coordinator
Verde

Alex Boetzel
Governance and Steering Committee Chair
ZERO Coalition

Prof. Janet Lorenzen
Member
350 SalemOR

Debby Garman
Team Lead
350 Washington County

Cherice Bock
Climate Policy Manager
350PDX

From: [Brigid Baumann](#)
To: [2024 CPP * DEQ](#)
Subject: Climate Protection Program
Date: Monday, April 1, 2024 10:10:50 AM

You don't often get email from baumannb2010@gmail.com. [Learn why this is important](#)

Due to a legal technicality our support of a strong, Climate Protection Program was invalidated. I urge DEQ to adopt a strong, legally valid Climate Protection Program for Oregon. It's important to reduce greenhouse gas emissions while also assisting lower income people in reaching this goal. We already supported one, so please fix it urgently, our earth is hurting and we need action now.

Thank you for considering the common good and the kind of earth we want to leave for our grandchildren.

--

Brigid Baumann snjm

From: [Elizabeth Olsen](#)
To: [2024 CPP * DEQ](#)
Subject: DEQ Climate Protection
Date: Friday, March 29, 2024 2:32:47 PM

You don't often get email from elizabetholsen49@gmail.com. [Learn why this is important](#)

I encourage the DEQ to adopt a strong, legally valid Climate Protection Program for Oregon. It's a priority to reduce greenhouse gases while assisting and supporting lower income people in reaching this goal.

Elizabeth Olsen
12975 SE River Rd, Apt 109N
Portland OR 97222



April 1, 2024

Oregon Department of Environmental Quality, and
Committee

Advisory

RE: Advisory Committee April 2 2024

Climate Protection Plan 2024

Dear Advisory Committee members and staff:

I am writing to the Department of Environmental Quality (DEQ) the Environmental Quality Commission (EQC), and Advisory Committee, to comment on the proposed rulemaking for an Oregon Climate Protection Program (CPP) 2024, on behalf of the Great Old Broads for Wilderness (the Broads), the Cascade-Volcanoes chapter. The Broads advocate for protection of public lands, and for climate action, in Oregon and the nation. The Cascade-Volcanoes chapter encompasses northwest Oregon and southwest Washington. We understand that the Oregon Court of Appeals invalidated the program in December 2023 due to procedural deficiencies in the rulemaking. We support the DEQ and EQC in reestablishing the Climate Protection Program, needed to address the climate crisis and to comply with Executive order 20-04 issued by then-Governor Kate Brown.

According to the DEQ website:

“The purpose of this rulemaking is to reestablish a climate mitigation program in place of the recently invalidated Climate Protection Program. In December 2023, the Oregon Court of Appeals determined that DEQ did not fully comply with notice requirements during the 2021 Climate Protection Program rulemaking process, thereby invalidating the program.

This rulemaking will:

- *Reestablish a program to set limits on greenhouse gas emissions from significant sources in Oregon including large stationary sources, transportation fuels, and other liquid and gaseous fuels.*
- *Set an enforceable and declining limit, or cap, on greenhouse gas emissions from fossil fuels used in Oregon, including diesel, gasoline, natural gas, and propane beginning in 2025.*
- *Prioritize equity by promoting benefits and alleviating burdens for environmental justice communities.*
- *Reestablish a climate program with comparable scope and emissions reduction ambitions as the previously adopted Climate Protection Program.”*

We support the proposed components of the Climate Protection Program, and wish to ensure that it will be at least as strong as the vacated 2021 plan. We support environmental justice equity, so communities burdened with climate and air pollution impacts will benefit while easing economic burdens while complying with the program.

The new rulemaking must still comply with the EO 20-04 Greenhouse gas emissions (GHG) reduction goals of:

- 45% below 1990 emissions by 2035, and
- 80% below 1990 emissions by 2050.

It is unclear if all of the following were vacated in the Court of Appeals ruling, but we wish to ensure they are included in the new rulemaking, if not still in force:

- 100% zero battery and plug-in hybrid vehicles are sold in Oregon by 2035, adopted in 2022
- Air Quality Permitting updates filed in Nov 2022, including environmental justice components
- Clean Fuels Program expansion that went into effect in Sept 2022 and Jan 1 2023 including the annual average carbon intensity target of 20% below 2015 by 2030 and
37% below 2015 by 2035

Meeting the GHG reductions for transportation depends on the OR Clean Vehicle Rebate Program. The legislature did not allocate any funding this year for the Charge Ahead EV Rebate program for low-income Oregonians. That very popular program ran out of money and will remain unfunded into 2025, although the federal incentives are in place. When your Climate Protection Program is reinstated, we ask that you recommend that the legislature fund the Charge Ahead EV Rebate in 2025. We will advocate for this program with our legislators as well, for accelerated climate action and for climate justice.

We have reviewed the DEQ “Rulemaking Brief: Emissions Caps. Climate Protection Program 2024 Rulemaking.” The vacated CCP was designed to reduce fuel supplier emissions by 50% by 2035 and 90% by 2050. We concur that these goals should remain the same in the 2024 Climate Protection Program. The original CCP utilized emissions data from 2017-19, as providing accurate data from the GHG Reporting Program; these same data should be used for the 2024 CPP. The staff raised the question of whether the new CCP should use the 2022 cap or the 2025 cap. Given the invalidated program, it seems that the 2022 cap must be used. This does make for more rapidly declining caps, but makes compliance more feasible for companies which have not begun the process of reducing GHG emissions. However, it does benefit companies which have already begun GHG emission reductions.

The Rulemaking paper states that the Climate Protection Program addresses about ½ of the sector-based inventory, of anthropogenic GHG emissions—from fossil fuels and manufacturing, but not biogenic emissions from living organisms. Some of those emissions are addressed in the Natural Carbon Solutions programs of the Oregon Climate Action Commission (formerly the Global Warming Commission).

CAUTION: The Rulemaking paper states that an important compliance strategy for regulated entities is replacing fossil fuels with biomass derived fuels. This can be utilizing agricultural waste, for example, but on large scale forests are harvested for biomass, which is not supported by the science. Burning biomass electricity releases more carbon than burning coal; the atmosphere does not distinguish the source of the CO₂. We must not promote cutting live trees for fuel; we must protect older forests for climate mitigation, for carbon storage and sequestration.

While we are not suggesting that the following be included in the 2024 Climate Protection Program, you may want to explore recommendations to regulated entities how they can meet the declining caps of GHG emissions.

The HB2021 requires electrical generation to reduce fossil fuels and increase renewable energy sources each year. Thus, the electricity gets greener each year with lower GHG emissions. As companies reduce direct fossil fuel use, the electricity they use gets cleaner. They should benefit from this reduction in GHG emissions. It does present a problem of “double counting” as the electric utilities are credited with these reductions. Both the producer and user of greener electricity need incentives for this effort. One mechanism would be to encourage regulated entities to purchase 100% green energy voluntarily. (The City of Portland is considering an “opt-out” instead of “opt-in” program for utility customers in the City.) This would provide electrical utilities with both a demand for more renewable energy and funding to provide it.

Companies can install solar panels on their buildings to provide carbon-free electricity, but the upfront costs can be prohibitive. With the help of the Oregon Public Utility Commission, electric utilities could partner with willing businesses, especially warehouses, large commercial buildings or business parks, college campuses, government complexes, to create urban solar facilities, funded by the utility. The utility, could sell the electricity to the to the business at a reduced rate. Electrical storage could be a component. This could “count” for both the utility renewable energy % and the company; again, we must find a way to address the “double count”. Given the long lag time in providing transmission lines to get remote renewable energy to urban centers, this could be part of the solution. For companies with vehicle fleets, this could facilitate electric fleet conversion sooner.

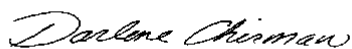
For natural gas utilities, electrification means loss of business, with potentially increasing rates for remaining customers. At this point, Oregon’s natural gas utilities are fighting this with lawsuits (Eugene) and obstructionism. Strategies used by other natural gas utilities are to become thermal utilities. Eversource, New England’s largest electric and gas utility is piloting a thermal utility approach with GeoNetworks, providing geothermal heating and cooling. With input of the OR Public Utility Commission, our natural gas utilities could invest in the technology and own and maintain the equipment and lease it depending on usage. This is likely best on larger scale projects such as college or hospital campuses, business parks, or neighborhoods. A neighborhood can convert to this or electrification or both, especially one that would require the expensive replacement of gas mains.

Vermont’s only gas utility, VGS launched an electric appliance leasing program for heat pump water heaters in 2022 and expanded to include leasing centrally ducted heat pumps in 2023. Vermont regulators allow VGS to earn a regulated rate of return on the equipment it purchased for the program, as it would for gas pipeline investments.

We would like for data to be presented to the Committee if there has been progress in reducing GHG emissions on the earlier CPP before it was invalidated. Both decision makers and the public would benefit from this information. It was a short time that the program was actually implemented, but if there is data available for 2023 that would enlighten us.

Summary. Great Old Broads supports the reestablishment of the Climate Protection Program, at least as strong as the one that was invalidated on procedural grounds. We wish to ensure that environmental justice measures are included. Please proceed to ensure that a new program is in place by the end of the year, following all procedural requirements for notification and public input.

Sincerely,



Darlene Chirman
Broads for Wilderness
Leadership Team

Great Old
Cascade-Volcanoes Chapter



Growth Energy™
Expanding America's Bioeconomy

April 9th, 2024

Leah Feldon
Director
Oregon Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, Oregon 97232

Re: Climate Protection Program 2024 Rulemaking

Director Feldon:

Thank you for the opportunity to comment on the 2024 rulemaking for Oregon's Climate Protection Program (CPP). Growth Energy is the world's largest association of biofuel producers, representing 97 U.S. plants that produce 9.5 billion gallons of renewable fuel annually; 119 businesses associated with the production process; and tens of thousands of biofuel supporters around the country. Together, we are working to bring better and more affordable choices at the fuel pump to consumers, improve air quality, and protect the environment for future generations. We remain committed to helping our country diversify its energy portfolio to grow more green energy jobs, decarbonize the nation's energy mix, sustain family farms, and drive down the costs of transportation fuels for consumers.

We appreciate the Department of Environmental Quality's (DEQ) efforts to reduce greenhouse gas (GHG) emissions in the state. Our industry represents the largest volume of accessible, low-carbon biofuels meant to achieve the emissions reduction objectives of the CPP.

Growth Energy applauds DEQ's efforts to maintain biofuels' exemption in the CPP's compliance mechanisms, as biofuels such as bioethanol plays an important role through Oregon's Clean Fuels Program in reducing GHGs in the state's transportation fuel supply. Additionally, we are encouraged by language in the April 2 Rulemaking Advisory Committee meeting presentation to use CPP compliance to incentivize a shift to biofuels.¹

We applaud Oregon allowing the sale of E15, gasoline containing up to fifteen percent ethanol, in 2021.² We encourage the state to adopt policies that encourage the expanded use of E15 as well as higher blends such as E85. More than 96% of all vehicles on the road today can take advantage of E15, which if replaced E10 statewide, would result in more than 190,000 tons in

¹ <https://ormswd2.synergydcs.com/HPRMWebDrawer/Record/6644612/File/document>

² <https://growthenergy.org/2021/12/02/oregon-finalizes-e15-rule-to-take-effect-in-january/>

GHG reductions.³ This is the equivalent of removing more than 41,000 vehicles off Oregon's roads without impacting a single driver.

Additionally, E85 is currently available at only five sites in the state⁴. With an existing fleet of more than 186,000 Flex Fuel vehicles (FFVs)⁵, Oregon can utilize E85, which will promote even greater reductions in GHG emissions in addition to reductions in air toxics. We encourage Oregon to incentivize the use of FFVs and invest in infrastructure expanding access to E85 in the state. Doing so would achieve multiple goals: improve air quality and GHG emissions, reduce the state's dependence on fossil fuels, and provide consumers with an affordable choice to power their vehicles.

We would be happy to further discuss the role of higher bioethanol blends in further GHG reductions and the additional environmental justice benefits of higher ethanol blends to disadvantaged communities. Thank you for the opportunity to comment and in advance for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Bliley". The signature is stylized and cursive.

Chris Bliley
Senior Vice President of Regulatory Affairs
Growth Energy

³ <http://www.airimprovement.com/reports/national-e15-analysis-final.pdf>

⁴ <https://getbiofuel.com/fuelfinder/>

⁵ <https://afdc.energy.gov/vehicle-registration>

From: [Helena Birecki](#)
To: [2024 CPP * DEQ](#)
Subject: CPP 2024 Rulemaking
Date: Monday, April 1, 2024 8:03:38 AM

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Dear DEQ Rulemaking Advisory Committee EQC members, and DEQ staff,

As a resident of Tillamook County and a member of the Climate Reality Project, I fully support your decision to remedy the procedural issues found by the Court of Appeals and **reinstate the Climate Protection Program in a way that fulfills its original aims**: greenhouse gas and other pollution reductions, enhancing public welfare and environmental justice, and accelerating the transition off fossil fuels.*

Please ensure that the 2024 rulemaking will:

- Reestablish a program *at minimum* as strong and comprehensive as the 2023 CPP. I particularly urge you to disallow the option to use out-of-state biomethane or hydrogen for CPP compliance.
- Adjust the GHG emission reductions targets to account for the program delay. Every year counts.
- Protect the Community Climate Investment program to alleviate burdens for environmental justice communities. I particularly urge you to regulate both biomethane and hydrogen across additional health and safety metrics that are essential to achieving the CPP aims of reducing other air pollutants and improving public welfare for Oregon communities.

I care about this because:

First, as a current resident of Tillamook County and a member of the Climate Reality Project, I am acutely aware of the dangers of climate-change fueled storm surge, flooding, and wildfire risk and fully support climate protection.

Second, having friends in Richmond and Rodeo (California), I know the long-term health harms they have suffered from regular flaring pollution from high temperature hydrogen production. It doesn't matter whether that hydrogen is produced from biogas, biomass, or landfill waste instead of fossil fuels— the flaring risk remains high for all of those pathways. The only safe hydrogen production is green electrolytic production at low temperatures.

Third, about three years ago a “natural gas” (methane) line exploded in my acquaintance’s apartment building— he was hospitalized with third degree burns for almost two months, barely saved his elderly neighbor’s life, and lost his dog and cat to the flames. The explosion risk of methane is the same whether the methane is “bio” or “fossil.”

Fourth, it is clear that solutions like biomethane cannot be solutions at scale. The supply of waste from which to create biomethane is limited— Oregon DOE estimates that gross potential for production is only between 4.6 and 17.5% of Oregon’s yearly natural gas usage. Any biomethane policy that incentivizes additional waste production would be harmful to Oregonians, add greenhouse gas emissions, and in the case of incentivizing additional cow manure, would directly affect water quantity and quality. Additionally, biomethane leaks just like fossil methane, adding extremely potent greenhouse gas — with a global warming potential 86 times that of carbon dioxide over a 20 year period, and a 100 year GWP of 25— to our atmosphere from every leaking production site, pipe, or appliance.

Fifth, for homes and vehicles, direct electrification is several times more efficient than hydrogen— this means direct electrification can serve more needs more affordably. Don't let “hydrogen creep” cut into Oregonians’ wallets and energy security— create rules to limit hydrogen to 1) uses that cannot otherwise be decarbonized such as fertilizer and steel production and 2) the amounts that can be produced electrolytically using solar or wind energy that is in excess of grid needs.

It's essential that Oregon's climate rules address the climate crisis in ways that help people in real life. Because GHG calculations on spreadsheets often leave out important metrics, the spreadsheets don't tell

the whole story. Considering pollutants other than GHGs, public safety, and water and food security is necessary for real climate protection.

Thank you in advance for reinstating the Climate Protection Program and upholding all four of the Climate Protection Program's important aims: reducing greenhouse gas emissions, accelerating the phase-out of fossil fuels, reducing other air pollutants, and improving public welfare for Oregon communities, particularly environmental justice communities.

Sincerely,

Helena Birecki

resident of Tillamook County, OR

*<https://www.oregon.gov/deq/ghgp/cpp/pages/default.aspx>

References:

<https://blogs.edf.org/energyexchange/2023/01/30/rule-1-of-deploying-hydrogen-electrify-first/>

<https://oregoncapitalchronicle.com/2023/07/25/historic-change-facing-drought-legislators-impose-water-limits-on-livestock/> (Governor Kotek signed SB85 since the article was published)

<https://www.oregon.gov/energy/Data-and-Reports/Documents/2018-RNG-Inventory-Report.pdf>

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<https://www.energy.ca.gov/sites/default/files/2021-05/CEC-500-2020-034.pdf>



Sent via email to: cpp.2024@deq.oregon.gov

March 25, 2024

Leah Feldon
Director
Oregon Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, OR 97232-4100

RE: 2024 Climate Rulemaking – Listening Session

Dear Director Feldon:

Thank you for the invitation to participate in the fuel supplier listening session. I would like begin my remarks by expressing appreciation for OR Department of Environmental Quality's (ODEQ) efforts under the 2023 Climate rule. The 2023 Rulemaking Advisory Committee (RAC) was a collaborative process and resulted in a final rule that was more thoughtful, predictable, and stable. HF Sinclair respectfully requests the issues raised here to be included in the rulemaking discussion for the next iteration of the Climate Protection Program (CPP).

Overview

As ODEQ considers drafting a new proposed climate rule, HF Sinclair would like to see a statewide climate program that is fair for all covered entities. While the CPP was invalidated, we can still take lessons learned and apply them moving forward. Fuel suppliers altered business plans and made financial investments in an effort to comply with the then existing CPP. The investment from HF Sinclair was significant. HF Sinclair takes this concept of equity to heart and we strongly believe it should apply to the 2024 CPP rulemaking.

New Rulemaking

First, what went well in the 2023 rulemaking? Important improvements were made last year that we hope to see retained in the next program if ODEQ moves forward with the new rulemaking.

One-Year Lookback Period

Using a one-year lookback at greenhouse gas emissions data for the purposes of compliance instrument distributions is fairer and more accurate than the trailing three-year lookback that was in the earlier iteration of the regulation. The market positions of some fuel suppliers have changed dramatically over the past several years, using outdated volumes is not an accurate reflection of current market realities. Consequently, our recommendation is that any new rulemaking also adopt a one-year lookback period as described in the 2023 rule (e.g., the 2025 cap year compliance



instrument distribution would be based off covered fuel suppliers' 2024 GHG emissions data). The new rulemaking can also incorporate the true-up as described in the 2023 rule.

New Market Entrants

Other improvements were made in the 2023 rulemaking that allowed new market entrants to enter the Oregon market on a more level playing field. This was achieved in part by lifting the cap on the reserve distribution. While HF Sinclair would no longer be considered a new market entrant, this change was a positive development and, if included in the next rule, would benefit any potential new participant in the CPP. ODEQ should also reconsider the thresholds for new market entrants and perhaps establish a fixed threshold rather than a declining threshold. For example, fuel suppliers that have less than 200,000 metric tons would not participate in the program. This would provide more stability and smaller fuel suppliers would not be put in a position where there is no meaningful pathway to compliance if there is insufficient instruments in the reserve, yet these small businesses would face substantial permitting and compliance costs without any significant climate benefits.

Annual Cap and Reductions

ODEQ has publicly stated its intention to keep the climate goals from the previous program, which could be inferred to mean the intention to retain the same annual greenhouse gas emission caps. If that is true, the 2025 cap year would be roughly 25.7 million metric tons. While we do not yet know what the 2024 GHG emissions data will be, regardless, starting the 2025 cap at the level set under the prior rule would likely result in a fairly significant reduction in petroleum fuel supply volumes and covered fuel suppliers may not receive or be able to acquire sufficient compliance instruments absent a trading market. Setting the cap below current actual usage could create significant regulatory burdens, price increases, and disrupt the market.

Credits for Prior Instruments

As a matter of equity, any party that engaged in trading compliance instruments or purchased compliance instruments or community climate investment credits, brought in biofuel, changed their practices to include biofuels or reduced fuel imports in 2022 and 2023 under the prior CPP should receive a one-time allocation of such compliance instruments exclusive of the starting 2025 cap. Businesses made decisions and investments based on complying with the prior CPP in a good faith effort to comply with the rules. Addressing this issue in the next rule would send a strong signal to the private sector that ODEQ is continuing to work in good faith with fuel suppliers to implement a fair and equitable program.

Three-Year Compliance Demonstration Periods

HF Sinclair supports a three-year compliance demonstration period. The first compliance demonstration period would be 2025 to 2027 similar to the prior rule, with compliance demonstrated in 2028.



Community Climate Investment Credits

HF Sinclair supports the Community Climate Investment (CCI) credits program. Under the prior rule, the use of CCI credits was capped at 10% for the first compliance period, 15% for the second compliance period and 20% for the third compliance period and each compliance period thereafter. HF Sinclair believes these caps were set too low for the first and second compliance period. HF Sinclair encourages that ODEQ set a 25% cap on the use of CCI credits for each compliance period.

In addition, HF Sinclair encourages ODEQ to reconsider the expiration of CCI credits and the prohibition on trading CCI credits. A covered fuel supplier that purchased CCI credits should be able to subsequently sell those credits to generate a more robust CCI purchase and trading market.

ODEQ should also reconsider the per credit costs of CCIs. The cost of CCIs in Oregon is significantly out of step with similar credits or allowances in other states and should be reduced in order to promote a viable market.

Penalties

HF Sinclair encourages ODEQ to reconsider the penalty methodology. A baseline penalty of \$12,000 per metric ton is egregious especially if CCI credits are not available to purchase, there is no available trading market for compliance instruments, and CPP permittees can't precisely calculate how many compliance instruments will be distributed to each participant because ODEQ doesn't determine such distributions until the following year. Further, the \$12,000 per-penalty amount is significantly out of step with other penalties in Division 12 which have more direct environmental or human health impacts. ODEQ should consider a per-penalty amount for a range/volume of metric tons of CO₂e, similar to the enforcement rules for hazardous waste, solid waste and air quality.

Conclusion

In conclusion, HF Sinclair stands ready to work with ODEQ on the above issues during the rulemaking process.

Sincerely,

Jeremy Price
Manager, West Coast Government Affairs

From: [Joseph Stenger](#)
To: [2024 CPP * DEQ](#)
Subject: RAC meeting on April 2 for CPP 2024
Date: Thursday, March 28, 2024 11:52:15 AM

You don't often get email from joseph.stenger@gmail.com. [Learn why this is important](#)

Dear members of the Rulemaking Advisory Committee:

I am writing in support of the strongest possible Climate Protection Program. I live in NE Portland. I am a family physician and a grandfather. I am a member of the Steering Committee of MCAT, Mobilizing Climate Action Together.

I am terrified about the loss of species, the ecological devastation, the cascade of weather calamities that we are experiencing, and what this means for our children and grandchildren. Each new scientific report is more dire, whether documenting 2023 as the hottest year on record, or whether documenting the increasingly rapid loss of polar ice, or documenting the heating and acidification of oceans. We cannot turn back what has happened. Even if we stopped emitting air pollution now, the planet will continue to heat up for years and the loss of biodiversity will worsen. But we can, we must, do everything in our power to rapidly reduce greenhouse emissions to lessen the catastrophe and the resultant population deaths and quality of life.

In 2021, Oregon passed a landmark Climate Protection Program. This would have committed us to a significant reduction of GHG emissions over the next three decades. With the CPP's invalidation at the end of 2023, we will lose years of implementation.

Improving public health by reductions in air pollution will be good for us all, whether we suffer from respiratory illness ourselves or whether we contribute to paying for those statewide medical costs. This will have even more benefits for those communities that have traditionally been most hard-hit by pollution. This is a way of finding some justice for impacted people.

Steady reduction in GHG emissions will prevent worse depletion of snowpack and groundwater reserves, will prevent worse crop losses, will prevent further deterioration of our fisheries, will prevent further loss of wildlife and wildlands with its resultant loss of recreational income, will prevent higher costs for repair of infrastructure damage from extreme weather, and will prevent so many of our children and grandchildren dying due to climate chaos.

Because of the delay in beginning this Program, we need to revise the targets for GHG reductions to compensate. We cannot afford to let this bureaucratic hurdle cause worsening of cumulative emissions.

Do not allow business considerations and industry lobbying to weaken this crucial Program.

I urge you to set aside any loyalties you might have to short-term business benefits and to reestablish a new and improved CPP to serve the people of Oregon. While many of you represent industries that will need to reinvent their mission to comply with this new reality, those interests should not undermine your commitment as a member of this Committee to do the right thing for the people of Oregon. This is a unique opportunity to dramatically improve the wellbeing of millions of people. We depend on you to act in the public interest! Develop and pass an effective and comprehensive Climate Protection Program!

We the people of Oregon depend on you to rise above any barriers and deliver a strong Climate Protection Program that will chart our course to a safer and more fulfilling future.

With sincere appreciation for your service,

Joseph Stenger MD

<file:///Users/josephstenger/Downloads/Comment%20on%20CPP%203%202024.pdf>

From: [KB Mercer](#)
To: [2024 CPP * DEQ](#)
Subject: Climate Protection Plan
Date: Monday, March 25, 2024 10:42:12 AM
Attachments: [attachment.png](#)

You don't often get email from comms@mcate-climate.org. [Learn why this is important](#)

Dear Members of the Rulemaking Advisory Committee;

I am writing to urge you to reestablish the Climate Protection Plan. I would like you to ensure that the new rulemaking for the Climate Protection Program will:

- Reestablish a program as strong and comprehensive as the initial plan.
- Adjust the GHG emission reductions targets to account for the program delay.
- Protect the Community Climate Investment program to alleviate burdens for environmental justice communities.
- Fight fossil fuel Industry attempts the weaken the program.

Thank you;

KB Mercer
10811 SE Schiller St.
Portland, OR 97266

KB Mercer
Communications



comms@MCAT-climate.org
MCAT-climate.org
c: 619 890 5399

From: [Ken Barker](#)
To: [2024 CPP * DEQ](#)
Subject: Support Climate Action by Oregon
Date: Monday, March 25, 2024 12:23:23 PM

You don't often get email from ken_nwd@yahoo.com. [Learn why this is important](#)

We are currently in a Climate Emergency and we need to have all Oregon's support in this. I am supportive that DEQ be given everything to deal with this Climate emergency.

Ken Barker

Resident, Tigard, OR

[Yahoo Mail: Search, Organize, Conquer](#)

From: [Kristin Guest](#)
To: [2024 CPP * DEQ](#)
Subject: Support the Climate Protection Program
Date: Friday, March 29, 2024 11:43:47 AM

You don't often get email from kguest@seattleu.edu. [Learn why this is important](#)

Dear Members of the Rulemaking Advisory Committee:

As an Oregon citizen deeply concerned about climate change, I am emailing to urge you to support a strong Climate Protection Program. Please:

- Reestablish a program as strong and comprehensive as the initial plan.
- Adjust the GHG emission reductions targets to account for the program delay.
- Protect the Community Climate Investment program to alleviate burdens for environmental justice communities.
- Fight Industry attempts to weaken the program.

Kristin Guest, Portland

From: [Leigh Merriman](#)
To: [2024 CPP * DEQ](#)
Subject: Oregon Climate Protection Program
Date: Friday, March 29, 2024 7:17:19 PM

[You don't often get email from leighmerr@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification>]

I am writing in support of the need for Oregon DEQ to adopt a legally viable, socially equitable Climate Protection Program that protects both the natural world and the people who depend on it for life.

Decreasing carbon emissions must be addressed from all levels of government, business and individual action.

Please do not allow the oil and gas industry to undermine this vital work.

Thank you.

Leigh Merriman

From: [Lenny Dee](#)
To: [2024 CPP * DEQ](#)
Subject: Reestablish a Strong Climate Policy
Date: Saturday, March 23, 2024 12:15:10 PM

You don't often get email from lenny@onwardoregon.org. [Learn why this is important](#)

The Climate Protection Program was invalidated by the Oregon Court of Appeals on a procedural technicality. We need your support to ensure that the new rulemaking will:

- Reestablish a program as strong and comprehensive as the initial plan.
- Adjust the GHG emission reductions targets to account for the program delay.
- Protect the Community Climate Investment program to alleviate burdens for environmental justice communities.
- Fight Industry attempts the weaken the program.

Lenny Dee
Onward Oregon
Your Oregon Information Source
<https://onwardoregon.org/>

From: [Lisa Cohn](#)
To: [2024 CPP * DEQ](#)
Subject: Please Re-establish the Climate Protection Plan
Date: Friday, March 22, 2024 4:47:40 PM

You don't often get email from lisaellencohn1@gmail.com. [Learn why this is important](#)

Dear RAC Members,

I'm upset that the Climate Protection Program was invalidated by the Oregon Court of Appeals on a procedural technicality. I'm writing to urge you to:

- Reestablish a program as strong and comprehensive as the initial plan.
- Adjust the GHG emission reductions targets to account for the program delay.
- Protect the Community Climate Investment program to alleviate burdens for environmental justice communities.
- Fight Industry attempts to weaken the program.

Oregon is suffering from the effects of climate change. We're seeing increased numbers of wildfires that are costly, undermine our air quality and especially hurt disadvantaged communities.

High temperatures and drought conditions are also a huge challenge, as our more intense winter storms.

We need to protect our state from the harmful effects of climate change. We can't let polluting, greedy industries stand in the way. Please re-establish the Climate Protection Plan!

Lisa Cohn
Portland

--
Lisa Cohn
Writer/Author
[Linkedin](#)

From: [Maria Nazzaro](#)
To: [2024 CPP * DEQ](#)
Subject: Help Reestablish the Climate Protection Plan
Date: Saturday, March 23, 2024 5:27:53 PM

You don't often get email from marianazzaro1223@gmail.com. [Learn why this is important](#)

To Whom it May Concern,
Please,
Reestablish a program as strong and comprehensive as the initial plan.

Adjust the GHG emission reductions targets to account for the program delay.

Protect the Community Climate Investment program to alleviate burdens for environmental justice communities.

Fight Industry attempts the weaken the program.

Thank you,
Maria Nazzaro

From: [Marilyn Feldhaus](#)
To: [2024 CPP * DEQ](#)
Subject: reinstate the Climate Protection Program
Date: Friday, March 29, 2024 8:50:04 AM

You don't often get email from mjfeldhaus@jps.net. [Learn why this is important](#)

Dear DEQ;

I am an Oregon citizen and voter who supports a strong Climate Protection Program. Please work with and through the Rulemaking Advisory Committee to make up a valid and legally binding CPP.

It's important that we do our part to reduce Greenhouse Gas Emissions, while also taking care to make sure lower income citizens are included in any initiatives working to accomplish this goal.

Thank you;

Marilyn Feldhaus
Portland, OR 97222

From: [Martha Dibblee](#)
To: [2024 CPP * DEQ](#)
Subject: Reinstate Climate Protection Program; mitigate contaminated groundwater in Port of Morrow.
Date: Friday, March 29, 2024 11:11:00 AM

You don't often get email from dibblee@hevanet.com. [Learn why this is important](#)

I urge DEQ to adopt a strong, legally valid Climate Protection Program for Oregon. It's important to reduce greenhouse gas emissions while also assisting lower income people in reaching this goal.

And it's important to serve the people of Port of Morrow who are suffering from contaminated groundwater that DEQ ignored.

Martha Dibblee
dibblee@hevanet.com

About this email:

This message may contain confidential information and is intended for the named recipients. If you are not the intended recipient you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited. If you have received this e-mail in error, please immediately notify me by return e-mail.

From: [Meg BOWMAN](#)
To: [2024 CPP * DEQ](#)
Subject: Support the Climate Protection Plan
Date: Monday, March 25, 2024 3:19:48 PM

You don't often get email from bowmanclark@msn.com. [Learn why this is important](#)

To the DEQ Rulemaking Advisory Committee:

I write to ask that you reinstate a strong, comprehensive Climate Protection Program after its invalidation by the Oregon Court of Appeals on a procedural technicality.

It's imperative that 1) **the GHS emission reductions targets are adjusted to account for the program's delay;** 2) **the Community Climate Investment Program is protected in order to alleviate burdens for environmental justice communities;** 3) **and that any attempts by industries to weaken this program are blocked.**

Thank you for considering my input.

Meg Bowman

3232 NE 27th Ave, Portland, 97212

From: [Nora Lehmann](#)
To: [2024 CPP * DEQ](#)
Subject: 4/2/24 CPP testimony
Date: Tuesday, April 2, 2024 1:24:42 PM

You don't often get email from nora@familiesforclimate.org. [Learn why this is important](#)

Hi there,

I testified verbally today at the DEQ meeting but I'm also submitting Families for Climate's comments in written form for the record, see below. Thanks!

Nora Lehmann

My name is Nora Lehmann, and I'm testifying on behalf of Families for Climate. We mobilize parents, kids and families for climate justice and a livable future for all. Many of our members took part in the original public comment period, and pressed for the strongest possible program rules to protect our families' health and safety. While we are heartened by DEQ's commitment to restoring the Climate Protection Plan by the end of 2024, we remain distressed by the loss of critical years of emissions reductions caused by the lawsuit.

Because of the predatory delay of the lawsuit brought by fossil fuel companies, additional emissions reductions must now be built into the cap and emission reduction trajectory to make up for lost time. The previous cap & trajectory is now the bare minimum, and we urge DEQ to use a lower starting emissions cap for 2025 and every year thereafter to make up for emissions lost in the 3 years of delay to ensure Oregon stays on course for a sustainable future.

Families for Climate continues to be concerned that large stationary sources are exempted from binding emissions reduction requirements. We know that emissions from Oregon's industrial sector are currently around 20% of our state's total, and are only continuing to increase. As the CPP is the only existing state regulation on major industrial facilities, it is vital that it be effective enough to hold large industrial emitters accountable for their climate pollution. We urge that the rules be amended to put these large industrial sources of climate pollution under the cap.

As parents, grandparents and caretakers, we have an obligation to do everything we can to protect our children's health and safety in our fragile and devolving climate. We thank DEQ again for working to reinstate the Climate Protection Plan and ask that this rulemaking meet the stark urgency of the climate crisis with the strongest possible guardrails for our children's future.



NW Natural[®]
We grew up here.



**Joint Comments of Avista Corporation,
Cascade Natural Gas Corporation, and NW Natural**

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

April 9, 2024

Oregon Department of Environmental Quality
CPP.2024@deq.oregon.gov

Avista Corporation, Cascade Natural Gas Corporation, and NW Natural (collectively, “Joint Utilities”) offer the following comments to the Oregon Department of Environmental Quality (“DEQ”) in response to the first Climate Protection Program (“CPP”) 2024 Rulemaking Advisory Committee (“RAC”). The Joint Utilities agree that DEQ should invest time and resources to examine how to achieve greenhouse gas emission reductions in an equitable and cost-effective manner and hope that DEQ will consider as part of that process information utilities developed during the implementation of the previous iteration of the CPP program.

As a threshold matter, the Joint Utilities encourage DEQ to change the design of the new CPP program to align with its statutory authority. Gas utilities are not “air contamination sources” within the meaning of ORS 468A.005(4) for the emissions from Oregon homes and businesses that DEQ seeks to regulate. But, leaving this foundational concern aside, the Joint Utilities are prepared to work with DEQ to improve the CPP, as we share DEQ’s stated program goals of reducing emissions, promoting equity, and containing costs.

Accordingly, this letter addresses the following topics from the first RAC meeting: (1) covered entities; (2) covered emissions; (3) baseline emissions and cap trajectory; and (4) consumer protection measures. The Joint Utilities offer the following comments on these topics:

Covered Entities

Transport customers (i.e., customers for which the gas utility merely transports the fuel to from the customer’s fuel buyer to the customer through its local distribution network) should have their own compliance obligations under the cap that are separate from the compliance obligations of gas utilities. The Joint Utilities do not control the carbon intensity of the gas that is transported for such customers or access to information detailing the actual carbon intensity of the transported gas. As such, transport customers are the appropriate entity to implement CPP requirements associated with the transported gas.

Regulating transport customers under the cap would ensure that DEQ has accurate information regarding any environmental attributes associated with the transported fuel and incentivize actual emissions reductions. Transport customers make up a significant portion of each utility’s gas delivery. As an example, for NW Natural, transport customers accounted for

approximately 32% of the gas it delivered in 2023. Similarly, Cascade’s natural gas delivery to transport customers, excluding electric generation, accounted for approximately 35.4% of the total natural gas the utility delivered. But utilities currently have little to no information on the environmental attributes of the transported gas, nor do they have any means of influencing these purchases. This mismatch undermines the integrity of the overall program, which is especially important when DEQ is working to meet ambitious emissions targets.

Transport customers have the information and product control necessary to accurately report and comply with program requirements and should be the party to do so.

Covered Emissions

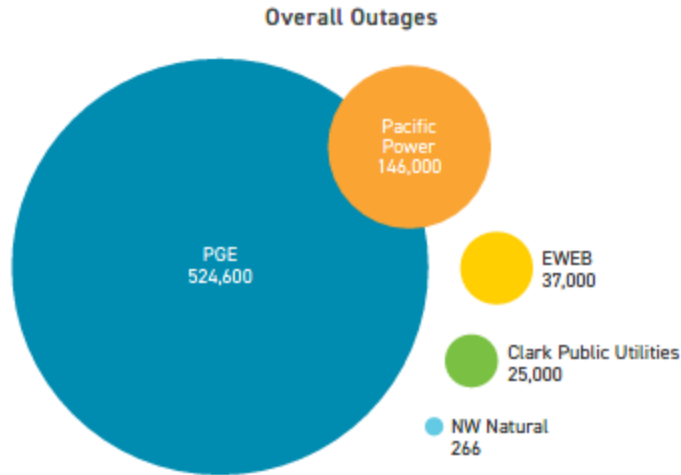
Covered emissions should exclude the following—

Residential heating emissions must be excluded from covered emissions, as DEQ cannot regulate emissions from residential heating equipment. ORS 468A.020(d)(1) specifically exempts “[h]eating equipment in or used in connection with residences used exclusively as dwellings for not more than four families” from Oregon’s air pollution laws. Regardless of where the compliance obligation for such emissions is placed, Oregon law is clear that DEQ cannot regulate these emissions. The Joint Utilities are willing to work with DEQ to formulate a methodology to separate out and exclude residential heating equipment emissions from the new CPP, as required under statute.

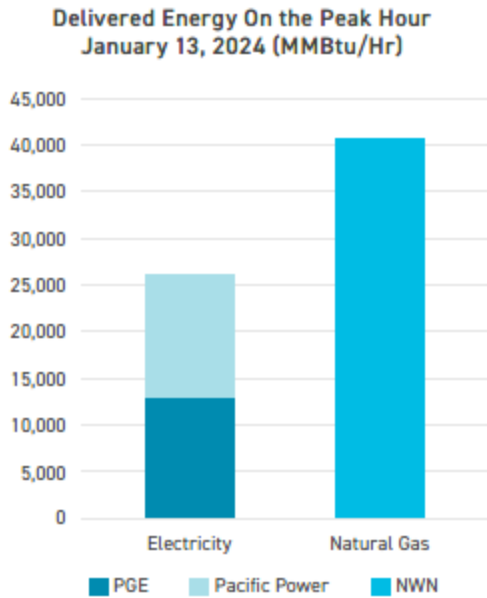
Emissions from fuel displaced by biomass- and hydrogen-based fuels should be excluded from covered emissions. The Joint Utilities appreciate DEQ’s recognition of biomass-derived and hydrogen fuels in meeting decarbonization targets. Biomass-derived and hydrogen fuels play a crucial role in deep decarbonization plans both in Oregon and nationwide. DEQ can incentivize and account for the use of these fuels in lieu of fossil fuels by excluding emissions from displaced fossil fuel from the definition of covered emissions. Doing so provides an important pathway for fuel suppliers to reduce greenhouse gas emissions *and* supports the continued reliability of our energy systems.

Resiliency Considerations

Maintaining complimentary energy systems that deliver both electrons and molecules is especially crucial during severe weather events and peak periods of energy need. For example, when frigid temperatures hit the Pacific Northwest in January 2024, NW Natural kept the gas flowing safely for about 2 million people in the region, many of whom were without power but could still rely on direct use of gas appliances such as fireplaces, water heaters, stoves, and generators. While all energy systems faced challenges, NW Natural’s underground energy delivery system enabled the utility to retain service to all but 266 customers, as shown below. Additionally, during the highest energy use hour on January 13, 2024, NW Natural delivered 55% more energy than local electric providers, Portland General Electric and Pacific Power, *combined*.



Sources: <https://portlandgeneral.com/news/2024-01-22-pge-restoration-complete-from-severe-winter-weather#:~:text=Customer%20outages%20over%20the%20nine,access%20and%20extended%20restoration%20times>
<https://www.pacificpower.net/about/newsroom/news-releases/power-restored-for-most-oregonians.html>
<https://www.eweb.org/your-public-utility/news/nine-days-without-power-my-ice-storm-story-as-an-eweb-customer-and-employee>
<https://www.columbian.com/news/2024/mar/20/january-storm-cost-clark-public-utilities-about-26-million/>



Source: ICF using U.S. Energy Information Administration real time operating grid data

Furthermore, grid reliability remains a concern in the region and nationwide. According to the North American Electric Reliability Corporation’s 2023 Long-Term Reliability Assessment, WECC-NW is “projected to be at risk of resource shortfalls during extreme summer weather conditions after 2024,” and that as “dispatchable generation declines as generators retire starting

in 2026,” the risk of supply shortfalls during extreme summer conditions will continue.¹ Additionally, the assessment found that “[s]ignificant demand growth coupled with 19 GW of resources planned to retire from 2023 through 2034 are contributing to increasing loss-of-load hours over the planning period.”² Indeed, multiple grid operators have found that phasing out gas can jeopardize reliability.³ Having alternative gas fuels available to support grid reliability efforts will continue to be crucial well into the future.

Baseline Emissions and Cap Trajectory

The baseline for gas utilities should be weather normalized using 2021-2023 emissions. Utilizing a weather-normalized baseline is particularly important when determining a baseline for gas utilities, as weather variability from year to year has a significant impact on gas demand. It may be appropriate to use other types of baselines for other sectors of the economy, but weather-normalized baselines are the standard for the gas sector.

The CPP is not an economy wide, market-based system. Therefore, weather normalizing gas utility reported historical throughput to establish a baseline for compliance is important to account for swings attributable to weather because warm or weather cycles can last multiple years. For example, in NW Natural’s territory, cold weather has caused increases in consumption of up to 17% per year for weather-sensitive customers (primarily residential and commercial customers). Weather normalizing natural gas baselines protects customers from high compliance costs that could be attributed to a weather-driven starting point and ensures weather-sensitive customers start from the intended representative baseline.

Further, the additional baseline years do not reflect current energy needs in Oregon. By way of example, since 2020, NW Natural has seen an increase in residential use by about 12 therms per year for each customer. With roughly 640,000 customers, that is 7.6 million therms per year. The utility attributes this increase to the work-from-home movement since the COVID-19 pandemic. And, notably, Cascade’s total customer demand has grown since the original baseline years, and in 2023 demand was about 4% higher than the 2017-2019 average used in the previous CPP baseline. Using the 2025-2027 original compliance instrument allocation and Cascade’s most recent integrated resource plan demand projections, the utility is projected to require an approximate 27% emission reduction at the outset of the program. In contrast, using the 2022-2024 original compliance instrument allocation and Cascade’s most recent integrated resource plan

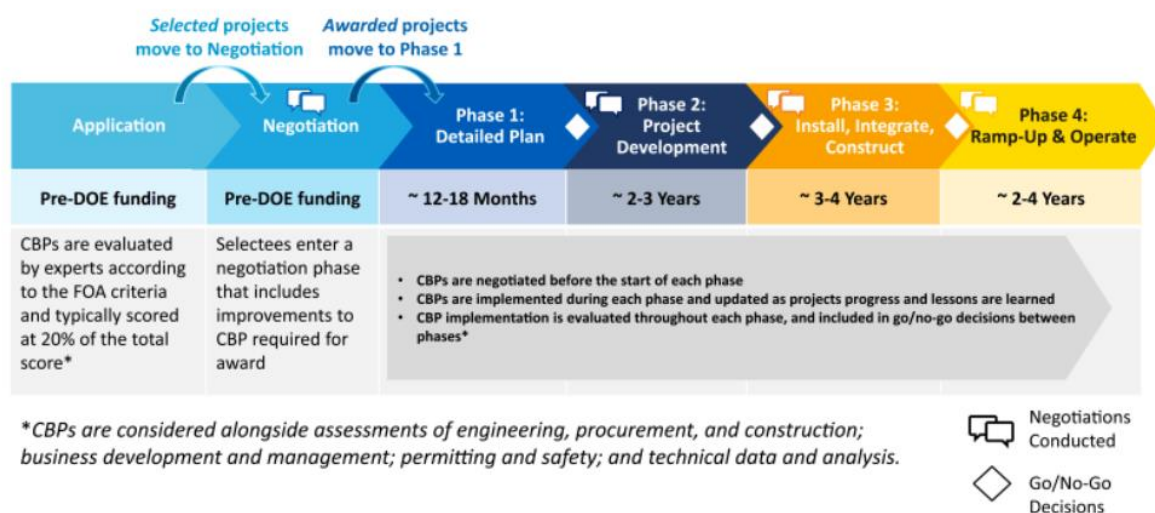
¹ North American Electric Reliability Corporation, *2023 Long-Term Reliability Assessment*, 9 (Dec. 2023), https://www.nerc.com/pa/RAPA/ra/Reliability%20Assessments%20DL/NERC_LTRA_2023.pdf.

² *Id.* at 118.

³ See New York Independent System Operator, *2023-2032 Comprehensive Reliability Plan*, 8 (Nov. 28, 2023), <https://www.nyiso.com/documents/20142/2248481/2023-2032-Comprehensive-Reliability-Plan.pdf> (finding “if natural gas is unavailable to the generation fleet, a statewide deficiency would occur in winter 2029-30; this would accelerate to winter 2027-28 for an extreme 1-in-100-year cold snap.”); MISO, *MISO’s Response to the Reliability Imperative*, ² <https://cdn.misoenergy.org/2024%20Reliability%20Imperative%20report%20Feb.%2021%20Final504018.pdf?v=20240221104216> (Feb. 2024) (“The new weather-dependent resources that are being built, such as wind and solar, do not provide the same critical reliability attributes as the conventional dispatchable coal and natural gas resources that are being retired. While emerging technologies such as long duration battery storage, small modular reactors and hydrogen systems may someday offer solutions to this issue, they are not yet viable at grid scale.”);

demand projections, the utility would need to reduce emissions approximately 13% emission at the outset of the program.⁴

The cap trajectory should reflect project development timelines. The cap trajectory should reflect realistic project development timelines for emissions-reducing innovations such as renewable natural gas and clean hydrogen. Renewable natural gas and clean hydrogen projects will take time to build and put into operation, just as with any major infrastructure project like wind and solar projects. For instance, renewable natural gas facilities can take a number of years to bring from the planning stages into operation, and under the U.S. Department of Energy’s hydrogen hub program, it may take such hubs approximately 12 years before they are operational, as shown below.⁵ To achieve actual emission reductions, the program must require emission control measures that are implementable within the respective compliance periods.



Renewable natural gas and clean hydrogen will be key compliance mechanisms for the Joint Utilities, especially in light of the lack of compliance options when compared to other programs. Again, the draft CPP rule is not designed as a market-based emissions reduction mechanism like California’s and Washington’s Climate cap-and-trade programs are. In those programs, allowances are auctioned off, and covered entities that anticipate needing more allowances can bid on them at higher prices, allowing for greater compliance flexibility. In contrast, no such feature exists under the draft CPP, and the cap decline is so stringent that covered entities are unlikely to trade compliance instruments with each other. While DEQ claims that Community Climate Investment (“CCI”) credits will be available as a compliance option, the agency had not issued any CCI credits two years into the previous program, such credits were not guaranteed to result in emission reductions, and the legal basis for CCIs was and still is highly

⁴ Alternatively, DEQ could utilize a five-year baseline up to 2023, which should help smooth out the effects of weather.

⁵ U.S. Department of Energy, *Regional Clean Hydrogen Hubs Selections for Award Negotiations*, <https://www.energy.gov/oced/regional-clean-hydrogen-hubs-selections-award-negotiations> (last visited Apr. 9, 2024).

questionable.⁶ Thus, any program must enable actual emission reductions through implementable compliance measures.

A program that does not consider the feasibility of project development timelines or devote any funding to assisting with such projects is unlikely to succeed in reducing emissions.⁷

Consumer Protection Measures

Consumer protection measures such as clear cost control and reliability assurance mechanisms are needed to protect Oregon residents and businesses from significant impacts. As multiple RAC members expressed, the CPP must control compliance obligation costs and ensure system reliability. Controlling costs in the utility context is particularly essential because energy is a public good. It is utility commission practice to allow mandatory compliance costs to be recovered from ratepayers. Thus, when the state raises the costs for a utility to serve its customers, customer costs increase.

Drawing from other climate programs, a number of cost containment mechanisms could be developed, including:

- Offramps for utilities, such as a cost cap or temporary compliance exemption, if meeting a compliance obligation would exceed certain cost thresholds. Given the importance of keeping energy affordable, cost caps are a routinely applied protection embedded in other current carbon regulations in states such as Washington and California.⁸
- Protections for energy intensive, trade exposed businesses. Washington's Climate Commitment Act also include protections for such businesses.⁹

⁶ Nothing in Oregon statutes gives DEQ or the Environmental Quality Commission ("EQC") the power to sell greenhouse gas emission rights. DEQ, *Program Options to Cap and Reduce Greenhouse Gas Emissions: Final Report*, 9 (June 2020) ("The EQC has authority, under ORS 468.065(2) to assess fees for permits, but that authority is limited to an amount of fees necessary to cover the costs to administer the permits. . . . DEQ does not believe that the EQC has the authority to auction or otherwise sell rights to emit greenhouse gases. A further complication is that DEQ has no authority to receive or spend auction proceeds. . . . Similarly, DEQ believes that the EQC also lacks authority to distribute compliance instruments (rights to emit greenhouse gases) to a non-profit, third-party, and then authorize or direct the third-party to sell the compliance instruments at auction, using the auction proceeds to fund greenhouse gas emissions reduction programs."). The EQC cannot do indirectly that which law forbids it from doing directly. *See City of La Grande v. Pub. Employes Ret. Bd.*, 281 Or. 137, 167, *on reh'g*, 284 Or. 173 (1978) ("Hence, what the legislature can not do directly it can not do through indirection.") (quotation marks and citation omitted); *see also Hattrem-Nelson & Co. v. Salmon River-Grande Ronde Highway Imp. Dist.*, 132 Or. 297, 307 (1930) ("It is doing by indirection what the law forbids to be done directly, and the contract is void.").

⁷ Additionally, choosing to cease providing energy to Oregon homes and businesses is not a legal or practical compliance option, as this would violate the Joint Utilities' statutory duty to serve under ORS 757.020 and result in draconian consequences for people within the state.

⁸ Washington SB 5116, Sec. 6(3)(a), (2019), <http://lawfilesex.leg.wa.gov/biennium/2019-20/Pdf/Bills/Session%20Laws/Senate/5116-S2.SL.pdf?q=20210822161309>; Center for Climate and Energy Solutions, *California Cap and Trade*, <https://www.c2es.org/content/california-cap-and-trade/> (last visited Sept. 23, 2021).

⁹ RCW 70A.65.110.

- A process for coordinating with the Oregon Public Utility Commission to enact a reliability assurance mechanism that ensures meeting compliance obligations does not jeopardize system reliability.

In a program that directly and indirectly could impact large swaths of Oregon's economy and populace, cost containment and reliability assurance mechanisms are commonsense protections that Oregon businesses and residents need.

Finally, certain utilities have compiled preliminary cost impacts based on the draft CPP rules DEQ has published and plan to supply them to DEQ in a separate submittal, as well as to request the opportunity to present the information DEQ and/or the entire RAC membership. This additional information also should inform in a revised fiscal impact statement.

The Joint Utilities appreciate the opportunity to engage with DEQ and share their ideas for improving the CPP's next iteration. We look forward to the opportunity to improve upon the rule and help ensure that its design offers diverse and inclusive pathways to decarbonization that manage costs while resulting in emissions reductions for our customers. If you would like to further discuss this letter or have any questions, please reach out to Mary Moerlins mary.moerlins@nwnatural.com, Shaun Jillions (shaun@jillionsgroup.com), and Abbie Krebsbach (abbie.krebsbach@mdu.com).

Sincerely,

Mary Moerlins
Director of Environmental Policy &
Corporate Responsibility
NW Natural

Shaun Jillions
On Behalf of Avista Corporation

Abbie Krebsbach
Environmental Director
Cascade Natural Gas Corporation

2024 CLIMATE PROTECTION PROGRAM RESTORATION

Rulemaking Advisory Committee #1

April 2, 2024

My name is Dr. Pat DeLaquil, and I am an energy systems modeler and climate policy analyst. I organize with MCAT (Mobilizing Climate Action Together), which is a community of volunteers working on advancing a healthy climate and a green economy for future generations.

I and other MCAT members engaged in DEQ's original 18-month rulemaking process to develop the Climate Protection Program, alongside thousands of other Oregonians who submitted comments to DEQ, and I wish to express my support for DEQ's stated goals to reestablish a program to set enforceable and declining limits on fossil fuels beginning in 2025 with a comparable scope and emissions reduction ambitions as CPP 2021. Based on the previous extensive rulemaking process, there is no reason to consider redesigning the program, except for adjustments for the new 2025 start date. We urge you to resist industry attempts to weaken or further delay the program.

Our ideas for further improvements to the program, including

- **Maintaining emission reduction ambition** by reducing the 2035 target of 15 MMt by an amount equal to the difference between the new program baseline and the original 2025 Cap amount. This will make up for the emission reductions lost by the delay.
- **Requiring early compliance.** DEQ should make 2025 the initial compliance year followed by 3-year intervals. This will allow companies that have complied with the CPP and already made emission reductions to get credit for their actions.
- **Ensuring local community benefits** by retaining the Community Climate Investment program as originally designed. Ensure that the program achieves the economic and public health benefits that in-state emissions reductions provide to impacted communities, which are disproportionately harmed by co-pollutants.
- **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.

My final comment is that when considering costs, we must include the potentially catastrophic cost of inaction.

Thank you for your attention.

Dr. Pat DeLaquil
MCAT Steering Committee

Southern Oregon Climate Action Now

SOCAN

Confronting Climate Change

<https://socan.eco>

Department of Environmental Quality, Climate
Protection Program 2024
Rulemaking Advisory Committee 1

Comments by Alan Journet Ph.D.

April 2nd 2024, alan@socan.eco

I comment as a cofacilitator of Southern Oregon Climate Action Now representing hundreds of rural Oregonians who seek state action to address the climate crisis. We were very involved in the process that led to the CPP development and approval by the EQC in 2022.

While we were disappointed by some aspects of the CPP, we were also **very** disturbed by the efforts of the Fossil Fuel industry and others to defeat the program after serving on the RAC and committing time and again to seeking GHG reductions. We hope that the representatives of those entities from the previous RAC who then fought the CPP in the courts will approach this effort in good faith and with a more positive attitude. Future generations depend on your sincerity.

In particular, we hope that the revised program recognizes the delay and thus the need for a more rapid emissions reduction trajectory. In particular, we would like to see industry emitters included in the emissions reducing cap rather than continuing with the BAER component.

As a science-based grassroots climate organization we also urge that development of the CPP and the rules ultimately established should be science-based. We note this because there are pressures relevant to these discussions that defy scientific reality. I am thinking, for example, about the problem that complete lifecycle analysis is precluded, and that the production and transportation of some fuels that are defined in Oregon as emissions-free actually result in substantial emissions.

In the above context, it was of concern to hear during the session the claim that biofuel use results in no emissions. This is patently false and represents a perfect example of the failure of DEQ to acknowledge the best available science. If DEQ fails to acknowledge the science, it is difficult to imagine that the rules will do so. It was also of concern to hear the rejection of acknowledging full lifecycle analysis by stating the program only addresses emissions in-boundary. Failing to acknowledge upstream emissions means that Oregon is developing a program that lowers in-boundary emissions while potentially raising out-of-state emissions, i.e., exporting our emissions. We also urge that the Community Climate Investment feature should be applied to all entities. The program should preclude the ability of gas utilities from bypassing and undermining the CCI component by importing biomethane generated out-of-state as a way to evade emissions reduction demands. Since biomethane generation and transmission is not emissions-free allowing biomethane generated out of state is another example of reducing in-boundary emissions by exporting emissions.

We understand that DEQ cannot do what it cannot do, but please recognize these problems and account for them in the rules that are developed. That means developing rules that discourage biofuels as an option and recognize the significance of upstream emissions.

Finally, I'd like to encourage representatives from the fossil fuel industry to try to avoid approaching this critical process with a commitment to defending and maintaining your current business model. Please recognize that, if we are to pass on to future generations a livable planet, much of what is currently being done needs to be adjusted.



TUBE FORGINGS *of* AMERICA INC.

Celebrating Over 65 Years of Quality, Service and Dependability

March 28, 2024

Tube Forgings of America, Inc. (TFA) is a manufacturer of steel industrial products located in NW Portland. TFA is a privately held, third generation, company founded in 1955. TFA is one of the businesses within the The Zidell Companies. TFA offers very competitive starting wages, has an excellent Health Care plan, offers a 401K program, and when times are good, TFA employees participate in profit sharing. We also promote from within...ALL of our Production Dept Supervisors were once on the "floor" making products. TFA is an excellent employer; confirmed by the fact that the tenure of our employees goes from a few years to 30 to 40 years, and this is across the total workforce profile.

The company uses a special grade of steel tubing as the starting raw material for its products. The tubing is cut and then goes through various hot-forging or hot-forming manufacturing processes (some of the products are also heat-treated). After hot forging/forming, the products are machined into the finished products, then cleaned and painted, warehoused; and then shipped to Industrial Distributors throughout USA and Canada.

The heat required for the forging, forming and heat treatment processes is generated by using natural gas. TFA continues to invest in the most advanced furnace "burner" technologies. These continuous investments allow us to fine-tune our furnaces, so they are very efficient, resulting in substantial savings in natural gas usage and operating costs. We are constantly exploring ways to become more energy efficient. TFA is on its fourth generation of plant-wide lighting (LED) to improve the efficiency and costs of our electricity usage.

We have explored converting our "hot" processes to use electricity instead of natural gas. What we learned is that converting from natural gas to induction (electric) heating requires a massive investment in not just the induction heaters, but converting to induction heating will also require a total redesign of our forging and forming equipment, extensive infrastructure expansion, as well as a new plant layout.

About twenty-five percent (25%) of the production workforce is dedicated to the "hot" side of the production processes. Our current production manning is 85 employees, but when our markets are very active our production employee count can be as high as 145.



TUBE FORGINGS *of* AMERICA INC.

Celebrating Over 65 Years of Quality, Service and Dependability

The products that TFA markets are in a very competitive Market. Approximately fifty percent (50%) of the Market where we sell our products is serviced by lower-priced import products from Asia. The cost of utilities is a very important factor in allowing TFA to be competitive in this very competitive market and remain a viable and successful company.

Should our utility costs reach a point where our cost structure does not allow us to be competitive, we have very few options. As mentioned earlier, converting to induction heating is cost prohibitive.

The remaining option would be for TFA to shutdown permanently the "hot" side of the business, import our products as a semi-finished product, that we would then "finish" in our Portland manufacturing facility; and then unfortunately, permanently layoff at least twenty-five percent (25%) of our workforce.

Thank you in advance for your consideration.

Submitted,

Jay Zidell

President

Tube Forgings of America, Inc.



Jessica Spiegel

Vice President, Northwest Region

April 9, 2024

Oregon Department of Environment Quality
Office of GHG Program
Climate Protection Program 2024 Rulemaking

Sent via upload:
Nicole.SINGH@deq.oregon.gov

Re: Oregon Climate Protection Program (CPP), RAC #1 04-02-24

Dear Nicole Singh,

Western States Petroleum Association (WSPA) appreciates the opportunity to provide the Oregon Department of Environmental Quality (DEQ) with our feedback on the Climate Protection Program (CPP). WSPA is a non-profit trade association representing companies that create the energy we need today for the future of transportation. This includes renewable diesel, biofuels, innovative solar and sustainable energy projects, and carbon capture and sequestration. WSPA members' companies also produce petroleum products, which remain a vital source of energy in Oregon and beyond.

Through this rulemaking process, WSPA believes DEQ should take the following actions to help ensure CPP's success:

- Thoroughly review and analyze impacts and interaction between all Oregon climate programs.
- Ensure long term viability of the CPP by addressing liquidity.
- Establish a program baseline that ensures participants are rewarded for the work they have already done.
- Establish program features that increase program liquidity and cost containment mechanisms.

WSPA believes the CPP can be improved through this rulemaking process if DEQ acts on the concerns identified in this letter. Ultimately, WSPA prefers a fully functioning market with legislative oversight of the Community Climate Investment (CCI) credit funds and acknowledges both would require legislative action.

Modeling and analysis of Climate Programs

First and foremost, our members are keen on ensuring that all programs that focus on decarbonizing fuel supply are thoroughly reviewed and analyzed. It's important to note that the CPP alone doesn't drive all the carbon emissions reductions. Overlapping state programs, including the Clean Fuels Program (CFP), the Advanced Clean Cars II, and the Portland Renewable Fuel Standards, are redundant and add unnecessary costs to consumers without achieving new, separate goals from each program. In particular, the CFP has driven significant changes to the state's transportation fuel network, which was not referenced in the first RAC.

DEQ should conduct a thorough economic impact analysis of the CPP, including alternative options¹ and the overlapping climate regulations. The model should consider the current program design including 1. direct and indirect cost impacts to consumers; 2. the overlapping programs, 3. the final rulemaking GHG reduction targets, and 4. the final price of the community investment units. WSPA believes that the combined effect of these aspects has not been adequately modeled and should be made available to inform both this RAC and the Environmental Quality Commission's decision-making. In particular, DEQ should also publicly disclose and provide the methodology and process used to determine the price of CCIs. Several other RAC members also expressed interest in Social Cost of Carbon data (health impacts of carbon emissions, insurance implications). This comprehensive information would assist in informing other program elements, particularly as we discuss the program design.

Long-Term Program Viability

From a structural standpoint, a fundamental lack of liquidity could significantly impact the feasibility of this program. This could occur if, for example, technological advances don't occur at the highly optimistic trend set out in the goals. As several commentators in the first RAC meeting noted, renewable diesel has advanced rapidly in the last decade - due to policies like the CFP - which have encouraged investment in all advanced fuel technologies. Ethanol and gasoline replacements have been much slower to come to the market in the same period with the same policy motivations due to technological hurdles.

Without an alternative fuel to gasoline, electric vehicle adoption is key for program success. Vehicle turnover is slower in Oregon, which is considered positive from an environmental point of view as replacement materials for entirely new vehicles have their own environmental cost. Still, that slower adoption rate could result in a slower internal combustion vehicle fleet turnover to zero emission vehicles than the CPP analysis anticipated, resulting in emissions not declining commensurate with cap decline. If the program is designed to have no flexibility for the volume of instruments available (either compliance instruments or CCI credits), it could increase compliance costs.

Baseline Period and Cap

WSPA requests that DEQ recognize that 2020 was an anomalous year for fuel supply and, therefore, should not be included in the baseline for fuel suppliers.

Simply starting the program in 2025, then using the previously determined cap for 2025 without any adjustments means the program will again have a significant shortfall of compliance instruments. Between 2022 and 2025 the CPP cap reduced the number of compliance instruments available to distribute to compliance entities by close to 9.2%. This is likely an unfeasible starting position for compliance entities, especially if emissions from natural gas and transportation fuels haven't declined at the same rate as the cap. DEQ must take appropriate steps to ensure compliance entities can comply with the program. WSPA is still exploring options but would like to introduce two approaches that may assist with this transition and introduce additional liquidity into the program.

¹ ORS 468A. 327 (1)

The first option would align the CPP's original design and its re-start in 2025. DEQ could do this by using the initial baseline years of 2017, 2018, and 2019 as the new 2025 cap and then decrease the cap at a faster rate to achieve the 2030 target. This would recognize aggregate fuel supplier emissions reductions in the 2022 and 2023 program years once fuel suppliers report 2025 fuel emissions.

A second option would be for DEQ to borrow the "initial allocation" approach in the California Cap and Trade Program. The initial allocation would equal the number of compliance instruments previously issued to compliance entities in 2022 and 2023 minus the number of compliance instruments that would have been used in compliance years 2022 and 2023.

Efforts made to comply with the program in its initial compliance period should not be forgotten; companies made decisions to either bank compliance instruments or increase the volume of biofuels in response to the program. Companies made market decisions in 2022 and 2023 to accommodate the original program. These decisions resulted in banked compliance instruments that could have been used in future years. Re-starting the program without taking these prior commitments into account makes the program unreliable.

WSPA members would like to note that 2024 represents a transition year for the CPP due to the program's invalidation. As a result of the invalidation, compliance entities would not have made market decisions to comply with the program, and perhaps "get ahead" for future years. This needs to be taken into consideration with the proposed jump over 2024 and straight into the 2025 targeted reduction of 9.2%.

During the first RAC meeting, several commentators indicated a desire to continue the program without losing progress toward climate goals. Arguably, what has occurred cannot be lost. Regardless, given that companies could not perform compliance in 2024, WSPA recommends alternatively that the baseline period begin in 2024 and recognize the attempted compliance in 2022 and 2023 through the allocation of compliance instruments to those companies for actions taken under the program's original scope.

Additional Tools for Compliance Needed

WSPA members recommend including offsets in the CPP in addition to the existing CCIs. The offset usage limit should be in addition to the CCI limit (or in replace of). A traditional offsets program allows the market to determine the most cost-effective offset to be developed first, therefore, optimally reducing cost burdens to covered entities (and ultimately end users). These instruments should be reviewed for integrity in response to the concerns raised by other RAC members, but if emissions are reduced, that is ultimately the program goal. Offsets can help enable additional liquidity and cost containment within climate programs.

In addition, these offsets may be readily available. CARB has approved projects in OR for CA Cap and Trade compliance offsets. Assuming the early concerns with offsets have been addressed, these could assist with program compliance in Oregon and from Oregon projects. In 2023, there were 5 MM CARB compliance offsets available from OR projects. As a regulatory standard, DEQ may want to establish a protocol to ensure these offsets are retired or utilized for only one climate program.

WSPA also recommends an annual program true-up annual allowance surrender. All organizations will benefit from identifying program issues early rather than letting problems

simmer until the compliance period ends. In California and other programs, entities are required to surrender compliance instruments for part of their compliance obligation in November following the year the obligation was incurred. We recommend implementing the same rule to ensure that covered entities remain engaged in the program. Engagement with the program could also help spur liquidity. This will also provide market stability and confidence.

One concept WSPA has been considering is a Cost Containment Market (CCM) like the one in the CFP. This will increase liquidity in the market by enabling companies to come to the program at the end of the year if they struggle to meet compliance targets, and potentially help manage program costs. In California, credits can be sold in this market for future generation of electricity improvements as well.

The CPP emission inventory includes fuels combusted outside of Oregon's jurisdiction—this departs from the CFP, where diesel used in locomotives, marine, and other fuels do not carry an obligation. Including these fuels in the CPP increases the program's emissions by an amount that Oregon has no jurisdiction to regulate and includes federally regulated sources. Limiting these forms of fuel should be considered as well.

Thank you for the consideration of these comments. Please let me know if you have any questions.

Sincerely,



Jessica Spiegel
Vice President, Northwest Region

