



# Clean Fuels Program

## Status Update and 2024 Rulemaking

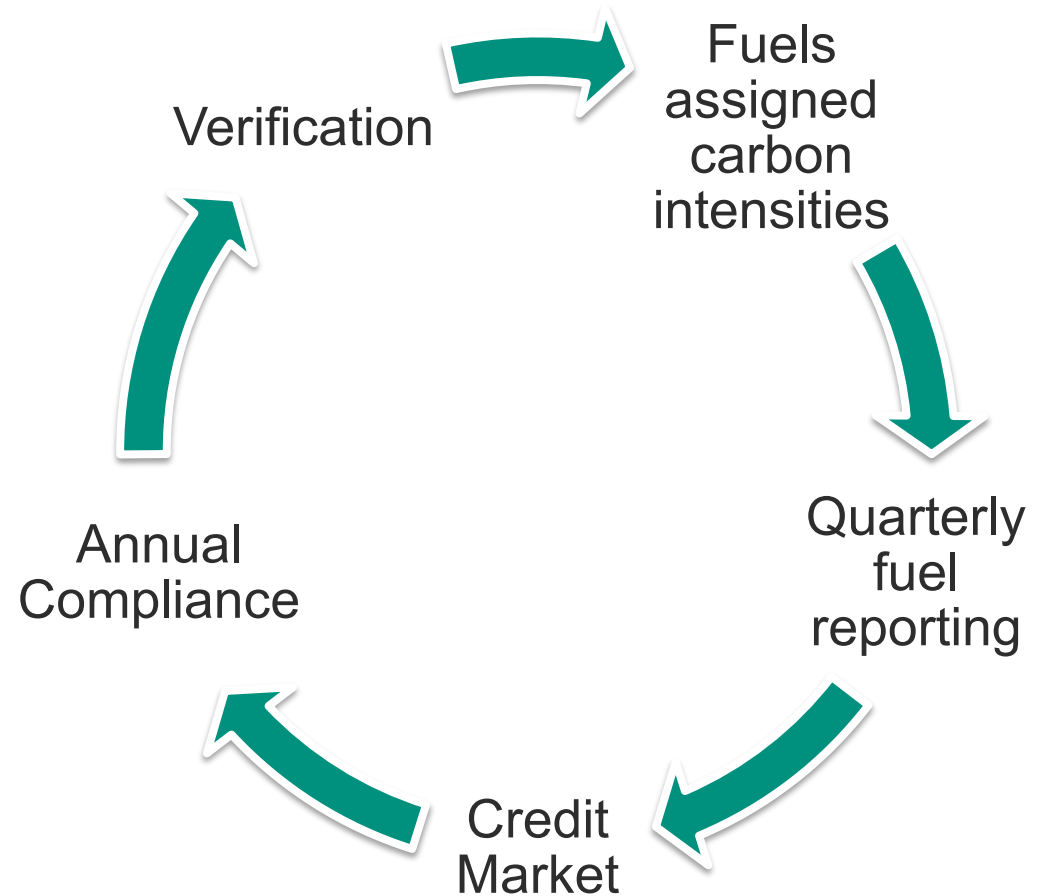
November 21, 2024

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Clean Fuels Program Lead

# How CFP Works

- Accounts for transportation fuels' **lifecycle** carbon intensity
  - Over 300 approved fuel pathways with carbon intensity values in the program
- Reporting from over 160 entities each **quarter**
- **Annual** compliance
- Tightening **program standards** have been **exceeded** each year

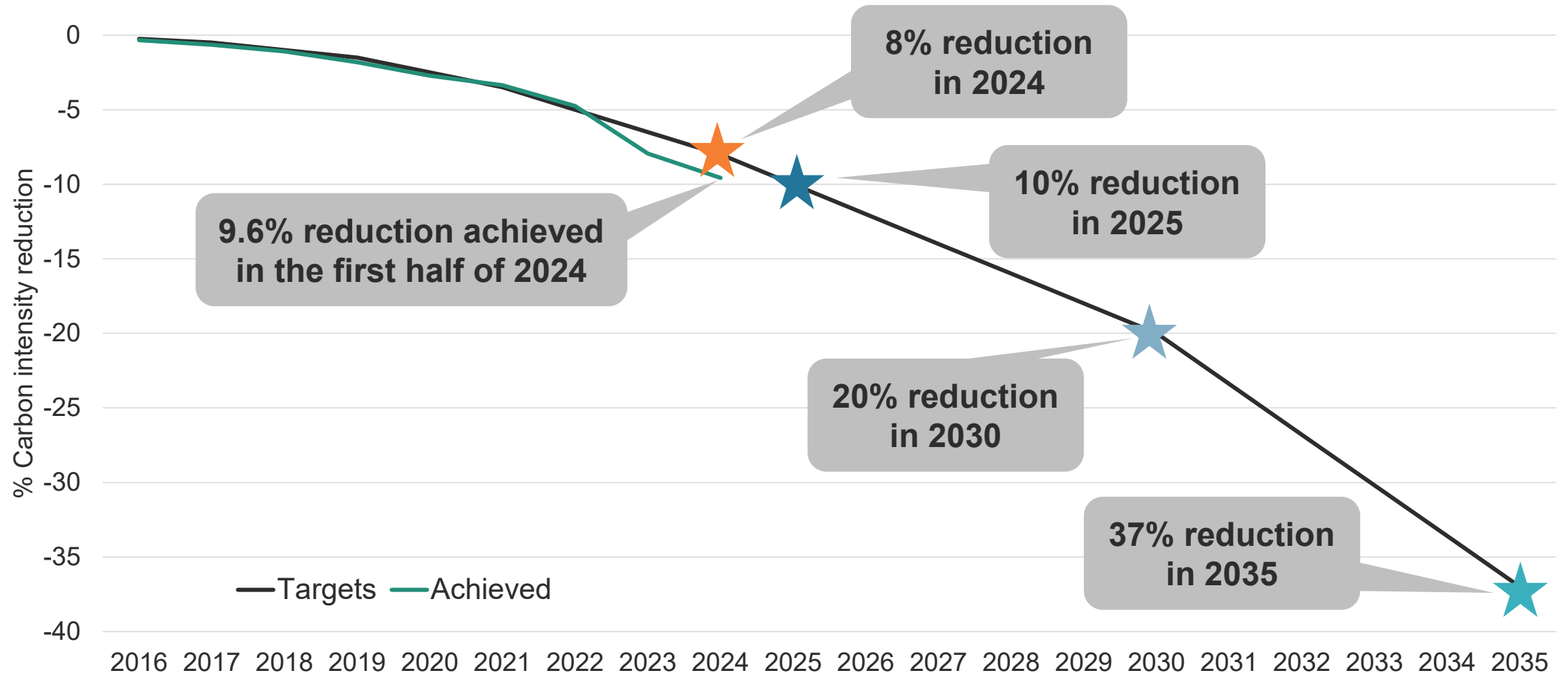


# A short view back to the past (2015 comments)

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- [A fuel industry-funded study by the...]“Boston Consulting Group has found that the program, if implemented, would raise fuel costs by 33 cents to \$1.06 per gallon.”
- “[T]here is general agreement a LCFS program relies heavily on fuels and vehicles that have either not been produced yet, or are not currently commercially viable. [...T]here are not enough low CI fuels and/or vehicles in the latter part of the proposed program to generate sufficient credits for compliance and have a sustainable LCFS program.”
- “Considering the available studies, it seems unlikely that the increase will fall within the range of four to 19 cents per gallon.”
- “It sounds simple but is anything but simple.”

# Oregon's Clean Fuels Program

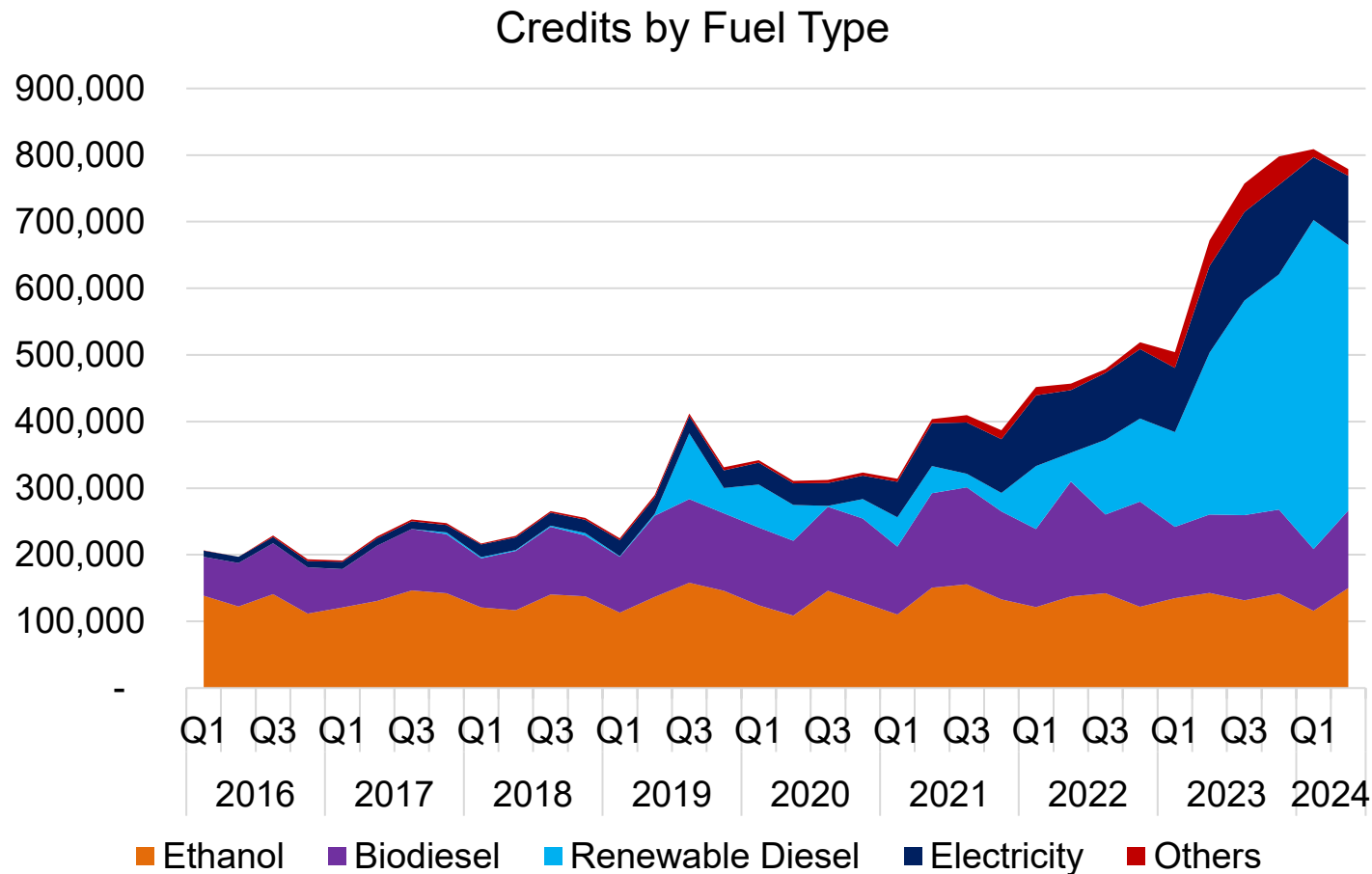


# Oregon's Clean Fuels Program

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- Program started in 2016 with targets through 2025, EQC expanded the program in 2022 to extend the targets through 2035
- The program has supported 13.3 million tons of CO<sub>2</sub>e being reduced from the state's transportation sector since 2016
- \$200-300 million in Clean Fuels credits are traded annually
- Over a third of the diesel used in state is now biodiesel or renewable diesel, and renewable or other low-carbon electricity is used by the majority of the state's EVs

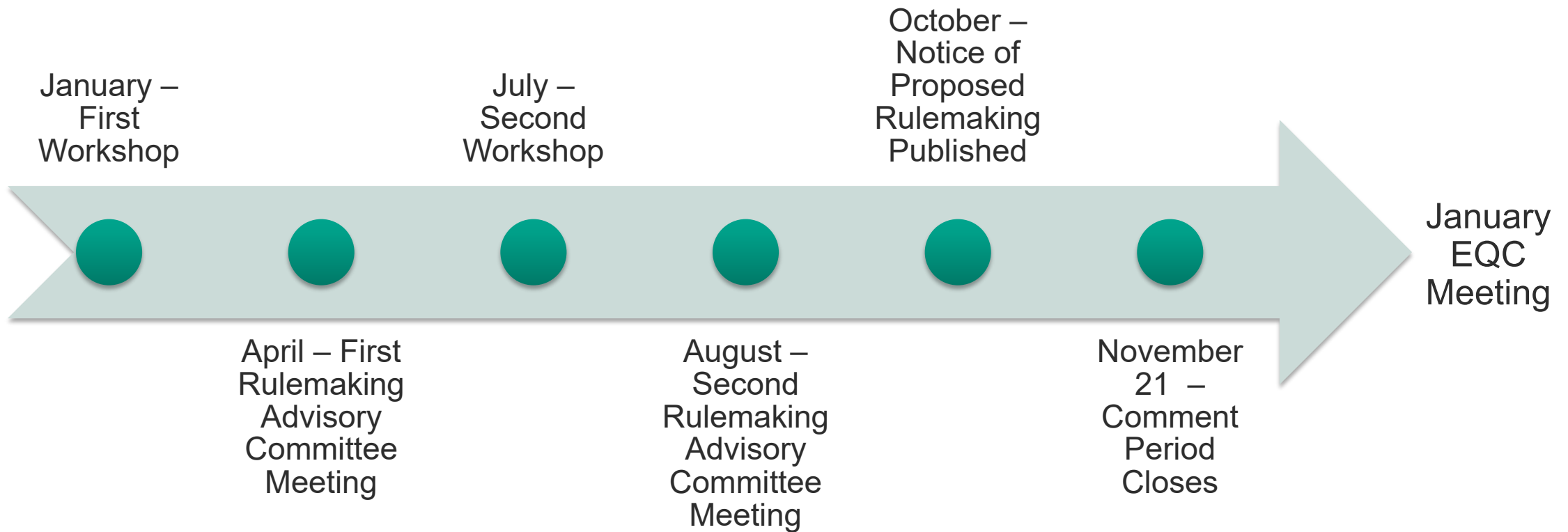
# Progress to date



At the current credit price of around \$40, our conservative cost estimates are that the program is adding at most:

- 3.7 cents/gallon for gasoline
- 4.2 cents/gallon for diesel

# 2024 Rulemaking



# 2024 Rulemaking: OR-GREET 4.0

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- Proposing to have the new values take effect in 2026
- Updating the carbon intensity values for fossil fuels in the program's lookup table, and to the baseline values for the gasoline and diesel standards
- The 2025 Annual Fuel Pathway Reporting cycle will be used to transition certified fuel pathway codes for 2026 reporting
- Updates to OR-GREET generally increase CI of diesel, decrease CI of gasoline, and generally have minor effects to other fuels



# 2024 Rulemaking: Verification

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- Electricity reporting proposed to become subject to verification with the next verification cycle, subject the program's 6,000 credit and deficit threshold
  - That threshold would be modified to exclude residential EV charging credits, which DEQ calculates
- Fuel pathway applications must be verified before DEQ reviews them
  - Over 90% of applications are already subject to this when they are approved by California and submitted to us for recertification

# 2024 Rulemaking: CCS Reserve Account

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- Creates DEQ-controlled reserve account to protect the environmental integrity of credits issued for Carbon Capture and Sequestration (CCS) projects against an unintentional reversal of the CO<sub>2</sub> storage
- Same risk-based methodology for contribution as California Air Resources Board's CCS protocol
- Credits would be generated and deposited into the account annually

# Thank you!

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