

State of Oregon
Department of Environmental Quality

Memorandum

Date: March 6, 2018

To: Environmental Quality Commission

From: Richard Whitman, Director

Subject: Agenda item M, Action item: Approve DEQ recommendation for a Clean Fuels Program Backstop Aggregator
March 21-22, 2018, EQC meeting

Purpose of item OAR 340-253-0330(6)(e) provides that DEQ may recommend an organization be designated as the initial backstop aggregator to the EQC by May 31, 2018. DEQ staff will present information regarding the generation of credits from residential charging of electric vehicles to date and present their recommendation of a qualified entity to serve as the Backstop Aggregator for the Clean Fuels Program.

Background Electricity used as a transportation fuel plays a significant role in the Clean Fuels Program, representing approximately 17 to 21 percent of the total amount of credits expected to be generated towards compliance with the standards. This is primarily due to two factors: first, that Oregon's Zero Emission Vehicle program will bring more cars to Oregon - approximately 160,000 new electric vehicles by 2025 – and, second, the relative cleanliness of Oregon's electricity, which is between 68 and 98 percent cleaner than the gasoline it replaces when used in light-duty passenger vehicles.

In order to facilitate this advancement, the Clean Fuels Program is structured to maximize the credit generation for charging electric vehicles. For non-residential charging, which is charging that takes place in public, for fleets, at workplaces, or at multi-family dwellings, owners of the chargers can generate the credits. Since they have invested in the charging infrastructure, it is highly likely that those entities will register to generate these credits. For residential charging, electric utilities can opt in to generate the credits. This is a valuable relationship for the utilities to develop, as it represents growth in their core businesses and a new revenue stream to fund investments in the electric vehicle ecosystem.

The purpose of the Backstop Aggregator is to capture the lost value of residential electric vehicle charging if an electric utility does not opt into the Clean Fuels Program. In the case where credits are stranded, the backstop aggregator will serve as the agent.

Following EQC approval of an organization to be the backstop aggregator, DEQ and the organization would enter into a written agreement regarding its participation in the program pursuant to OAR-340-253-0330(6)(f). A written agreement must be in place prior to the backstop aggregator registering an account in the Clean Fuels Program Online System and receiving credits for the first time. The backstop aggregator must submit an annual report that summarizes the previous year's activities.

**DEQ
recommendation
and EQC
motion**

DEQ recommends that the commission approve The Forth Mobility Fund to serve as the Backstop Aggregator for the Clean Fuels Program beginning in 2018. Per rule, this also means that the Backstop Aggregator will be given the stranded credits in 2016 and 2017 in addition to the ones in 2018 and beyond.

Attachment

A. Evaluation of applications

**EQC
involvement**

DEQ will provide Clean Fuels Program updates at the commission's request.

Report prepared by Cory-Ann Wind
Oregon Clean Fuels Program Manager

Proposal Scoring Criteria

Solicitation for the Oregon Clean Fuels Program Backstop Aggregator

Requirement	Scoring Criteria	Notes	Score
1) Mission of the organization	Backstop aggregator fits into mission		Y/N
2) Exempt from federal taxation	Documentation of non-profit status		Y/N
3) Financial audits	Last 3 years of financial audits		Y/N
4) Description of organization expertise: Does the organization have expertise to implement the plan (up to 20 points)	20 points – Existing expertise within the organization. 10 points – Some expertise within the organization or acquire expertise.		20
5) Goal of the plan: Does the proposed plan align with the goals of the CFP (up to 20 points)	20 points – Good alignment of the proposed plan with the goals of the CFP. 10 points – Some alignment of the proposed plan with the goals of the CFP.		20
6) Partners (if used)	List of partners, division of work		Y/N
7) Plan for investment: How the organization plans to use the revenue from the sale of credits (up to 40 points)	40 points – Efforts to coordinate with utilities whose credits are part of the backstop pool in addition to statewide programs. 30 points – Focus on statewide efforts. 20 points – Focus on regional efforts. 10 points – Limited to utility-specific efforts.		40
8) Anticipated administrative costs: How much of the credit revenue will the organization use for overhead (up to 20 points)	20 points – Minimal amount of the revenue to be used for administrative overhead. 10 points – Moderate amount of the revenue to be used for administrative overhead.		20

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