

State of Oregon

Department of Environmental Quality

Memorandum

Date: Aug. 16, 2013

To: Environmental Quality Commission

From: Joni Hammond, Deputy Director

Subject: Agenda item L, Informational item: Director's report

Southwest Oregon wildfire update

Lightning-caused wildfires have been burning in southwest Oregon since the end of July, causing widespread smoke impacts across the region, especially in Grants Pass, Medford-Ashland, and Cave Junction. Air quality in these communities has mostly been in the 'unhealthful' and 'hazardous' range, with daily fluctuations and some clearing down to 'moderate' levels. Additional heavy smoke impacts have occurred at Crater Lake National Park, and in the Klamath Basin and Lakeview area. The expectation is that these wildfires, and very poor air quality, may continue for weeks if there are no significant weather changes or precipitation. Most of these fires are in dense coastal forests, where containment is difficult. The Biscuit Wildfire in 2002 was also in southwestern Oregon, and burned nearly a half million acres over a period of about three months.

DEQ has been tracking smoke levels through the existing air monitoring network, and also working with the Forest Service in setting up portable smoke monitors in communities being heavily impacted by smoke. DEQ has been working closely with Oregon Health Authority, which has been assisting the local counties in providing information about air quality and the health risks posed by the smoke. The DEQ Medford office has been especially busy in responding to calls from the public and media and assisting local health officials.

The response by DEQ and the various other state, federal and local agencies has been guided by the newly-formed [Oregon Wildfire Response Protocol](#) that was developed in response to the 2012 wildfire season. This protocol identifies the roles and responsibilities of key agencies during these types of severe wildfire smoke events, and how agencies can best work together to increase public safety and protect health. Part of the protocol is establishing an [Oregon Smoke Blog](#), which is a shared website that provides critical information on wildfire status, air quality conditions and smoke forecasts, public service announcements and includes links to DEQ's website and many other state and federal websites. The smoke blog has been very effective tool in providing the public with updates on the wildfire situation.

Since the fires started at the end of July, DEQ has been participating in a morning conference call briefing with other state, local, and federal agencies, all responding to the smoke situation. These calls are lead by a Forest Service "Air Resource Advisor" assigned to major wildfires, to help agencies like DEQ and OHA address the air quality impacts. These morning briefings are very beneficial for sharing information and discussing various strategies for tracking and monitoring smoke and health impacts for the next 24 to 48 hours, and will continue as long as high smoke levels persist in this part of the state.

The continuation of these wildfires and the resulting unhealthful air quality conditions for a prolonged time period is a major concern. Increased doctor visits and hospital admissions are expected as public smoke exposure continues each week. Local health departments have distributed thousands of breathing masks. During this time most outdoor public events have been cancelled or moved indoors where possible. Schools with outdoor sports programs like football and baseball are being strongly advised to do the same. The smoke has also affected tourism, recreation and the local economy, even briefly closing the Oregon Shakespearean Festival.

Clean Fuels update

Phase I implantation: The commission approved the first phase of the Oregon Clean Fuels program in December 2012. The goal of Phase 1 is to gather information about the fuels currently supplied in Oregon. To date, 63 Oregon fuel producers or importers have registered with DEQ. As part of the registration process, each company has submitted information about the types of fuels they supply in Oregon, production location, method of transportation into the state and the carbon intensities of each fuel. All of this information will be used to establish a baseline inventory of fuels and greenhouse gas emissions.

Senate Bill 488 fails: Senate Bill 488, which would have removed the Dec. 31, 2015 sunset date of the program failed to pass. While DEQ will continue to implement Phase 1 of the program, DEQ will not develop the next phase of the program unless the sunset is removed. DEQ expects supporters of this policy to propose legislation in 2014, and in 2015 if the sunset is not removed in 2014.

Temporary rule proposal: During Phase I implementation, DEQ established relationships with the regulated community and asked for feedback about how to make the program more effective. As a result, DEQ intends to bring temporary rules for commission action in December 2013. The rules would reduce recordkeeping requirements for businesses that deal exclusively with fuels ready for use in vehicles. For example, A & B Enterprises based in La Grande often picks up fuel from Pasco, Washington, and delivers it to customers in Oregon. The proposed rulemaking would eliminate the more complicated requirement to track where the fuel was produced and the exact carbon intensity of the blended fuel for such businesses in Oregon. DEQ is proposing the temporary rule since delaying the proposed changes will burden affected businesses with

regulatory costs that provide little benefit to the program. DEQ intends to propose permanent rule revisions in June 2014.

Please see attachment A for Clean Fuels program slides and more information.

Oregon's Low Emission Vehicle program update

DEQ intends to propose revisions to the Low Emission Vehicle program for commission action later this year. EQC first adopted California's emission standards for cars in 2005. The Oregon Low Emission Vehicle rules implement California's rules for fleet average emissions that establish criteria and procedures for the manufacture, distribution and sale of new motor vehicles in Oregon. The program results in reduced emissions of greenhouse gases, ozone-forming compounds and air toxics while also promoting development and use of zero-emission vehicles. The program took effect beginning with the 2009 model year and is bringing cleaner, more efficient vehicles to Oregon at a net savings to vehicle owners.

California and EPA regulators recently negotiated an additional round of emission limits with auto manufacturers, which will achieve more reductions of greenhouse gases and tailpipe pollution in the period 2017 to 2025. Although California and federal emission standards are nearly the same, continued implementation of the California program brings the Zero Emission Vehicle program to Oregon and protects against future relaxation of the federal program. DEQ delayed proposing adoption of California's recent rule changes to consider implementation issues raised by Oregon vehicle dealers, including concerns about meeting multiple standards as the Oregon rules were updated. Those issues have now been addressed, and DEQ intends to propose revisions in late 2013 that would update Oregon's rules to match the California program.

While monitoring development of California's Zero Emission Vehicle rules, DEQ recognized the need for interstate coordination and several states formed the Zero Emission Vehicle Implementation Task Force. The task force's discussions are leading to an interstate memorandum of understanding that specifies how the participants can integrate their zero-emission vehicle action plans, support alternative refueling infrastructure and maximize their research efforts.

Temporary rule proposal for Air Contaminant Discharge Permit Fee increase

The 2013 Oregon Legislature approved Policy Package 111, which includes a 20 percent fee increase in DEQ's Air Contaminant Discharge Permit program. DEQ requested the fee increase to restore 3.67 staff positions and support the program through 2017. The program does not receive a consumer price index-based increase to gradually increase fees every year, like the Title V program, which results in a need for a larger fee increase every four to six years. Program fees were last increased 20 percent in 2007. DEQ requested the increase after a program assessment showed that the agency cannot maintain adequate service without restoring the 3.67 positions funded by the fee increase.

DEQ worked with regulated parties during development of the policy package and industrial groups did not oppose the fee increase. DEQ intends to propose temporary rule amendments to the commission at the October meeting. If approved, DEQ would then issue the updated invoices in October 2013 on the normal invoice schedule. DEQ plans to propose permanent rule amendments in 2014.

Clean Diesel program changes

The 2013 Oregon Legislature unanimously adopted Senate Bill 249, which allows DEQ to administer federal grants received for clean diesel projects. A temporary rule, intended to facilitate timely implementation of federally funded projects, will be presented for the commission's consideration at the October 2013 meeting. DEQ intends to propose a permanent rule at the March 2014 meeting.

When clean diesel project funding was first authorized in 2007, supported by general fund appropriation and tax credits, the strategic focus was on supporting a limited spectrum of cost effective clean diesel actions that were not supported by other funding opportunities. Since that time, state resources have been eliminated leaving federal grants as the primary funding source. Adopting the federal criteria will support a wider range of eligible clean diesel actions sought by applicants, including assistance with whole vehicle and equipment replacement.

Water quality permit fee increase proposal

DEQ is proposing a 2.9 percent permit fee increase for most water quality permit types. In 2004, an advisory committee recommended increasing permit fee revenue by no more than three percent each year to address increasing program costs. This recommendation was adopted into law in 2005, and over the past several years the commission has adopted up-to-three percent permit fee increases. The fee increase would affect approximately 4,000 permit holders including a wide variety of government agencies, industries, small businesses and operators engaged in commercial and non-commercial activities. The fee increase would help maintain existing staffing levels and does not represent an increase in the size of permitting program.

DEQ estimates additional revenue of \$145,000 would be generated this fiscal year with the fee increase. The budget for the fiscal year is approximately \$9.4 million. Increased fees would be used to offset greater costs for services and supplies, staff salaries and benefits. The rulemaking public comment period began July 22 and ends Friday, Aug. 23. DEQ is planning to propose the fee rules for commission action in October 2013.

Update on underground storage tanks in Oregon

At the June EQC meeting, Chair Blosser asked questions about the number of underground storage tank cleanups active in the state based on data in an Oregon Explorer presentation. That

presentation showed about 7,000 active underground storage tank cleanup sites. DEQ's Tanks Program is working with Oregon State University staff responsible for the data on the Oregon Explorer website to correct this figure, which reflects the data for all known releases and leaks and not the active cleanups. As of July 2013, DEQ has information for 7,355 underground storage tanks releases across Oregon. Of those, 6,445 are cleaned up, leaving 910 active cleanups across the state.

DEQ wins ECOS Innovation Award

"Oregon's Public Hearing Communications Model," which is the process DEQ created for recent high-profile public hearings on permits for a coal transfer facility in Boardman, has been selected by the ECOS Executive Committee as one of three State Program Innovation Award winners for 2013.

For these hearings, DEQ designed a new public hearing model and leveraged existing software, databases and free third-party services to create a cost-effective integrated, [online public hearing experience](#) while also updating the in-person hearing procedures to allow more people to speak directly to a hearings officer.

Elements of this model included an online public informational meeting, a web-based comment form, online registration to give public comment in person and concurrent public hearing sessions limited to 60 people.

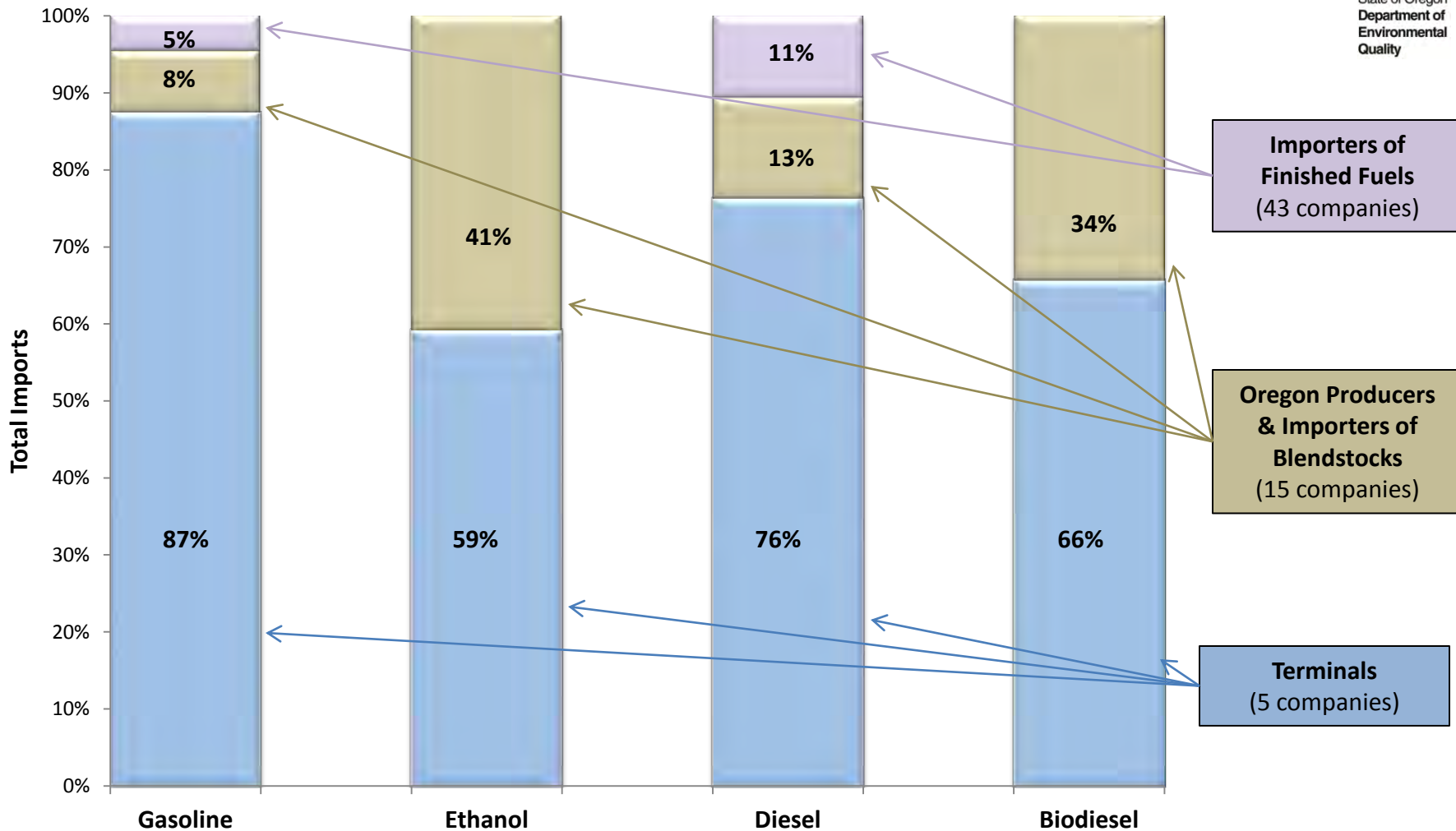
Over 500 people attended the hearings and 350 provided in-person comment. The proceedings were calm and orderly and many people thanked DEQ staffers for the new approach. Based on a public engagement survey distributed at the Portland meetings, 65 percent of hearing participants agreed that DEQ provided opportunities for them to weigh in on issues, compared with about 45 percent of those who attended informational meetings on the permit application last December. While groups rallied outside the facility, there were no disruptions in the hearing rooms even though many people brought a great deal of passion to their testimony. News releases led over 3000 unique visitors to the website and over 350 people have also commented online.

The award will be presented at the upcoming ECOS Annual Meeting during the lunch on Tuesday, Sept. 17, 2013.

Oregon Clean Fuels Program – Information from Phase 1



State of Oregon
Department of
Environmental
Quality



**Total number of
Registered Parties: 63**

DEQ has identified these ways to reduce the cost of complying with the Oregon Clean Fuels Program:

- ❖ Distinguish between importers of finished fuels and importers of blendstocks
 - Finished fuels – used directly in a motor vehicle without additional processing (pure 87 or 92 gasoline, E10 blended gasoline, pure diesel or B5 blended diesel)
 - Blendstocks – must be blended with one or more components to produce a finished fuel (pure biodiesel, pure ethanol, sub-grade gasoline)
- ❖ Clarify recordkeeping requirements
 - For all regulated parties (including those who deal exclusively with fuels ready for use in vehicles): transaction ID and date, transferor and recipient information, fuel type and volume
 - For importers of blendstocks: Fuel pathway code, carbon intensity, producer information, physical pathway code
- ❖ Remove requirement to transfer obligation to keep records and submit reports with the sale of the fuel
- ❖ Update carbon intensity look-up tables
- ❖ Clarify definitions