

Oregon Clean Truck Rules 2025 Updates

Advisory Committee Meeting 3

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Agenda

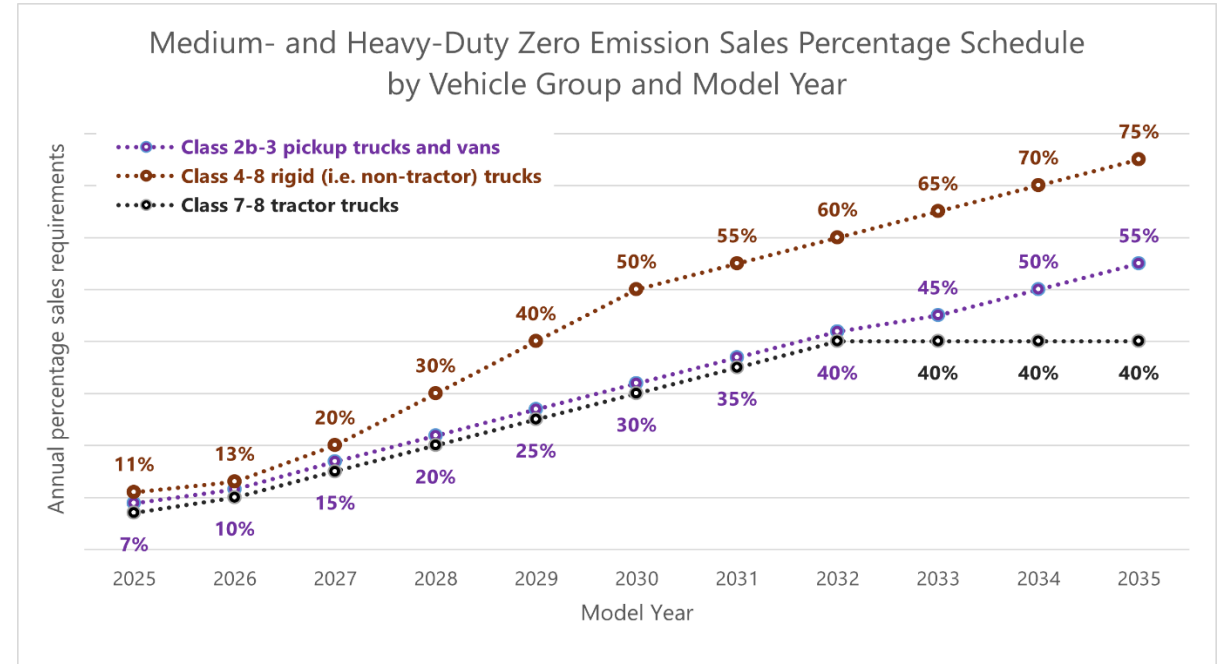
- Welcome and introductions
- Ground rules and committee charter
- Review Advanced Clean Trucks draft proposed rules
- Review draft fiscal impact of ACT draft proposed rules
- Break
- Review Heavy-duty Low NOx Omnibus draft proposed rules
- Review draft fiscal impact of Omnibus draft proposed rules
- Racial equity impact statement
- Public comment period
- Next steps

Ground Rules

- Prepares for and sets aside time for the meetings;
- Provides DEQ staff with copies of relevant research and documentation cited during the meeting;
- Comments constructively and in good faith;
- Consults regularly with constituencies to inform them on the process and gather their input;
- Treats everyone and their opinions with respect;
- Allows one person to speak at a time;
- Is courteous by not engaging in sidebar discussions; and
- Avoids representing to the public or media the views of any other committee member or the committee as a whole.
- Raises hand when wishing to speak

Background – Advanced Clean Trucks Rule

- **Manufacturer sales requirement:**
 - Must sell new plug-in hybrid/zero emission trucks as a percentage of their overall sales
- Begins with 2025 model year
- Existing rule flexibilities:
 - Credit for ZEV or plug-in hybrid emission trucks in Oregon
 - Purchase credits from other manufacturers
 - Credit for ZEV trucks sold in 2022 - 2024
 - Flexibility to trade credits among some vehicle classes (non-tractors)



| Class 2b-3 p/u and van | Class 4-8 rigid | Class 7-8 tractors |
|------------------------|-----------------|--------------------|
| | | |

Advanced Clean Trucks Proposed Amendments and Oregon Optional Credit Program

ACT – Proposed Amendments

Proposed changes/flexibilities include:

- Increased deficit makeup period from one model year to three model years
- Manufacturer compliance to be based on reported sales of vehicles delivered into the state instead of when vehicles reach the ultimate purchaser
- Incorporation of zero emission powertrain amendments
- When an OEM produces and delivers a 2026 Omnibus-compliant heavy heavy-duty engine it will not accrue a deficit

ACT – Proposed Amendments

- Incorporate by reference California Air Resources Board amendments:
- Section 1956.8(a)(8)
- Section 2036
- Section 1963 Advanced Clean Trucks Purpose, Applicability, Definitions, and General Requirements.
- Section 1963.1 Advanced Clean Trucks Deficits Section.
- Section 1963.2 Advanced Clean Trucks Credit Generation, Banking, and Trading Section.
- Section 1963.3 Advanced Clean Trucks Compliance Determination Section.
- Section 1963.4 Advanced Clean Trucks Reporting and Recordkeeping Section.

Oregon Optional Credit Program

DEQ will issue credits to original equipment manufacturers in 2025 and 2026

Eligibility and requirements for manufacturers include:

- Commit to put forth their best efforts to make diesel and other internal combustion powered trucks available to Oregon dealerships

Credit allocations for participating OEMs

Oregon DEQ will allocate optional credits as follows:

- **Class 7-8 tractor trucks:** Credits will be provided to cover up to 100% of anticipated deficit obligations.
- **Class 4-8 straight trucks:** Credits will be provided to cover up to 50% of anticipated deficit obligations for each truck class.

Oregon Optional Credit Program

Proposed process for optional credit allocations (2025-2026)

- Credit allocations will be based on prior-year total sales volumes, using the following methodology. Using 2024 sales or an average of the previous three years total sales volume, whichever is higher, determine the deficits generated for each class of vehicle (e.g., Class 2b-3, Class 4-5, Class 6-7, Class 8 straight truck).
- For OEMs that do not generate deficits Oregon DEQ will provide equivalent Oregon optional credits relative to total sales volumes in Oregon similar to the credit allocation methodology described above, ensuring they can benefit from this credit program.
- If a manufacturer's Class 7-8 deficit balance exceeds the optional credit allocation provided for the model year, additional credits will be allocated on a monthly basis as needed. These credits must be based on actual deficits a manufacturer has accrued and submitted to DEQ.

Oregon Optional Credit Program

Criteria for **potential** additional Oregon optional credit allocations in 2027 and beyond.

- **ACT ZEV delivery targets by class**
- **Total internal combustion engine sales by class**
- **Oregon MHD vehicle dealership evaluation of OEM truck availability**
- **Oregon emissions inventory and public health risk data**

No later than July 2026, DEQ will evaluate the truck market and criteria to determine whether additional optional credits shall be granted in 2027 to class 7-8 tractors and class 4-8 trucks.

Fiscal and Economic Impact Analysis

Advanced Clean Trucks

Fiscal and Economic Impact Statement

As Oregon Revised Statutes 183.333 requires, DEQ will ask for the committees' recommendations on:

- Whether the proposed rules would have a fiscal impact
- The extent of the impact
- Whether the proposed rules would have a significant adverse impact on small businesses and complies with ORS 183.540
- The committee will review the draft fiscal and economic impact statement and will share its comments

FEIS - Advanced Clean Trucks Rule

ACT amendments:

Incorporate additional compliance flexibilities for medium and heavy-duty vehicle manufacturers to help them meet ZEV sales requirements in 2025.

Optional credit program:

Will lead to lower costs for fleets, manufacturers, and dealers. Manufacturers may not have to purchase credits to satisfy compliance obligation and could pass these costs savings to dealers and fleets.

Overall:

The proposed amendments introduce key flexibilities designed to reduce compliance burdens on vehicle manufacturers and ensure a smoother transition to ZEVs in Oregon.

ACT FEIS – Impact to the Public

General assumption: ACT will result in more medium- and heavy-duty ZEVs in Oregon, resulting in CO₂ and air quality pollutant emissions reductions

- DEQ determined that there are no direct costs to the public under the proposed rules.
- Indirect costs:
 - Manufacturers may pass on costs of new vehicle technology to the truck purchasers and the public
 - Proposed amendments and optional credits will likely result in deployment of fewer ZEVs, leading to decreased emissions benefits
 - Proposed ACT amendments and optional credits provide more options for manufacturers, leading to lower prices for businesses and, ultimately, the public

ACT FEIS – Impact to Large Businesses

Medium and Heavy-Duty Vehicle Manufacturers

Benefits:

- The proposed amendments and Oregon optional credits will reduce costs of compliance with the ACT rule in 2025 and 2026, with a potential to reduce costs in 2027 and beyond.

Costs:

- Manufacturers will still be required to deliver zero emission vehicles over time.

ACT FEIS – Impact to Large Businesses

Dealers

- No direct costs to dealers associated with the proposed rule
- Indirect costs: Proposed amendments and optional credits could provide immediate relief from the practice of manufacturers limiting the sale of diesel vehicles in Oregon. Could result in reduced costs associated with lost or delayed sales.

Large businesses with medium- and heavy-duty vehicle fleets

- No direct costs to business fleets associated with the proposed rule
- Indirect costs: Proposed amendments and optional credits could provide reduced costs to business fleets through providing an adequate supply of medium and heavy-duty vehicles

ACT FEIS – Impact to Small Businesses

- Small businesses that sell fewer than 500 vehicles in a year would not incur compliance costs because they are exempt from the requirements
- There are no anticipated direct impacts to small businesses as a result of the ACT rule
- Small businesses may see indirect impacts because of the rule when they choose to purchase a medium or heavy-duty truck.
- DEQ estimates the same impacts as described for large businesses related to Oregon vehicle dealers and Oregon businesses with fleets.

ACT FEIS – State and Local Government Impact

- DEQ determined that there are no direct costs to state agencies and local governments under the proposed rules.
- Indirect costs: Currently there is reduced ability to purchase available trucks, resulting in Oregon state agencies with these vehicle types in their fleets to need to hold onto older vehicles longer than their planned retirement schedule.
- DEQ estimates the same impacts as described for large businesses related to Oregon vehicle dealers and Oregon businesses with fleets.

Racial Equity Statement

- People living, working, and playing near transportation infrastructure in Oregon experience disproportionate health and environmental impacts from exposure to diesel exhaust from medium and heavy-duty vehicles
- Proposed amendments and optional credits means communities will not experience the benefits of lower healthcare costs and improved health care in the near term
- Overall, the rule provides requirements for increasing ZEV targets ensuring long-term improvements

FEIS – Advisory Committee Feedback

Questions for advisory committee:

1. Are there any additional significant adverse impacts on small businesses that would result from the proposed rule?
2. Any other questions or comments?

Break

Background: Heavy-Duty Omnibus Rules

- Adopted by EQC in 2021
- Omnibus rule elements
 - Lower NO_x and PM_{2.5}
 - New low load standard
 - Longer warranty periods
- Applicability
- Exemptions



Heavy-Duty Omnibus Rule Update Language

Omnibus Draft Rules – Overview

- One-year delayed implementation (codify temporary rule)
- Zero-emission powertrain updates

Fiscal and Economic Impact Analysis

Heavy-Duty Omnibus

Omnibus FEIS – Impact to Large Businesses

Manufacturers

- Direct costs:
 - DEQ determined that there are no direct costs of the proposed rule changes on manufacturers.
- Direct benefits:
 - Increased sales from avoided 2025 market disruptions

Omnibus FEIS – Impact to Large Businesses

Dealers

- Indirect benefits: Dealers may see increased sales

Warranty Repair Shops

- Indirect costs: Lower demand for warranty repairs

Vehicle Purchasers

- Indirect benefits:
 - Increased product availability in 2025
 - Cost savings on new 2025 ICE powered vehicles
 - Cost savings related to avoided market disruptions

Omnibus FEIS – Impact to the Public

- Direct costs:
 - There are no direct costs to the public under this proposed rule
- Indirect costs:
 - New, conventionally fueled medium- and heavy-duty vehicles sold in 2025 will not be 75% lower NOx emitting as originally intended.
- Indirect benefits:
 - Reduced risk of temporary sales stoppages in 2025

Omnibus FEIS – State and Local Government Impact

DEQ determined that there are no direct costs to state agencies and local governments under the proposed rules.

Vehicle purchasers

Indirect benefits:

- Increased product availability in 2025
- Cost savings on new 2025 ICE powered vehicles
- Cost savings related to avoided market disruptions

Omnibus FEIS – Impact to Small Businesses

DEQ determined that there are no small businesses that are directly affected by the proposed rules.

Vehicle purchasers

Indirect benefits:

- Increased product availability in 2025
- Cost savings on new 2025 ICE powered vehicles
- Cost savings related to avoided market disruptions

Omnibus FEIS – Impact to Small Businesses

- **Dealers**
 - Indirect benefits: Dealers may see increased sales
- **Warranty Repair Shops**
 - Indirect costs: Lower demand for warranty repairs

Omnibus – Advisory Committee Main Topics

- Delay Omnibus implementation until 2027
- Further delay creates air quality impacts
- Availability of Omnibus compliant engines in 2026
- Increased cost of new, compliant diesel engines and trucks
- Consider enforcement discretion for specific sectors

2026 Scenario 1:

Manufacturer unable to sell most ICE powered vehicles or engines




= For market segment

2026 Scenario 4:

Manufacturer cannot sell diesel vehicles or engines in specific market segments

2026 Scenario 2:

Manufacturer can sell some ICE powered vehicles or engines

 = 30 – 60%

 = Unknown %

2026 Scenario 3:

Manufacturer plans delivery of Omnibus-compliant engines mid-2026

2026 Omnibus Engine Availability

Omnibus FEIS – Advisory Committee Feedback

Questions for advisory committee:

1. Are there any additional significant adverse impacts on small businesses that would result from the proposed rule?
2. Any other questions or comments?

Racial Equity Impact Statement

ORS 183.335(2)(a)(F) as amended by HB 2993, requires state agencies, when providing notice of a rulemaking, to provide a statement identifying how adoption, amendment or repeal of the proposed rules will affect racial equity in the state.

DEQ is asking for advisory committee input on how adoption of this rule may affect racial equity in the state.

Racial Equity Statement

- Disproportionate impacts of diesel exhaust
 - Risks associated with not delaying Omnibus rules
 - Least harm approach
- Proposed rules
 - Preserve overall, long-term reductions
 - Provide additional manufacturer compliance flexibilities
 - Limit rule legal challenge risk

Public Comment Period

Ground Rules - Reminder

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Public Comment Instructions

To verbally ask a questions or make a comment:

- If you have joined by Zoom, click “Raise Hand”
- If you have joined by phone, press *9 to raise your hand
- If you are commenting by phone, dial *6 to unmute
- Please provide your name and affiliation
- Attendees will be allocated reasonable time for public comment depending on the number of commenters

Next Steps

- Please email any additional comments by Friday March 21 to: CTR.2025@DEQ.oregon.gov
- Notice of proposed rulemaking: late March/April
- Public hearing: late April 2025
- EQC considers proposed rules: July 10-11, 2025

Website: [Clean Trucks Rule 2025 Updates](#)

Title VI and alternative formats

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