



State of Oregon Department of Environmental Quality

# **Oregon Environmental Quality Commission Meeting**

**July 10-11, 2025**

## **Temporary Rulemaking Action Item C Greenhouse Gas Reporting Fee Adjustment**

### **Recommendation**

The Oregon Department of Environmental Quality recommends the Environmental Quality Commission:

- Determine that failure to act promptly would result in serious prejudice to the public interest or the interests of the parties concerned as provided under the Justification section of this staff report.
- Adopt temporary rule amendments as proposed in Attachment A as part of chapter 340 of the Oregon Administrative Rules to be effective on filing with the Oregon Secretary of State.
- Delegates authority to the DEQ Director to adopt permanent rulemaking amendments to 340-216-8020, and 340-220-0050 consistent with the rule amendments proposed in Attachment A.

# Overview

Oregon's Greenhouse Gas Reporting Program rules require reporting from major sources of greenhouse gas emissions in Oregon. This includes industrial facilities, suppliers of liquid fuels and natural gas, landfills and electricity suppliers. DEQ receives reports with a broad variety of data from more than 400 regulated entities annually, covering over 120 distinct industry types. The reported data supports Oregon's statewide greenhouse gas inventory and implementation of emissions mitigation programs such as HB 2021 Clean Energy Targets for the electricity sector and DEQ's Climate Protection Program.

DEQ is proposing temporary rule amendments to Oregon Administrative Rules Chapter 340, Divisions 216, and 220 to establish changes to the fees assessed to air permitted facilities subject to greenhouse gas reporting requirements. These fees have not been adjusted since 2010. The current fee structure no longer covers the costs of the program. Oregon's 2025 legislature approved SB 5520 (2025), authorizing the commission to adjust the fees to maintain current service levels.

A temporary rule is necessary to implement the legislatively authorized increase in program revenue before the annual invoices are issued in the fall of this year. Because the GHG Reporting Program is funded by a percentage of air quality permitting fees, and air quality permit holders are invoiced annually in the fall, the commission must take immediate action to ensure facilities receive notice of the fee change prior to the upcoming invoicing cycle. The agency is proposing, as approved by the legislature, that fees be raised from 15% of a Title V permit with a \$4,500 maximum annual fee (also referred to as "cap") and 7.3% of an Air Contaminant Discharge Permit, to 20% of any annual air permit fees, with a minimum of \$500 and a maximum annual fee of \$9,000 per source.

These temporary rule amendments do not propose any policy or reporting changes.

## Statement of need

### **What need is DEQ trying to address?**

Program fees, established in 2010, have remained unchanged despite inflation, rising program costs and expanded program services. Program revenue cannot sustain the current reporting activities and level of services, particularly technical assistance for regulated entities and auditing of reported data. If fees are not adjusted, the program faces an immediate budget shortfall for 2025.

### **How would the proposed rule address the need?**

The proposed fee adjustment will support current levels of program operations,

including providing technical assistance to the regulated community, auditing and verification of data, and maintaining online reporting systems. It will also raise the revenue necessary to cover rising costs associated with the program, including staff benefits and cost-of-living adjustments. Additionally, it will ensure a sufficient ending balance to cover existing program costs.

## **Justification**

### **Finding of serious prejudice**

Failing to act promptly would result in serious prejudice to both the public interest and the interests of the affected parties because existing revenue is insufficient to sustain current staffing and core activities of the GHG Reporting Program. Activities include providing technical assistance, verifying reported data, and supplying data essential to operate DEQ's greenhouse gas emissions mitigation programs. Curtailing program functions will prejudice affected parties that rely on GHG Reporting Program data and work which is critical in informing decision makers, implementing programs, and ensuring timely compliance with regulations.

### **Consequences of not taking immediate action**

Failing to amend the fee structure immediately will harm both the public and regulated entities because the program will face a budget shortfall if it is unable to invoice adjusted fees during the upcoming annual invoicing cycle. Delaying action would postpone additional revenue until late 2026. That will cause the program to operate at a deficit, directly impacting staffing levels and essential program operations.

### **Affected parties**

The members of the public or parties who would be harmed if EQC did not take this action include regulated companies subject to reporting, members of the public, other agencies that utilize the data and DEQ programs that rely on timely and accurate greenhouse gas emissions data.

### **Why or how failing to act immediately would cause the harm described above**

The harm described above would occur if EQC does not act immediately, because inadequately funding the reporting program impacts the program's ability to maintain staffing levels, provide technical services, maintain crucial systems such as online reporting, support rulemaking activities, and provide timely data to programs and other agencies.

### **How temporary rule would avoid or mitigate consequences**

If EQC adopts the proposed temporary amendments, it will prevent the harm described above by allowing the agency to apply the fee adjustment for the 2025 invoice cycle. This adjustment is essential to ensure uninterrupted funding of the reporting program.

# Rules affected, authorities, supporting documents

## Lead division

Office of Greenhouse Gas Programs

## Program or activity

Greenhouse Gas Reporting Program

## Chapter 340 action

## Amend

Rules Amended - OAR				
340-216-8020	340-220-0050			

## Statutory authority

Statutory Authority – ORS				
468.020	468A.065			
468A.040	468A.050	468A.315		

## Other authority

None.

## Statute implemented

Statutes Implemented – ORS				
468.065	468A.040	468.050	468.315	

## Legislation

SB 5520 (2025)

## Documents relied on for rulemaking

Document title	Document location
GHG Reporting Program Draft Revenue Scenarios	DEQ HQ, 700 NE Multnomah St #600, Portland, OR 97232
Greenhouse Gas Sources 2024.xlsx	DEQ HQ, 700 NE Multnomah St #600, Portland, OR 97232
DEQ 2025-2027 Governor's	<a href="https://www.oregon.gov/deq/about">https://www.oregon.gov/deq/about</a>

Recommended Budget – Policy Option Package 110	<a href="https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureAnalysisDocument/92762">t-us/Documents/DEQGRB2527gb.pdf</a>
2025-2027 SB 5520 Budget Report and Measure Summary	<a href="https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureAnalysisDocument/92762">https://olis.oregonlegislature.gov/liz/2025R1/Downloads/MeasureAnalysisDocument/92762</a>

## Fee analysis

These proposed rule amendments would increase existing fees. EQC authority to act on the proposed fees is ORS 468.065, 468A.050 and 468A.315.

### Brief description of proposed fees

GHG Reporting Program fees are calculated as a percentage of an air permitted facility's annual air permit fees. Currently, Title V air permit holder's pay 15% of annual fees, while ACDP holders pay 7.31%. All fees are currently capped at \$4,500. Under the proposed rules, the fee for all permit types would be 20%, with a minimum fee of \$500 and a maximum annual cap of \$9,000 per source.

### Reasons

The proposed fees would address increased program costs allowing the program to maintain current staffing and operations needed to implement program.

### Fee proposal alternatives considered

DEQ considered the following alternatives:

- Delaying the fee increase, which would result in a revenue shortfall for the program and would negatively impact program operations and staffing as well as the companies requiring technical assistance from the agency to properly comply with reporting regulations.
- Maintaining current fee rates for each permit type while removing the existing fee cap of \$4,500. While this option would generate enough revenue for the program, it would result in disproportionate impacts to certain fee payers with significant increases to several individual sources while introducing no changes in fees for many other companies.

### Fee payer

Greenhouse gas reporting entities include all facilities in Oregon with Title V or ACDP permits and emitting 2,500 MTCO<sub>2</sub>e of greenhouse gases or more annually (i.e. those air permitted sources required to report greenhouse gas emissions into the GHG Reporting Program). This includes a wide variety industrial, institutional, and manufacturing facilities, as well as electricity generating facilities throughout Oregon.

## Affected party involvement in fee-setting process

The fee increase was authorized through the 2025-2027 budget process. DEQ met with key representatives from air permit holders that would be potentially impacted by the proposed fee adjustments to work through the structure and design of the changes, to communicate the impact and to further describe the need for the increased revenue.

## Summary of impacts

The proposed rule amendments establish an updated fee structure for sources subject to Oregon's greenhouse gas reporting requirements and holding air quality permits. This includes approximately 85 Title V sources, 132 ACDP holders, and any future facilities that become subject to these requirements. The new fees are calculated at 20 percent of existing annual air permit fees, with a minimum of \$500 and a maximum annual cap of \$9,000 per source.

## Fee payer agreement with fee proposal

DEQ engaged fee payers and their representatives throughout the development of the agency's 2025-2027 biennial budget and legislative approval process. DEQ met with key representatives of fee-paying sources several times prior to the development of the proposed amendments. At these meetings, DEQ presented explanations for the need for the fee increase, options for structuring the increase, and subsequently provided updated options in response to their feedback.

## How long will the current fee sustain the program?

DEQ anticipates this fee increase will sustain the program through the 2029-2031 biennium.

Current Fees		
Program biennial costs covered by fees	\$1,600,000	100%
Program costs covered by General Fund	\$0	0%
Fee Last Changed	2010	

Proposed Fees		
Expected change in revenue (+/-)	\$950,000	100%
Main GF required by statute/rule to fund program	\$0	0%

Proposed Fees		
Proposed fee allows General Fund replacement	\$0	0%
Expected effective date	July 2025	

Transactions and Revenue				
Biennium	Number of transactions	Number of fee payers	Impact on revenue (+/-)	Total revenue (+/-)
Current biennium (25-27)	217	217	\$950,000	\$1,900,000
Next biennium (27-29)	217	217	\$0	\$1,900,000

## Fee schedule

Air Contamination Discharge Annual GHG Fee	
Greenhouse Gas Reporting, as required by OAR chapter 340, Division 215	\$500 or 20% of the applicable ACDP annual fee in OAR 340-216-8020, Table 2, Part 2, whichever is greater and not to exceed \$9,000.

Title V Annual GHG Fee	
DEQ will assess an annual Title V Operating Permit greenhouse gas reporting fee, as required by OAR 340-215-0060(1)	20% of the applicable annual and emissions fee under OAR 340-220-0030 and OAR 340-220-0040, not to exceed \$9,000.

## Housing costs

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel. DEQ determined the proposed rule amendments would have no effect on the development costs because the proposed fee adjustments apply only to a subset of air permitted facilities reporting

to the GHG Reporting Program, such as power plants and industrial facilities. These fees are part of an air permitted facilities expected operating costs and do not affect development or costs associated with materials, labor or construction.

## **Racial equity**

ORS 183.335(2)(a)(F) requires state agencies to provide a statement identifying how adoption of this rule will affect racial equity in this state. There are no expected impacts to racial equity in the state resulting from the proposed amendments. The amendments adjust existing fees for all air permitted facilities required to report to the GHG Reporting Program. The additional revenue generated is limited to maintaining the current level of program operations and does not expand or alter the program's scope, regulatory functions, or enforcement activities. As these amendments support the continued regular operation of the existing program without introducing new policies or changes to implementation, no direct or disproportionate impacts to racial equity are anticipated.

## **Environmental justice considerations**

Environmental justice is the fair treatment and meaningful involvement of all people regardless of race, color, national origin, culture, education or income with respect to the development, implementation and enforcement of environmental laws, regulations and policies. DEQ is committed to incorporating environmental justice best practices into its programs and decision-making, to ensure all people in Oregon have equitable environmental and public health protections.

Climate change caused by human activities that produce greenhouse gas emissions poses significant risks to the health, safety, and welfare of all Oregonians. Accurate and verified emissions data collected through Oregon's GHG Reporting Program is essential for identifying major sources of these emissions, quantifying and tracking them, and taking action to reduce Oregon's contribution to global emissions. This data is essential in the implementation of our state's most impactful programs to mitigate greenhouse gas emissions, co-pollutants that pose public health risks to nearby communities, and anthropogenic climate change. GHG Reporting Program data provides the foundation for effective climate action by enabling transparency and making critical emissions information publicly accessible. Reliable and accurate data is essential for ensuring policies are implemented fairly and equitably. It supports accountability and empowers meaningful participation from our communities in shaping state and local climate policies and programs.

The proposed amendments would ensure that the GHG Reporting Program has the revenue needed to sustain program operations and implementation. These amendments are necessary for the program to continue collecting, auditing, and



providing this essential emissions data to the public, and to effectively support greenhouse gas mitigation efforts.

## **EQC prior involvement**

DEQ shared information about this rulemaking with the EQC through an information item on the Legislative Session and Budget Updates during the March 14, 2025, EQC agenda.

## **Implementation**

The proposed rules would become effective upon filing with the Oregon Secretary of State, expected to occur on or about July 10, 2025. DEQ would notify affected parties by:

- Emailing all impacted air permitted sources directly
- Updating all webpage information pertaining to fees on the program website
- Publishing the adopted temporary rule in the Oregon Secretary of State Bulletin

## **Compliance and enforcement**

The proposed amendments would not make any changes to Division 12 of the Oregon Administrative Rules.

## **Systems**

The proposed amendments would require updates to invoicing through Your DEQ online system. This requires a request to update the system to reflect the proposed amendments. GHGRP staff would work with YDO staff to update the system prior to invoicing.

## **Quality Assurance**

After the completion of the invoice cycle GHGRP staff will audit invoices to ensure all sources were invoiced appropriately.

## **Non-discrimination statement**

DEQ does not discriminate on the basis of race, color, national origin, disability, age or sex in administration of its programs or activities. Visit DEQ's [Civil Rights and Environmental Justice page](#).