



Memorandum

Date: Nov. 24, 2025

To: Environmental Quality Commission

From: Leah Feldon, Director

Subject: Agenda item D, informational item: Climate Protection Program: Update on Community Climate Investments
Dec. 2, 2025, EQC meeting

Purpose and importance of item

EQC adopted rules that relaunched the Climate Protection Program (CPP) at the beginning of 2025. The public engaged significantly with the program, submitting over 10,000 comments during last year's rulemaking.

DEQ will provide a brief update on program implementation focusing on the Community Climate Investments (CCI) component. The program plays a crucial role in helping Oregon meet its goals to reduce climate pollution. The CCI component is a key program element, providing compliance flexibility for regulated companies while supporting Oregon's environmental justice communities transition to cleaner energy.

DEQ will also provide a brief update on ongoing work with Emissions Intensive Trade Exposed (EITE) industries in preparation for a rulemaking next year to redesign how the CPP regulates emissions from manufacturing.

Prior EQC involvement

In November 2024, the commission voted to adopt the Climate Protection Program, OAR 340, Division 273, with the program starting in January 2025.

Background

DEQ is providing this update at the commission's request.

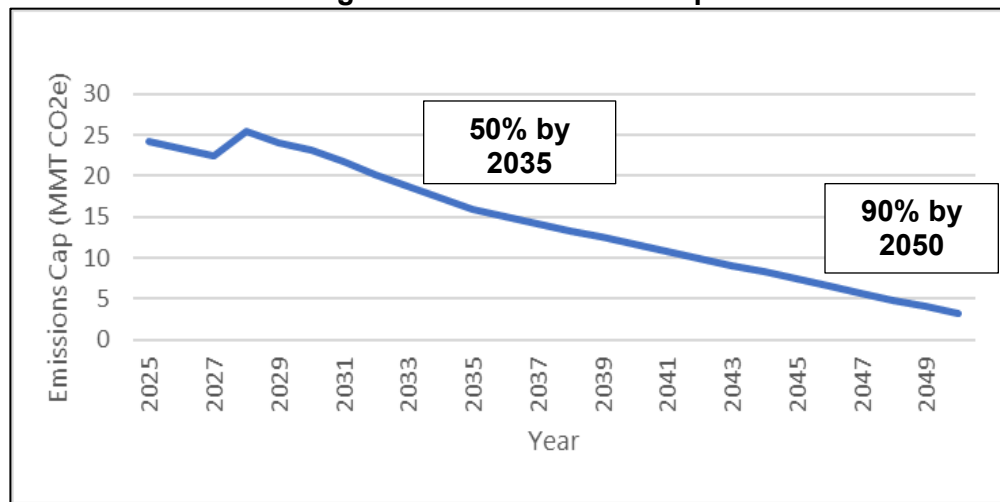
The Climate Protection Program establishes a declining cap, or limit, on greenhouse gas emissions from fossil fuels used throughout Oregon, including diesel, gasoline, and natural gas. These reductions apply to Oregon's residential, commercial, transportation, and industrial sectors. The program is designed to reduce these emissions by 50% by 2035 and by 90% by 2050 relative to the 2017-2019 average.

Translation or other formats



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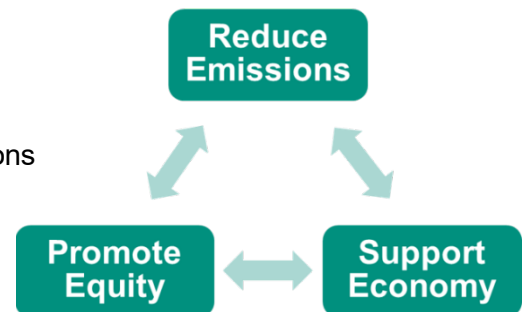
Figure 1: CPP Emissions Cap



The Climate Protection Program is one of many complementary programs in Oregon, like the Oregon Clean Vehicle Rebate Program and the Clean Fuels Program, designed to reduce climate pollution. The program drives emissions reductions and leverages reductions achieved through other incentives to further support compliance.

The program:

- Reduces climate pollution
- Supports reductions in other types of air pollution
- Enhances public welfare
- Provides regulated companies with compliance flexibility options
- Supports a strong statewide economy
- Prioritizes equity by promoting benefits and reducing burdens for environmental justice communities, including communities of color, Tribal, rural, and low-income communities



Each year, DEQ distributes a set number of free compliance instruments to regulated companies. Except for the first year of the program, the total number of compliance instruments distributed by DEQ each year equals that year's emissions cap. In 2025, DEQ also distributed additional compliance instruments to regulated companies to recognize early emission reductions in the fuels sector from 2022-2024. The program gives regulated companies the option to bank compliance instruments if those instruments exceed what is needed to cover that year's emissions, trade compliance instruments with other regulated companies, or earn additional credits by contributing funds to DEQ-approved entities through the community climate investments program. CCI entities must invest those funds in projects that reduce greenhouse gas emissions in Oregon's environmental justice communities.

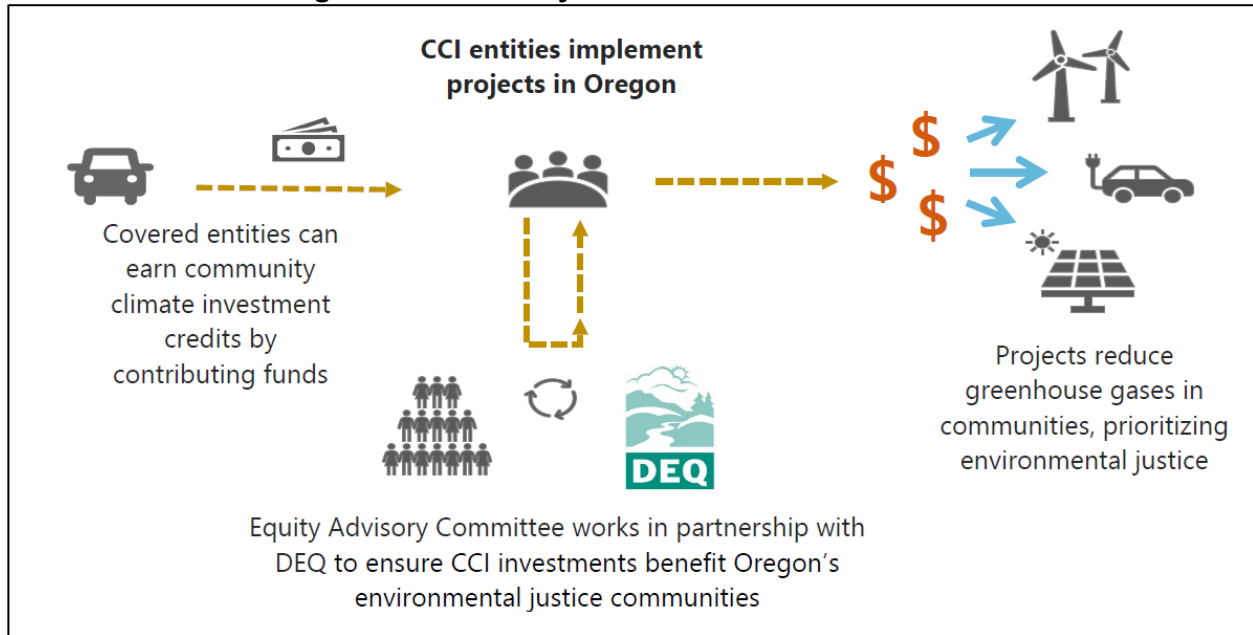
For every ton of greenhouse gas emissions, a company is responsible for, it must submit a compliance instrument or a community climate investment credit to DEQ. The first demonstration of compliance will be in December 2028 for emissions from 2025-2027. During the first compliance period, regulated companies can choose to use community climate investment credits to meet up to 15% of their total compliance.

CCI funds must be used to support projects that reduce greenhouse gas emissions in Oregon. These can include projects entailing:

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- Transportation of people, freight, or both
- Reduction of emissions from residential buildings
- An existing or new industrial process or facility
- An existing or new commercial use or building

Figure 2: Community Climate Investments Process



Update on community climate investments

Equity Advisory Committee

The CPP rules direct DEQ to appoint and convene an Equity Advisory Committee to assist DEQ with the review of applications to be a CCI entity, review of proposed work plans that will determine what types of emission reduction projects are supported by community climate investment funds, review of where the projects are located, and review of other submittals by the CCI entities that require DEQ review.

In February 2025, DEQ began collecting interest for participation on the Equity Advisory Committee. After receiving over 40 applications, DEQ reviewed the applications, held follow-up calls, and selected 10 individuals and organizations to serve on the committee. DEQ held the first committee meeting in September 2025 and is scheduled to meet approximately every other month.

The CPP rules direct DEQ to prioritize building a committee with representatives from multiple regions with lived experience, involvement, or expertise in the following areas:

- Environmental or economic justice
- Climate change impacts and experience
- Air pollution and/or health and community impacts
- Greenhouse gas emissions reductions, including in the transportation, residential, industrial, and commercial sectors, and climate change

The CPP rules also direct DEQ to appoint at least one committee member who represent a federally recognized Tribe or Tribal interests.

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The current Equity Advisory Committee roster includes:

| Name | Affiliation |
|------------------|---|
| Ashley Audycki | Rogue Climate |
| Shelley Beaulieu | Dragonfly Consulting |
| Charity Fain | Community Energy Project |
| Kyna Harris | Oregon Public Health Institute |
| Mark Healy | Coquille Climate Resilience Task Force Member |
| Kevin Howard | Climate Changes Everything, LLC |
| Jamie Pang | Oregon Just Transition Alliance |
| Metzin Rodriguez | Unite Oregon |
| Xitlali Torres | Verde |
| Donald Williams | From the Light Consulting |

Request for applications for third-party community climate investment entities

Another important step for the program is to approve at least one third-party CCI entity or entities. This entity or entities, once approved and in agreement with DEQ, would be able to receive contributions from CPP-regulated companies, submit a proposed work plan to DEQ for review and approval, and then implement investments pursuant to work plans to the extent contributions are made to the entity or entities.

CCI entities must be 501(c)(3) nonprofits, though subcontractors or partners can be for-profit organizations. CCI entities must demonstrate appropriate administrative processes and financial controls to hold and spend CCI funds on approved projects. A fee of up to 4.5% on contributions received by CCI's entities, approved by the Legislature in 2023, will be used for DEQ's program oversight and administration. The fee will enable DEQ to audit and report on the expenditures of any CCI funds providing transparency and accountability for CCI investments, their effects, and program efficiency. DEQ will engage independent auditors as needed to audit CCI contributions and greenhouse gas emission reductions.

DEQ held an information session for organizations potentially interested in becoming a CCI entity in September 2025 and continues to reach out to organizations that might be interested in applying or participating in this program.

DEQ is currently developing the request for applications for third-party CCI entities. Through the application, DEQ will ask applicants to demonstrate their experience, capacity, systems, and controls for receiving, holding, and investing funds in projects throughout Oregon. They must also demonstrate their approach to engaging communities identified by the program rules as priorities for CCI investments.

Next steps

DEQ will release the request for applications. After the request for applications closes, DEQ will evaluate the applications and consult with the Equity Advisory Committee. If DEQ were to provide provisional approval to a CCI entities or entities, the next step is to develop a written agreement between the agency and the entity. With a signed written agreement, a CCI entity or entities would be approved to receive contributions from regulated companies.

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Key issues

DEQ is working diligently to have an approved CCI entity or entities in place to accept CCI funds by the end of 2026. Without an approved CCI entities or entities, regulated entities would not be able to choose to earn CCI credits as a compliance option. Regulated entities will first demonstrate compliance in December 2028 for the 2025-2027 compliance period.

DEQ will provide updates on the timeline and next steps during the Equity Advisory Committee meetings, which are open to the public. Engaging with communities throughout the state is also important for understanding community needs and priorities for community climate investments. By partnering with other programs within DEQ and community partners, DEQ is planning engagement opportunities throughout the state to strengthen existing relationships and develop new ones.

In the future, it will be critical for DEQ to ensure appropriate financial oversight of CCI funds by CCI entities, including transparency and accountability for CCI investments and associated emissions reductions.

EQC involvement

There is no EQC action associated with this update. DEQ will continue to report to the EQC on community climate investments and request that the EQC provide input on implementation and future improvements. DEQ will submit the first report on community climate investments to the EQC by Aug. 30, 2027, and every two years thereafter.

Supporting materials

- A. [Equity Advisory Committee Bios](#)
- B. [Frequently Asked Questions](#)

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