



Memorandum

Date: Dec. 31, 2025

To: Environmental Quality Commission

From: Leah Feldon, Director

Subject: Agenda item B, informational item: Executive Order 25-29 and Clean Fuels Program Rulemaking
Jan. 15-16, 2026, EQC meeting

Purpose and importance of item

In November 2025, Governor Tina Kotek issued Executive Order 2025-29 (EO 25-29), which directed the Department of Environmental Quality and the Environmental Quality Commission to take action to reduce greenhouse gas emissions and advance clean energy in Oregon. The order specifically instructs DEQ and the EQC to conduct rulemaking to set standards for the Clean Fuels Program that achieve at least a 50% reduction in the carbon intensity of transportation fuels by 2040.

Prior EQC involvement

The Clean Fuels Program, or CFP, has presented to the commission on numerous rulemakings and informational items since 2010. The most recent CFP rulemaking was adopted by the commission in early 2025, and the program requested and received variances from the commission twice later that year due to the cyberattack and Olympic pipeline shutdown.

The EQC adopted the program in 2015 to begin in 2016, establishing declining carbon intensity standards to a 10% reduction in 2025. In 2022, the commission adopted an extension of the program to a 37% reduction in 2035.

Background and key issues

The Executive Order directs the following:

- Advance energy efficiency across all sectors
- Support investment in clean electricity infrastructure
- Increase strategic electrification of vehicles and buildings
- Increase supply and use of low-carbon fuels
- Strengthen resilience across all levels of the energy system

For the Clean Fuels Program, the order includes specific direction to DEQ and the EQC to conduct rulemaking to adopt standards through 2040 to achieve at least a 50% reduction in transportation fuel carbon intensity. Given the direction to increase strategic electrification of vehicles, DEQ is instructed to evaluate CFP rule amendments that could further advance transportation electrification in a cost-effective and equitable manner.

Translation or other formats

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The draft workplan addresses both topics in a single rulemaking, as directed by EO 25-29, which requires DEQ to establish the workplan within three months. In addition, DEQ must develop a broader agency workplan under the order.

In addition, DEQ is instructed to:

- Streamline clean energy siting by evaluating our existing authorities, rules and practices to identify opportunities to streamline our permitting and review processes for renewable energy, energy storage, and grid infrastructure projects in coordination with other agencies. Recommendations from that review are due to the Governor by Sept. 1, 2026.
- Work with other agencies and the Governor's Office to evaluate emerging clean energy technologies and the risks and barriers to the development and deployment of those technologies.
- DEQ and the Public Utilities Commission are instructed to ensure that revenues collected by utilities through the CFP are strategically invested to advance equitable transportation electrification.

On Dec. 17, 2025, DEQ held a listening session for interested parties to solicit early public comment on key issues to be explored during the rulemaking. Specifically, that listening session requested public comment on the following topics:

- How DEQ and a consultant should evaluate possible future compliance scenarios for the program to set post-2035 targets and potentially revise nearer-term targets.
- How the program can increase electrification of vehicles beyond what is in the current program, and if there are areas of the program's current treatment of electric vehicles that should be reviewed and revised.
- How the program can modify its renewable electricity provisions to incentivize additional deployment of clean energy in alignment with the goals of EO 25-29, while maintaining the integrity of those claims for credit generation.

Oregon's Clean Fuels Market

Oregonians have increasingly demanded and supplied alternatives to fossil gasoline and diesel since the program began in 2016, with growth accelerating even further after its expansion in 2022. Over the past decade, registered electric vehicles in Oregon – both fully battery electric and plug-in hybrids – have increased 25-fold from around 5,000 to over 125,000. In just the past two years, Oregon's medium- and heavy-duty EV registrations have tripled. In 2024, electricity displaced approximately 20 million gallons of fossil fuels.

Liquid alternative fuels have also increased significantly, further displacing traditional gasoline and, particularly, diesel. While more established biofuels – ethanol and biodiesel – have been blended in modest amounts for decades (E10 and B5, 10% ethanol and 5% biodiesel, are required and the typical blends available at retail across the state), these fuels cannot be used in much higher concentrations in most vehicles due to their chemical differences from fossil gasoline and diesel. However, the more recent production and availability of renewable diesel have changed this. Renewable diesel can be used at any concentration in any diesel vehicle, enabling much greater potential to reduce fossil diesel use. Renewable diesel consumption grew 16-fold from 2021 through 2024. At the outset of the program, only 6% of diesel used in Oregon was non-fossil. By 2024, in large part due to the availability of renewable diesel, non-fossil diesel accounted for almost 30% of diesel used in Oregon.

These significant changes are the result of a suite of public policies, as well as historic investments by companies that manufacture vehicles and companies that produce and import fuel in Oregon. While DEQ cannot attribute a specific amount of those changes to any one program, the Clean Fuels Program has

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undoubtedly contributed to these changes and continues to push for innovation and adoption of alternative, cleaner fuels in Oregon's transportation sector.

EQC involvement

The EQC will have multiple touch points on DEQ's implementation of EO 25-29 and its directed CFP rulemaking. The order requires that DEQ develop a workplan for all its actions under EO 25-29, in addition to the CFP rulemaking workplan, and then present that to EQC at a meeting where public comment is being taken for the commission's review and discussion. The rulemaking will come before the commission for its consideration, and DEQ will brief commissioners on its progress through the Director's Report and/or additional informational items before proposing commission action.

Supporting materials

Attachment A: Clean Fuels Program 2026 Rulemaking Workplan

Attachment B: [Press Release on the Executive Order](#)

Attachment C: [EO 25-29](#) and [FAQ](#)

Report prepared by:

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Non-discrimination statement

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