



EO 25-29 and Clean Fuels Program Rulemaking

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Environmental Quality Commission Meeting

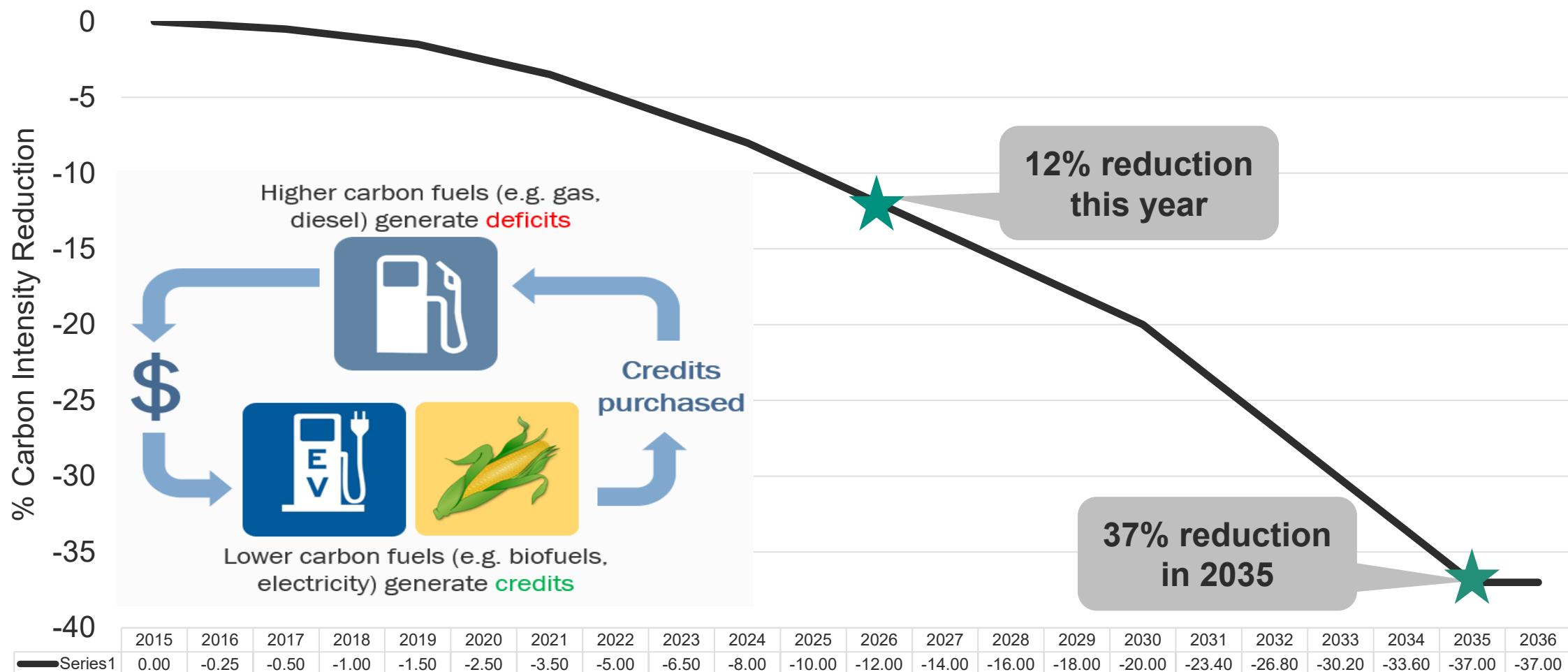
EO 25-29

- Directs state agencies to move faster and further on reducing carbon pollution while maintaining reliability and affordability
- Directs DEQ and EQC to:
 - Expand and extend the Clean Fuels Program
 - Where possible, streamline permitting processes for clean energy projects
 - Provide biennial plans that include targets and metrics for agencies' progress advancing the goals in the Order

Clean Fuels Program

- Reduces the lifecycle carbon intensity of Oregon's transportation fuels
- One of Oregon's most successful climate mitigation policies
- Since 2016, the program has:
 - Provided millions of dollars to support investments in EV infrastructure
 - Lowered the carbon intensity of biofuels by 12-25%
 - Supported the displacement of over a billion gallons of fossil fuels
 - Reduced GHG emissions by 16 million tons

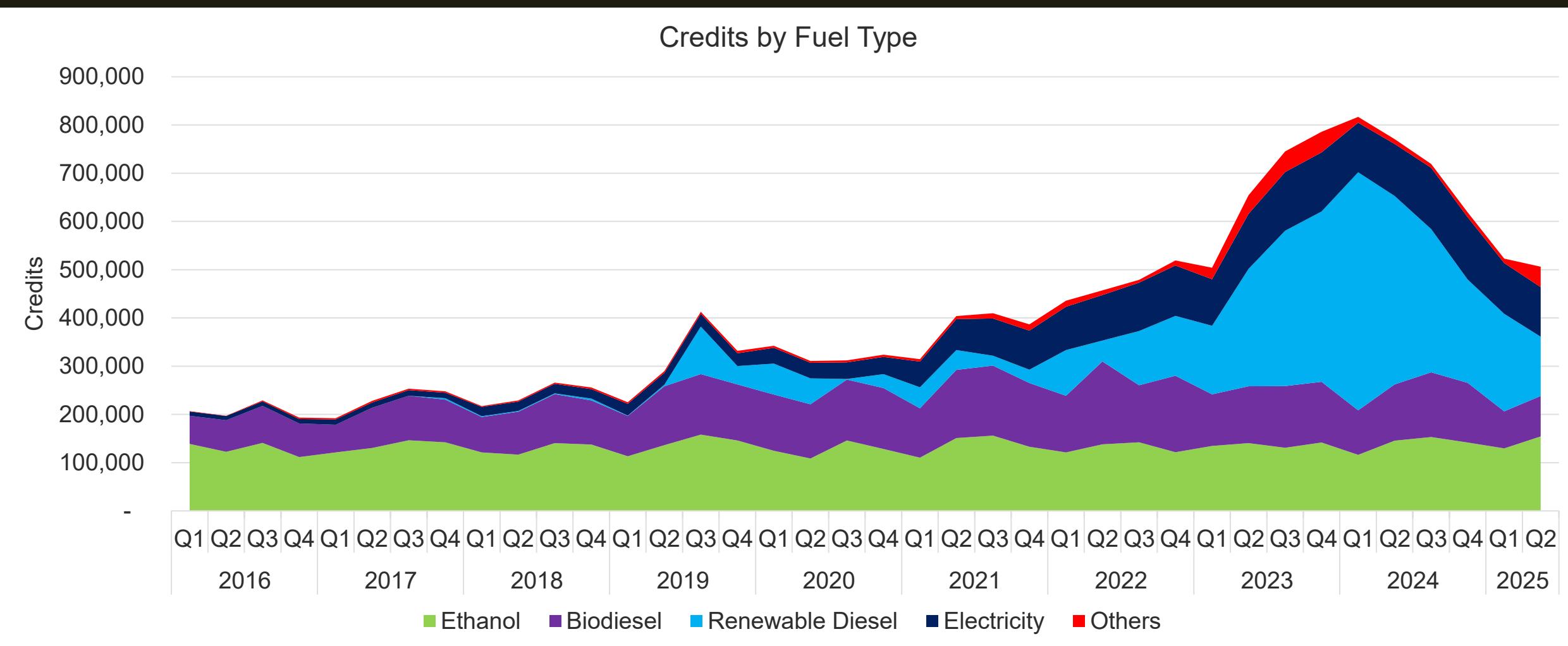
How the Clean Fuels Program Works



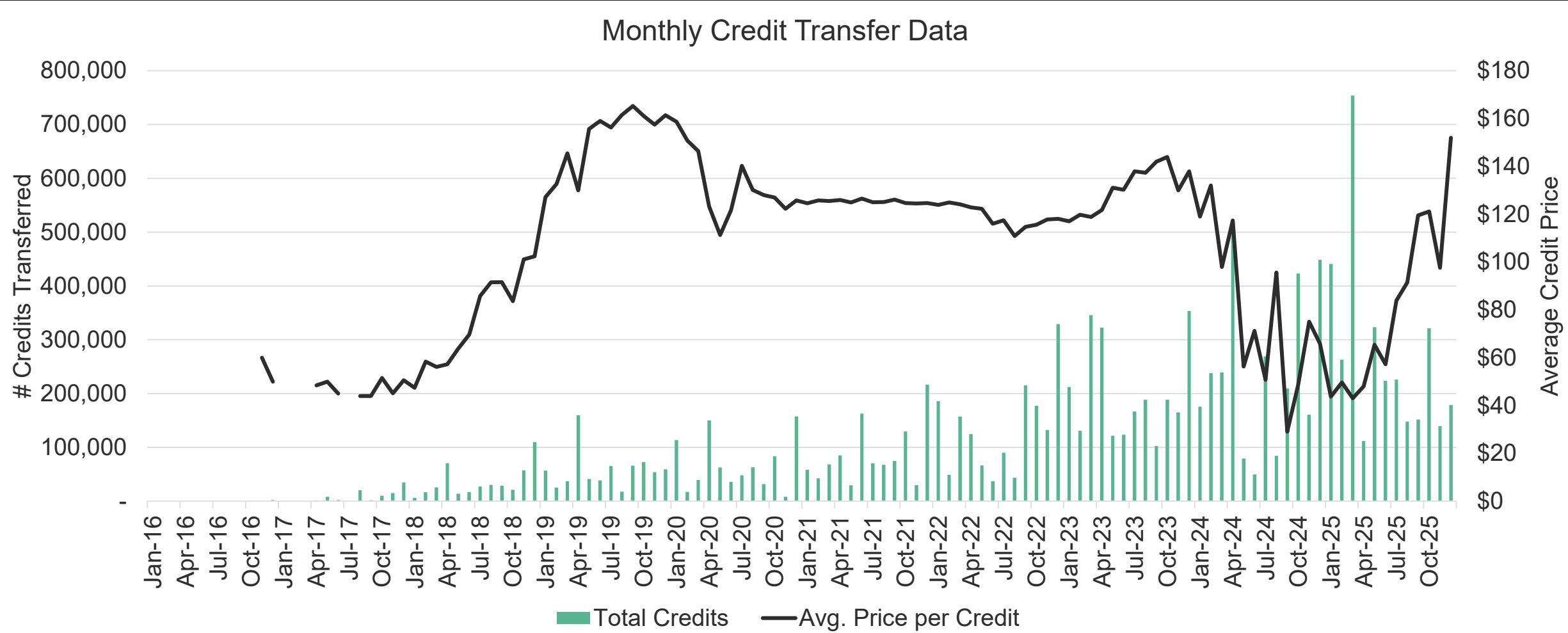
Recent Trends

- In 2024, the Clean Fuels Program displaced 226 million gallons of fossil fuel with cleaner fuels, such as:
 - Renewable diesel
 - Ethanol
 - Electricity
- Because of this program, renewable diesel and biodiesel have comprised up to a third of all Oregon's diesel use, compared with just 5% at the outset of the program

Fuel Trends



CFP Credit Market



Role of the CFP in Oregon Climate Policies

- Targets Oregon's largest sector of GHG emissions: Transportation
- One of very few programs directly targeting transportation fuels
 - Other state and local initiatives target vehicles and reducing vehicle use
- Supports other climate policies, such as the Climate Protection Program, by creating incentives to commercialize and deploy low-carbon fuels and vehicles

Public Health Co-Benefits

- Zero-emission vehicles supported by the CFP offer the greatest gain in lowering tailpipe pollution
- Other fuels supported by the program provide more modest air quality improvements
- Previous study showed that expanding the program out through 2035 provides significant public health benefits:
 - Avoid over a dozen deaths a year by 2035
 - \$87 million/year saved by Oregonians in avoided health care costs by 2035

Direction from EO 25-29 for the CFP

- Update the CFP to strengthen the low-carbon fuels standard by establishing new carbon intensity reduction targets of at least 50% by 2040
 - Current program goes out to a 37% reduction by 2035
- Evaluate programs in neighboring states and propose amendments to better align the Oregon CFP with neighboring jurisdictions
- Take actions necessary to advance cost-effective electrification of vehicles, while supporting affordability and reliability

Tentative Rulemaking Timeline

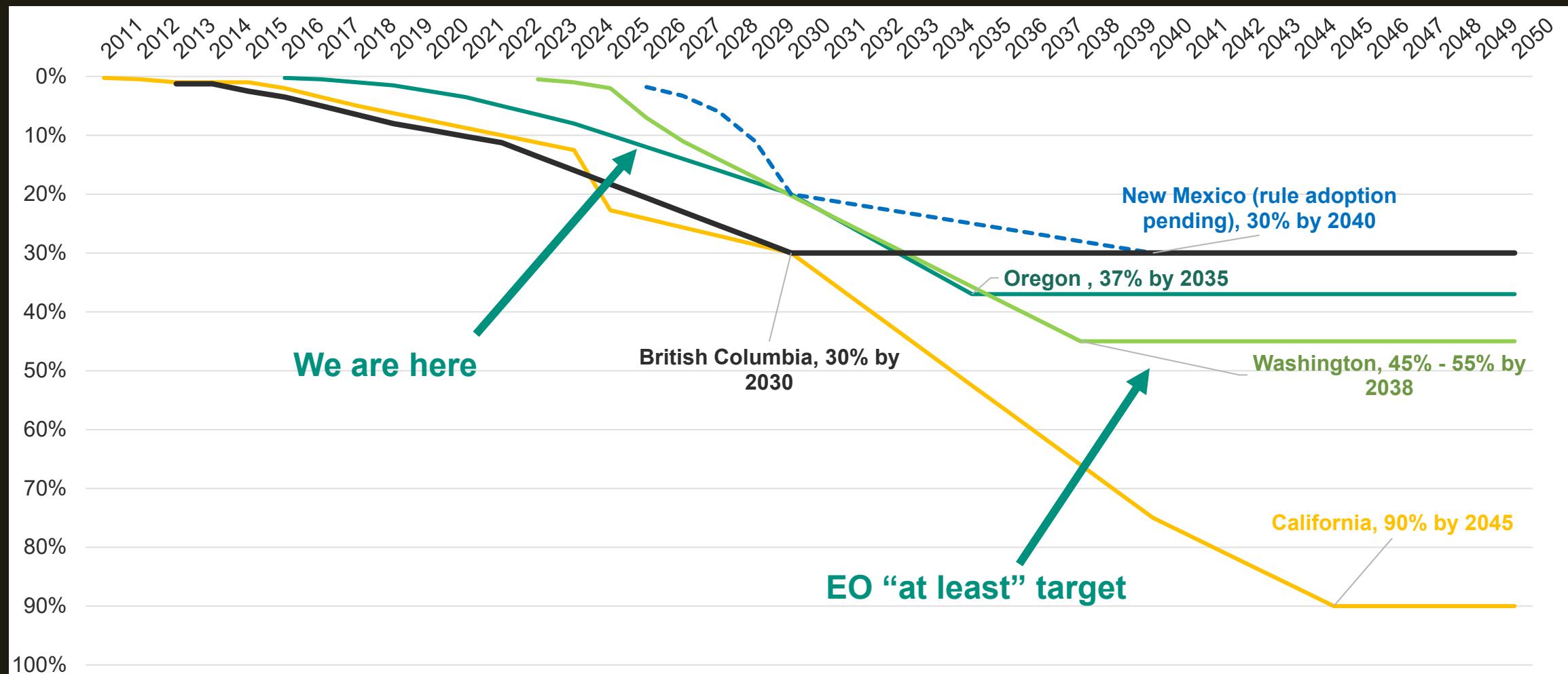
- December 2025 – Listening session held
- January/February 2026 – Appoint Rulemaking Advisory Committee
- March/April 2026 – First RAC meeting
- Spring through Summer 2026 – RAC meetings, modeling work
- Fall/early Winter 2026 – Notice of proposed rulemaking
- Winter 2026/2027 – EQC action

Questions on Process?

Tentative Rulemaking Scope

- Extend the program's targets through at least 2040
 - Conduct new modeling to determine latest market and technology trends to inform proposal for new standards
- Explore how the program can better incent transportation electrification
- Update renewable electricity provisions to incent additional renewable electricity on the grid to meet transportation demand

Current Program Standards



Approach to Evaluating CFP Targets

- Target-setting starts with forecasting Oregon's vehicle fleet changes over the coming decades
- Vehicle fleet is used to determine possible future compliance scenarios because it dictates demand for different fuel types
- Compliance scenarios will illustrate what carbon intensity reductions can be achieved and inform where to propose setting new program targets

Work with UC Davis

- DEQ is working with UC Davis Institute for Transportation Studies to adapt their transportation fleet modeling tool for Oregon
- DEQ staff training on maintaining and adapting tool for future program planning
- Revised model will be used to support this rulemaking
- Initial results in Spring/early Summer 2026

Why ZEVs are Necessary for Stronger Targets

Previous modeling shows shifting away from combustion engines is necessary to meet deep decarbonization targets

- Crop-based biofuels are limited by feedstock supplies
- RNG and hydrogen will likely be needed by other sectors and perhaps long-haul vehicles
- Other low-carbon liquid fuel technologies still need to be proven commercially and are likely to be expensive absent significant breakthroughs

CFP Support for EV Infrastructure

- Since 2023, utilities and EV charger operators have generated >1.1 million credits worth >\$100 million
- That CFP value has helped hasten investments in EV infrastructure
- Chargers registered with the CFP and generating credits/\$\$:
 - 2020: 3,300
 - 2025: 8,900
- Over 90% of all charging is paired with renewable electricity or a utility-specific grid mix

Listening Session

- On Dec. 17, 2025, the CFP held a listening session to solicit input on the three main policy areas for this rulemaking
 - Extend the program's targets through at least 2040 and review alignment with other jurisdictions
 - Explore how the program can better incent transportation electrification
 - Update renewable electricity provisions to incent additional renewable electricity on the grid to meet transportation demand
- Reviewing comments submitted last week and are preparing the Rulemaking Advisory Committee so the rulemaking can get underway in the coming months

Questions?

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