



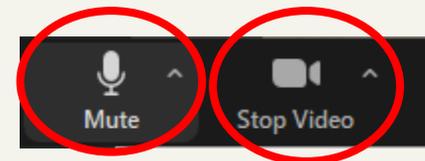
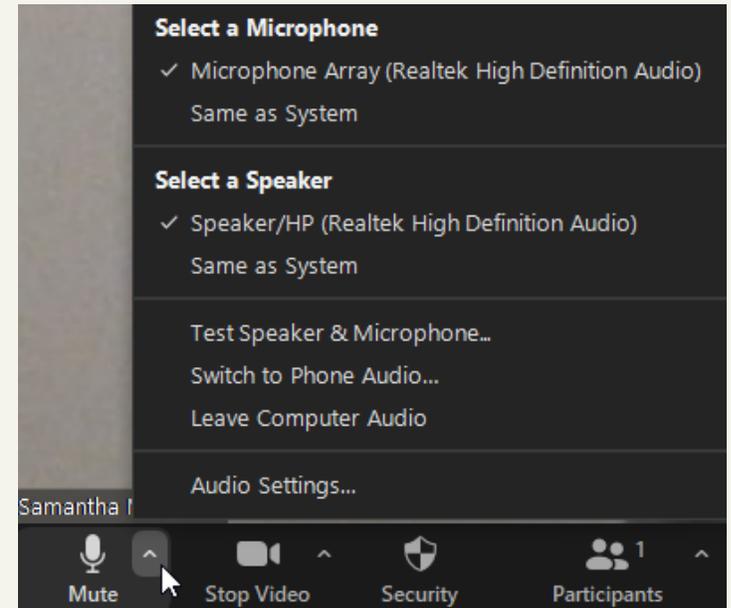
# Rulemaking Advisory Committee Meeting #1

## Clean Fuels Program – 2026/2027 Rulemaking

Bill Peters and Courtney Herbolsheimer  
March 18, 2026, 10 a.m. – 4 p.m.  
Held virtually via Zoom

# Zoom Meeting Tips

- Please see below webinar instructions and tips below:
  - If you have not already **connected your audio**, click on the arrow next to the microphone icon, then click “Join Computer Audio” or “Switch to Phone Audio” to connect your computer speakers or to view the conference line information.
  - For RAC members, please **keep yourself on mute** when not speaking. To mute and unmute, either select microphone icon, or use your personal phone.
  - **Use video** if possible, to promote face to face communication. Click the video icon to turn on your webinar camera.



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- ▶ If you have joined by Zoom, click “Raise Hand.”
- ▶ If you have joined by phone, press \*9 to raise your hand.
- ▶ DEQ staff will call on participants. You will receive an “unmute” request. Please accept it. 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.
- ▶ **If we run out of time and you have not had a chance to speak, you can still provide written comments after the meeting.**
- ▶ **The chat function is available but we prefer hearing your voice where possible – please keep all chats on topic and avoid sidebars**



# DEQ staff introductions

# Agenda – all times are approximate

- 10 a.m. Welcome and Introductions
- 11 a.m. Committee Business – how RACs work and their role in DEQ rulemakings
- 11:30 a.m. Scope of rulemaking
- 12:00 p.m. Lunch
- 1-3:30 p.m. Detailed review of main rulemaking topics in the discussion paper
  - Standard-setting
  - Supporting strategic electrification
  - Renewable electricity provisions
- 3:30 p.m. Public Comment
- 3:55 p.m. Next Steps
- 4 p.m. Adjourn Meeting

# Introductions (1/2)

Now, we'll have our Advisory Committee members introduce themselves – who they are, what their affiliation is, and what their interests are in this rulemaking

# Introductions (2/2)

Name	Affiliation
Brian Urquidez	HF Sinclair
Jim Verburg	BP
Marc Ventura	Phillips 66
Antonio Machado	Western States Petroleum Association
Mackenzie Springer	Neighbors for Clean Air
Kristopher Fortin Grijalva	Oregon Environmental Council
Brett Morgan	Climate Solutions
Danelle Romain	Oregon Fuels Association
Blake Woodbury	Carson
Nick Staub	Ed Staub and Sons
Mitch Byrnes	Byrnes Oil
Cory-Ann Wind	Clean Fuels Alliance America

Name	Affiliation
Jessica Hoffman	RPMG
Yanni Psareas	RNG Coalition
Lucas Grimes	Center for Resource Solutions
Theresa Keith	3 Degrees
Thomas Elzinga	Central Electric Cooperative, Inc.
Kelly Yearick	Portland General Electric
Juan J Serpa Muñoz	Eugene Water & Electric Board
Jana Jarvis	Oregon Trucking Association
Tom Van Heeke	Rivian
Stu Green	Forth
Jamie Johnson	Lewis & Clark Law School's Green Energy Institute
Donald Williams	From The Light Consulting

# Meeting Guidelines



Fully participate in meetings



Come prepared for meetings



Participate in an open and mutually respectful way



Balance of speaking time



Serve as a liaison to your larger community of interest



Act in good faith

# Committee Business

- Please also avoid representing to the public or media the views of any other committee member or the committee as a whole
- RACs are not intended to form a single opinion or vote on proposals

# 10 years (and nearly as many rulemakings) in...

- In a decade, this program has created a durable market to provide cleaner fuels to Oregonians
- Reduced GHG emissions by over 16 million tons
- Supported the displacement of over a billion gallons of fossil fuels
- Provided millions of dollars to support investments in EV infrastructure to charger owners and utilities
- Lowered the carbon intensity of biofuels by 12-25%

# Direction from EO 25-29: Standards

- Update Oregon's Clean Fuels Program rules to strengthen the low-carbon fuels standard by establishing new carbon intensity reduction targets of at least 50% by 2040.
- Evaluate the scope and stringency of the LCFS programs in neighboring states and propose new targets and rule revisions as needed to better align the Oregon CFP with neighboring jurisdictions.

# Direction from EO 25-29: Electrification

- Propose program amendments aimed at advancing transportation electrification in a strategic and cost-effective manner that support affordable and reliable energy for Oregonians.

# Rulemaking Scope (1/4)

- Review the current status and likely future paths for the clean fuels market
- Propose carbon intensity standards to target at least a 50% reduction through 2040
- Assess if adjustments to the existing standards should be made.

# Rulemaking Scope (2/4)

- Review the low-carbon fuel standard programs of neighboring jurisdictions and if additional revisions to CFP would improve alignment.
- Depending on this analysis, we will:
  - Determine if additional statutory authority or resources may be needed
  - Potentially adopt aligning changes in this rulemaking
  - If the change needs significant study, additional resources, or if the provision is not yet fully implemented in the other jurisdiction, DEQ may defer consideration and possible adoption until our next rulemaking.

# Rulemaking Scope (3/4)

- Amend the program's existing transportation electrification provisions and find opportunities to increase the strategic electrification of vehicles in a cost-effective way
- Review the program's off-site renewable electricity provisions and how to accommodate changes in electricity carbon policies and accounting since the 2021 rulemaking

# Rulemaking Scope (4/4)

- We may propose additional minor rule amendments or clarifications to the existing rule division that would make the program easier to administer for us and our regulated parties – or that are necessary for enforceability

# Rulemaking Timeline

- March 18: RAC Meeting #1
- May/early June: RAC Meeting #2
- July: RAC Meeting #3
- August/September: RAC Meeting #4 – Likely fiscal RAC
- This fall: Notice of Proposed Rulemaking issued, formal public comment period
- Winter 2026/27: EQC consideration

**Any questions or comments?**

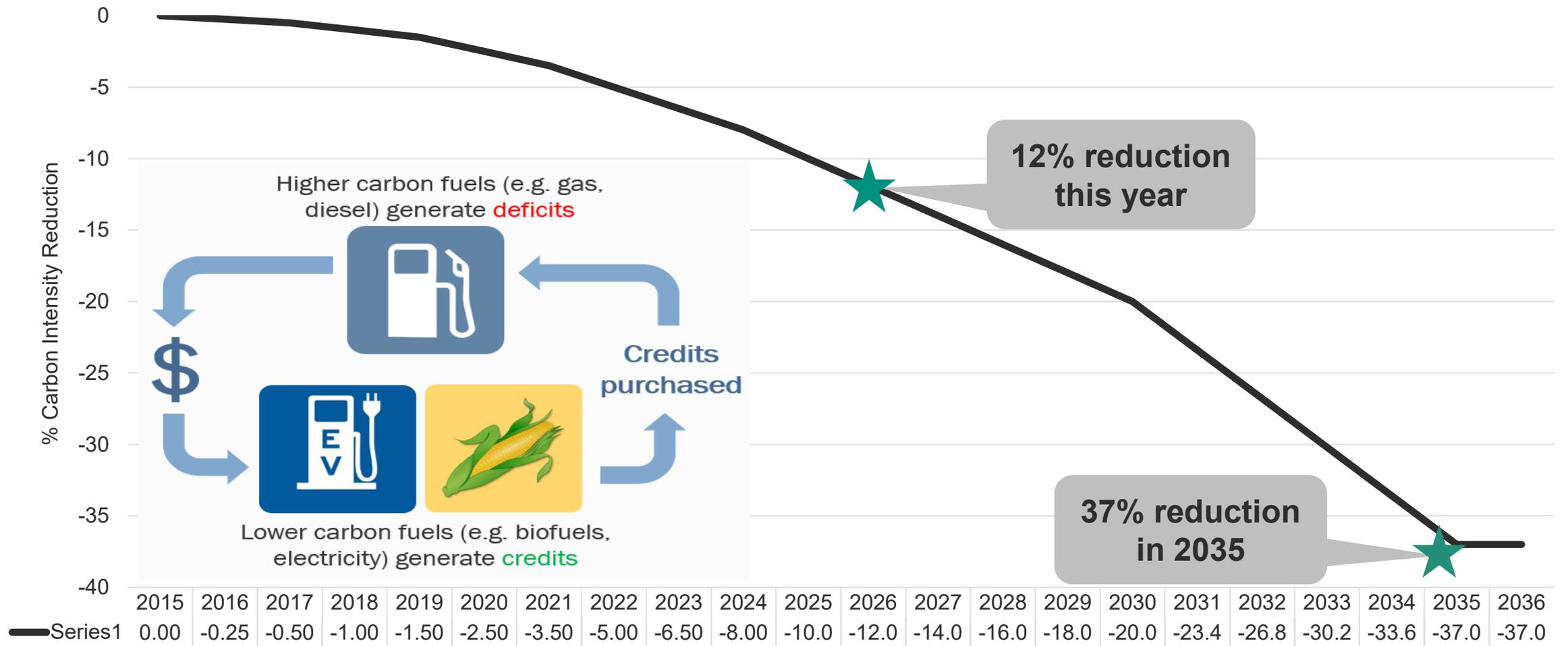
# Review & discussion of our main rulemaking topics

- Standard setting
- Supporting strategic transportation electrification
- Renewable electricity provisions

# Standard Setting

- This will be the third time that the program has set targets – setting the initial curve in 2015 and then confirming its feasibility with additional modeling in 2016-17, then our 2022 rulemaking to set targets out to 2035
- Understanding where to set targets means having to understand how the transportation system will look in the future, where compliance obligations and credits will come from, and what pace of change is possible

# How the program works



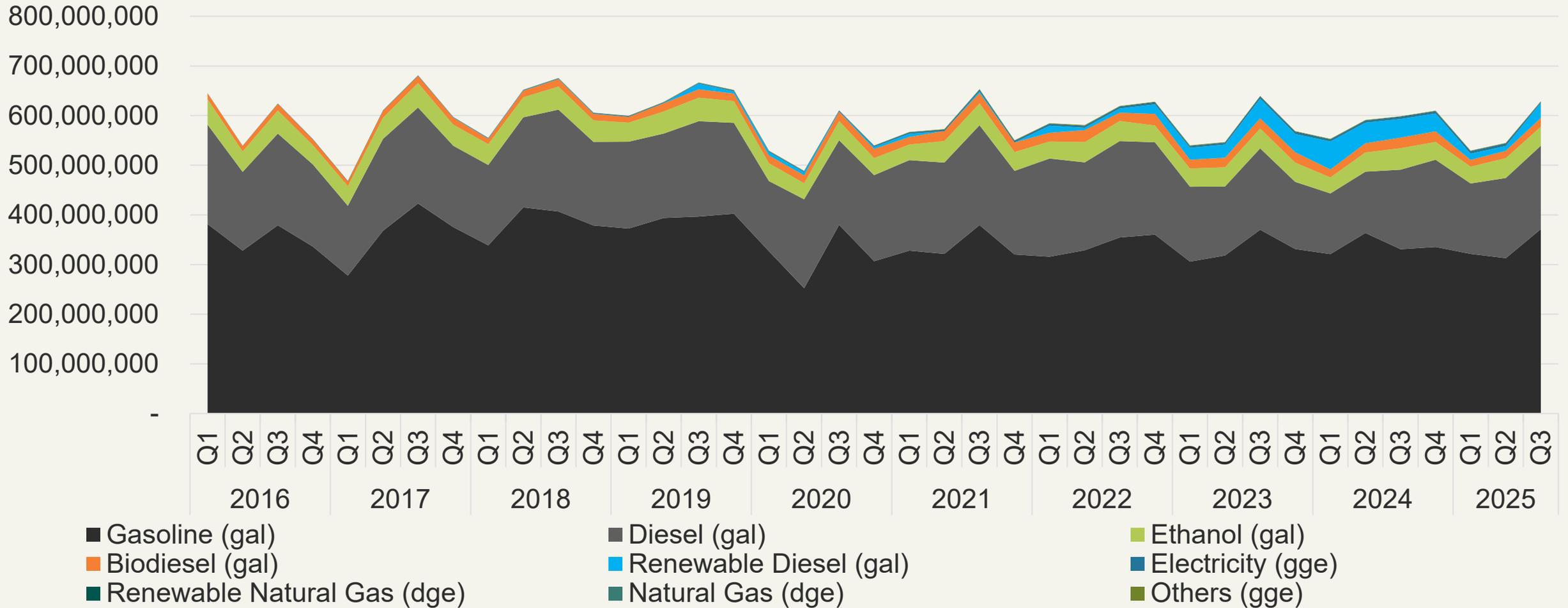
# How credits are calculated (1/2)

- Credits represent a ton of CO<sub>2</sub>e reduced versus the applicable annual standard – Gasoline, Diesel, or Jet
- $$\text{Credits} = \left( \text{Standard CI} - \frac{\text{Fuel CI}}{\text{Energy Economy Ratio}} \right) * \text{Fuel dispensed} * \text{Energy Density} * \text{Energy Economy Ratio}$$
- The Energy Economy Ratio appears twice – the first time to adjust for the efficiency of the drive train, the second to reward more efficient engines

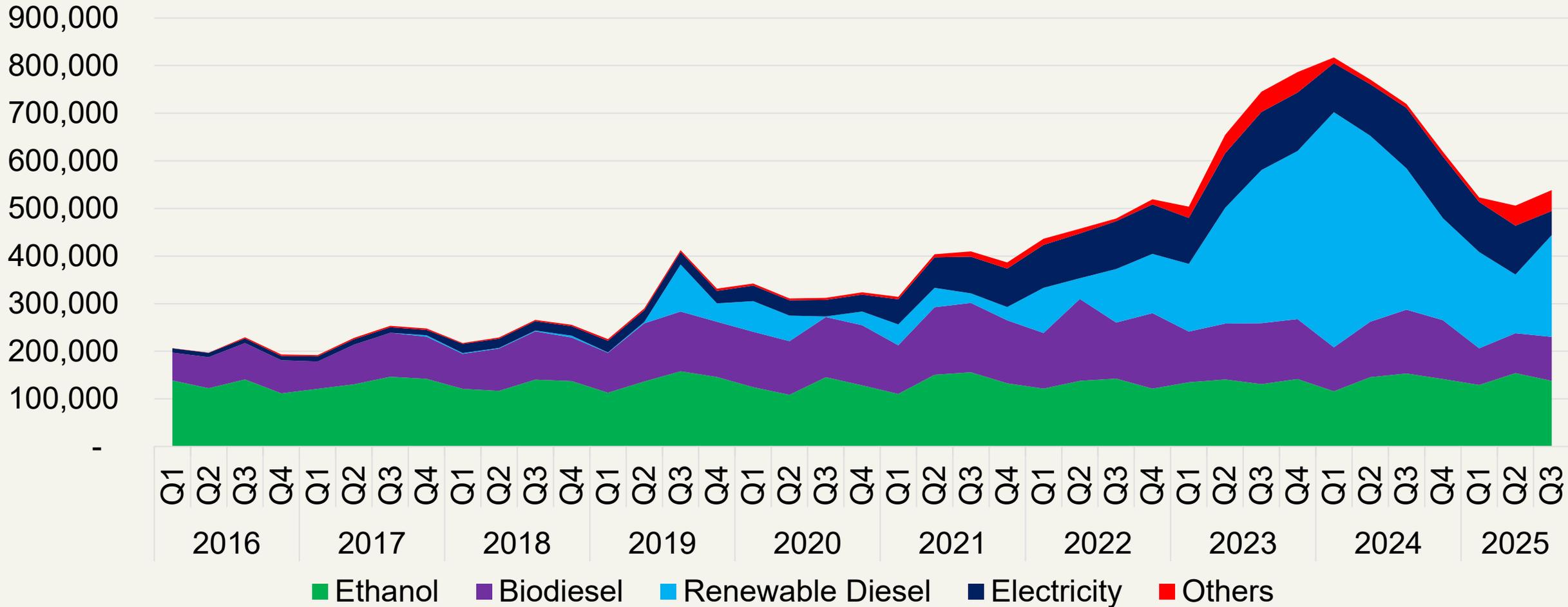
# How credits are calculated (2/2)

- The number of credits a fuel generates declines with the standard each year, preserving the incentive for that fuel producer to get their carbon intensity as low as possible
- Through now, we have been able to use the number of credits generated as the GHG reduced, but as the targets increase the delta widens – for example, for 2024's reported data calculating using the standard versus the baseline fuel was about a 15% difference, or over 400,000 tons

# Much work still to do (1/5)

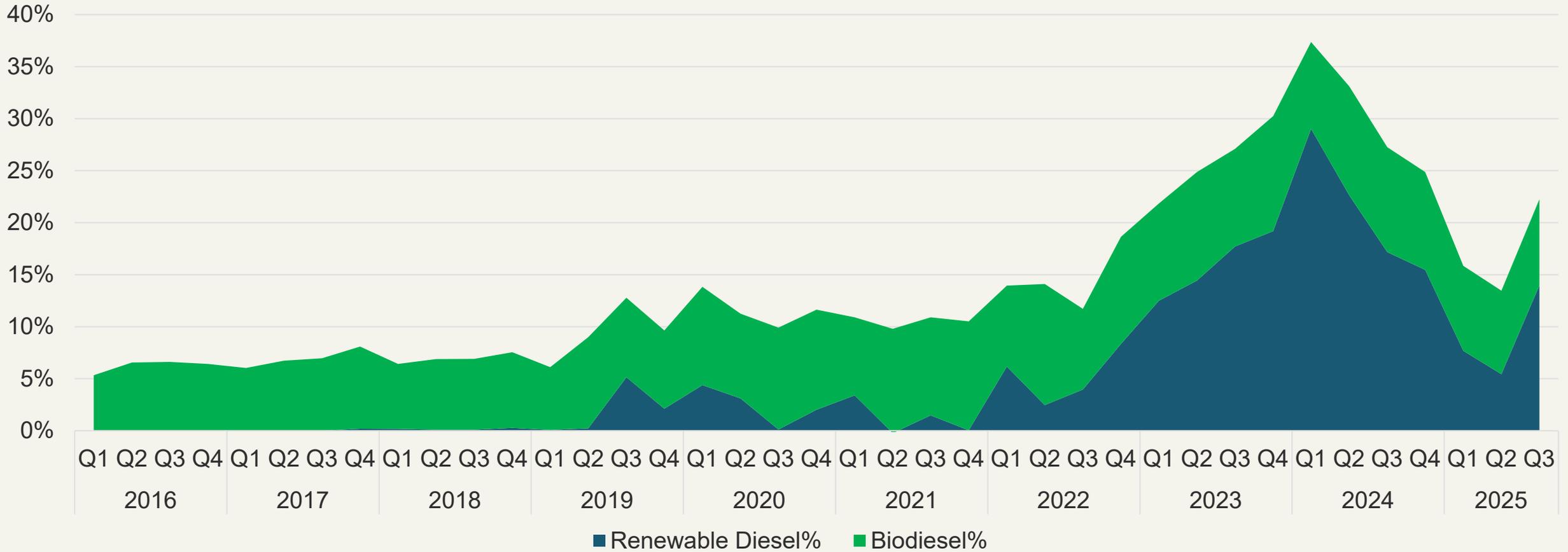


# Where credits have come from (2/5)



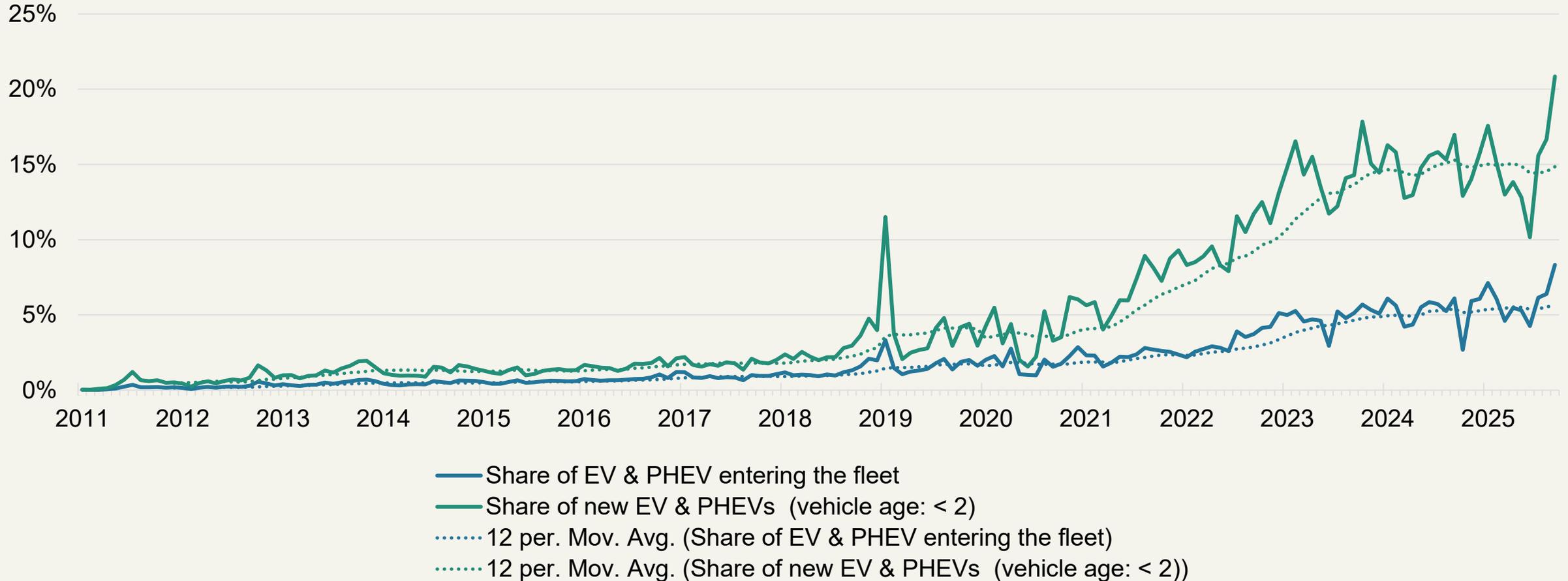
# Much work still to do (3/5)

## Renewable Diesel and Biodiesel in the Diesel pool



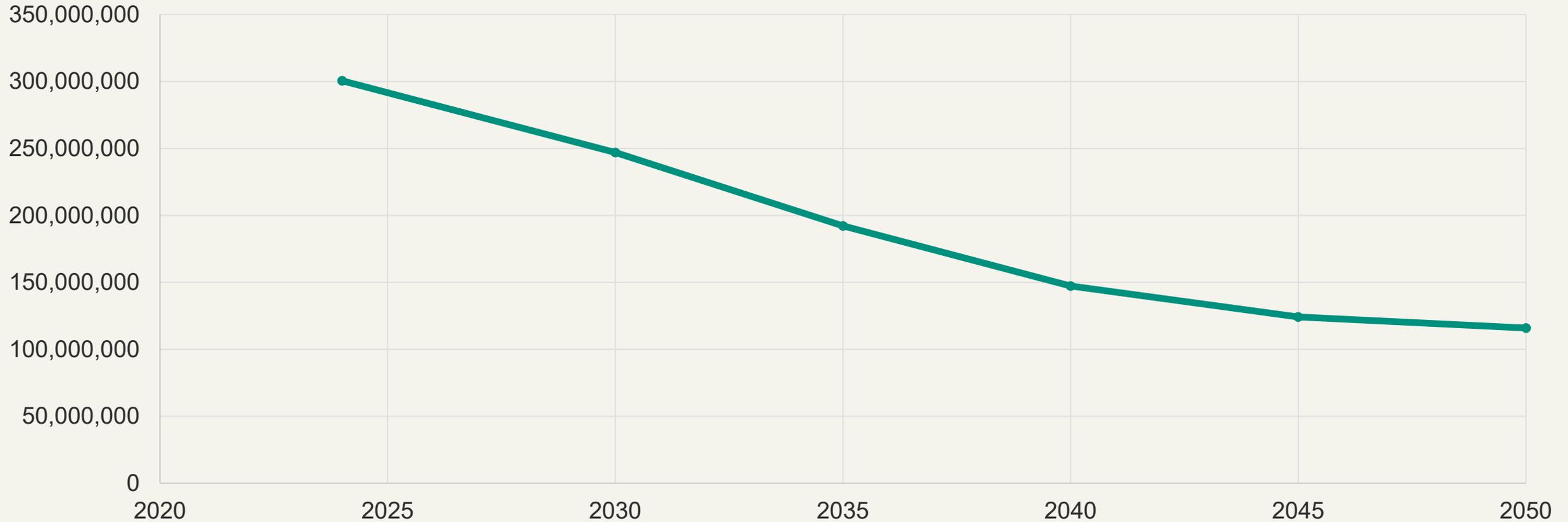
# Much work still to do (4/5)

## Monthly percentage of EVs entering the fleet



# Much work still to do (5/5)

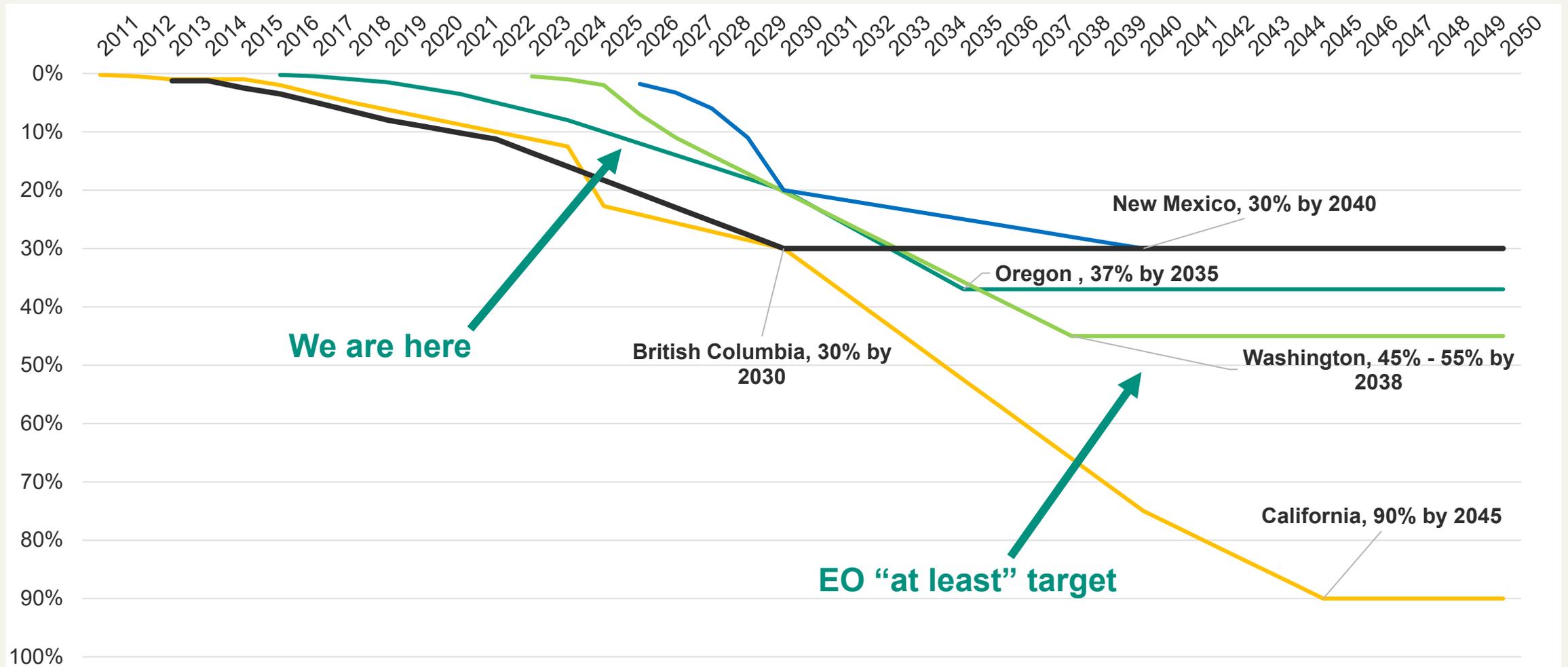
Oregon State Energy Strategy: Transportation Energy Demand in the Reference Scenario  
(Million MMBTU)



# Standard Setting: Other Jurisdictions

- The Executive Order and our statute both require consideration of the standards of our neighboring jurisdictions
- Both Washington and British Columbia are also beginning process to consider updating their standards this year
  - Ecology is beginning a rulemaking to determine where to set targets in the collar given to them by their legislature last year
  - British Columbia's CleanBC review found the province needs to set longer-term targets

# Current program standards



# Oregon in context

- No petroleum refineries or oil production, with 90%+ of our fossil products coming from Washington
- West coast products prices are generally the highest in the nation
- Transitioning along with our neighbors allows us to:
  - Manage our own transition
  - Keep more economic activity in-state
  - Work towards more affordable transportation

# UC Davis modeling work

- Work is under way with the Institute for Transportation Studies to adapt two models for this rulemaking:
  - The Transportation Transitions Model(TTM), which will forecast the future fleet and estimate the fuel that it will demand
  - The Fuel Portfolio Scenario Model(FPSM), which will use the outputs of the TTM model to forecast compliance strategies for which fossil and low-carbon fuels can be used to meet that demand and how that would affect compliance in the Program.

# Role of modeling in standard setting

- DEQ and UC Davis are working on the modeling and which draft scenarios will be presented at a future RAC
- The goal of the illustrative compliance scenarios is to better understand how compliance with higher CI standards can be met under different conditions
- No one scenario will be used to propose the CI targets, rather DEQ will be making a judgement call based on the collective results

# RAC discussion

- Any clarifying questions first?
- Please use the Raise Hand function to avoid chaos

# Discussion & Questions (1/2)

- What should we weight most heavily in proposing standards?
  - Greenhouse Gas Reductions
  - Commercializing fuels and vehicles that will be needed for deep decarbonization
  - Investments in fueling infrastructure
  - Health benefits to local communities from reduced tailpipe emissions
  - Achieving short-term emissions reductions from the existing fleet through greater use of biofuels
- What are the risks of going too fast or slow with the transition?

# Discussion & Questions (2/2)

- Is there good cause to consider adjustments to the existing standards prior to 2035?
- What should we consider as we conduct this modeling?
- What else does DEQ need to keep in mind as we consider how to set post-2035 standards? Is there a planning value in going out to 2045 like the California program recently has?

# Other comments on this topic?

- Please use the Raise Hand function to avoid chaos

# Transportation electrification

- In this rulemaking, DEQ will be exploring ways we can promote electrification, following direction from EO 25-29:
  - “Propose amendments aimed at advancing transportation electrification in a cost-effective and equitable manner”
- Modeling shows that shifting away from combustion engines will be necessary to achieve our decarbonization targets, especially for light duty vehicles
- Electric vehicles are becoming an increasingly competitive technology to meet these goals

# How CFP supports EVs (1/2)

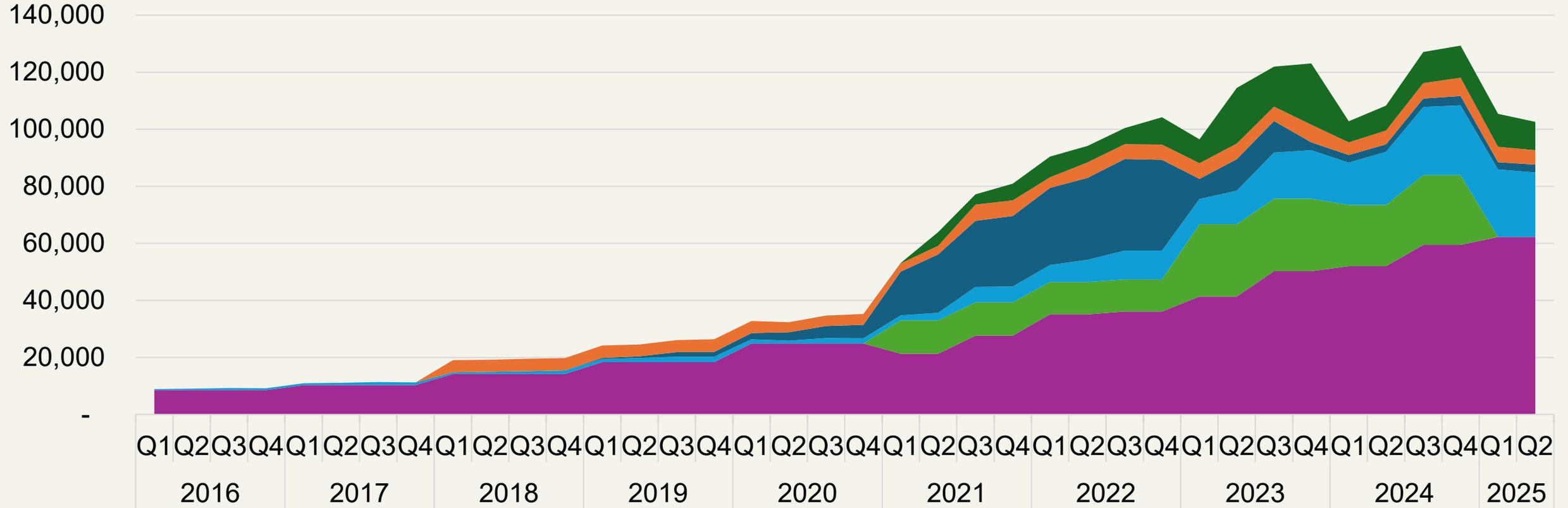
- Since the start of the program, electric vehicles have generated over \$240 million in credits
- All electricity credits are tied to real emissions reductions
- Over 90% of all charging is matched with renewable electricity or a utility-specific grid mix

# How CFP supports EVs (2/2)

The 2021 CFP rulemaking changed the electricity rules in the following ways:

- Added offsite renewable electricity options
- Updated how the utility and statewide mix carbon intensities are calculated
- Increased the frequency of residential charging credit issuance from once to twice per year
- Created a process for new types of electric vehicles to request energy economy ratios.
- Created an advance crediting provision for public fleets and their contractors

# Electricity credits (mt CO2e) by source



- Residential EV Base Credits
- Residential EV Incremental Credit
- Electricity Onroad: Non-residential Charging
- Electricity - Offroad: eForklifts
- Electricity - Offroad: Fixed Guideway
- Electricity - Offroad: Other

# Areas for possible new action

- Explore how credit generation is tied back to those supporting electrification
- Review Advance Crediting
- Review the Energy Economy Ratios (EER) for light, medium, and heavy duty EVs, and determine if they should be updated.
- Explore spending requirements on revenue from EV credits.

# Credit generators

- For non-residential charging, electricity credit generators should be entities that have invested in providing charging publicly, or who have made the decision to electrify their fleet.
- Are there ways we can consider changes to CFP to ensure we are allowing the right entities to generate credits?
  - For example, we received one comment stating that it would be beneficial for transportation electrification to allow auto manufacturers to be more involved in electricity credit generation

# Advance Crediting

Currently, advance crediting is open only to public fleets and their contractors. Opening this up to private fleets has the potential to create significant resource strains on DEQ staff because we would need to ensure that the vehicles/equipment generating credits are being used in Oregon.

- Could advance crediting be extended to private fleets and public charging provided by private entities?
- How can DEQ ensure that any private vehicles covered by advance crediting remain in use in Oregon for the payback period?
- Are there ways to speed the review process for Advance Crediting to make the expansion more feasible given DEQ staff assigned to CFP are already at capacity?

# Energy Economy Ratios (EER)

- EERs are used to calculate the number of credits each type of vehicle receives
- These values adjust for the efficiency of the drivetrains so credit calculations more accurately capture the full greenhouse gas benefit or disadvantage of a specific fuel and engine combination.
- DEQ plans to review and potentially update the underlying data of the analysis that produced the current EERs, which have been in place for many years

# Spending requirements for EV credit revenue (1/3)

- In the 2016-2017 rulemaking, we considered the problem of how to make sure credits were generated for EVs that charge at home – which is where most charging occurs
- The normal credit generator would be the EV and charger owner, but DEQ did not have capacity to register the then-thousands of Oregonians with EVs
- Given that, the electric utilities and backstop aggregator was chosen as the best option to generate credits on behalf of Oregonians that charge at home

# Spending requirements for EV credit revenue (2/3)

- As of the 2022 rulemaking, CFP requires utilities to report how they spend CFP credit proceeds, but we do not currently have requirements on that spending.
- The vast majority of such spending is on transportation electrification, but there have been cases where credit revenue was used for heat pump incentives, for the utilities' own fleet, or where utilities have not monetized and used credits for several years.
- California and Washington have recently placed requirements on how revenue from electricity credits may be spent, especially for electric utilities who receive credits because of their customers' residential charging.

# Spending requirements for EV credit revenue (3/3)

- With spending requirements, we'd have more certainty that all credit revenue is going toward transportation electrification
- On the other hand, this could create more onerous reporting requirements on entities, when the majority of spending is already on TE-related activities
  - Credits are generated due to purchasing decisions by individual Oregonians. How tied to those individuals should the benefits from credit revenue be?
  - What is the best use or uses of the credit revenue to support more electric vehicles on the road? Should the spending target public charging, incentives for purchasers, or something else?
  - At this point, do the answers to the above questions matter based on the geography of an electric utility's territory?

# Transportation electrification discussion

- Are there ways we can consider changes to CFP to ensure we are allowing the right entities to generate credits?
- Could advance crediting be extended to private fleets and public charging provided by private entities?
  - How can DEQ ensure that any private vehicles covered by advance crediting remain in use in Oregon for the payback period?
  - Are there ways to speed the review process for Advance Crediting to make the expansion more feasible given DEQ staff assigned to CFP are already at capacity?
- Credits are generated due to purchasing decisions by individual Oregonians. How tied to those individuals should the benefits from credit revenue be?
- What is the best use or uses of the credit revenue to support more electric vehicles on the road? Should the spending target public charging, incentives for purchasers, or something else?
  - At this point, do the answers to the above question matter based on the geography of an electric utility's territory?
- How can we ensure we are centering equity as we explore transportation electrification?
- Do you have any other ideas for what we can do to boost transportation electrification?

# Transportation Electrification: Other comments on this topic?

- Please use the Raise Hand function to avoid chaos

# Renewable electricity

- To create a better incentive for both transportation electrification and additional renewable generation, in 2021 we adopted the use of renewable energy certificates (RECs) to match renewable electricity generation with EV charging
- To ensure the environmental integrity of those RECs, we required them to be certified under the Green-e standard

# Green-e

- Green-e is a standard for voluntary renewable electricity claims that helps ensure that purchasers of renewable electricity through RECs get the full environmental benefits of that renewable electricity generation.
- Given DEQ staff constraints, adopting this standard allowed us to more easily implement the REC provisions while ensuring the environmental integrity of the additional credits they create by making sure the low carbon attribute of that power wasn't being double-counted across multiple entities or jurisdictions.

# Carbon accounting and HB 2021 (1/2)

- HB 2021 requires the two large investor-owned utilities in Oregon reduce their emissions intensity by 80% by 2030, 90% by 2035, and 100% by 2040
- Both the baselines and how the utilities' progress towards those targets are set via reporting into DEQ's Greenhouse Gas Reporting Program

# Carbon accounting and HB 2021 (2/2)

- HB 2021 states that for reporting into the GHG RP, the emissions intensity of power consumed by the utility is not affected by the presence or absence of RECs for that power.
- However, this means that there can be double-counting between a REC being used to claim renewable electricity by an end user and separately the utility also having that counted as renewable power against the HB 2021 targets.

# Green-e decision on HB 2021 (1/2)

- Green-e’s standard is used for voluntary claims, which means they have different drivers than our regulatory programs. Because of their view of HB 2021, they have made the decision that “RECs associated with generation reported to the Oregon DEQ for compliance with Oregon HB2021 (2021) are not eligible for use in a Green-e certified renewable energy product.”
- That prevents double-counting of the emissions reduction and as CRS wrote in explaining its decision:  
“A key principle in these opt-in programs is that the renewable energy people buy voluntarily is above and beyond what the law requires. Without this requirement, customers aren’t actually making a difference—they’re just underwriting utility efforts to meet state regulations.”

# Green-e decision on HB 2021 (2/2)

- DEQ is working through the impact on the program to ensure that we can continue to support renewable electricity development and matching with EV charging
- That decision has made it more difficult for electricity reporting entities to find certified RECs for CFP as they generally have to find RECs from renewable electricity projects further away from Oregon

# Renewable Electricity Questions & Discussion

- How do we best support additional renewables being added to the grid?
- Are RECs still the best method for tying renewable electricity generation to charging?
- What is the best way to ensure the environmental integrity of renewable electricity claims in the program?
- Should we be concerned if RECs where the underlying power is consumed in Oregon are also matched to charging in the same service territory? Or in another utility's service territory?

# Renewable Electricity Other comments on this topic?

- Please use the Raise Hand function to avoid chaos

# General Public Comment

- We will now take more general public comment on this rulemaking

# General Public Comment Instructions

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# Next Steps

- Next RAC meeting will be in late May/early June
- Please submit written comments to [CFP2026@deq.Oregon.gov](mailto:CFP2026@deq.Oregon.gov) by Monday, April 6. Comments received later will be read but may not be considered before the next RAC meeting.

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