State of Oregon
DEQ Department of Environmental Quality

Clean Fuels Program 2026-2027 Rulemaking

Public Comments, Rulemaking Advisory Committee (RAC) Meeting #1
March 18, 2026

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Submitted electronically to: CFP2026@deq.oregon.gov
April 6, 2026

Oregon Department of Environmental Quality Clean Fuels Program
700 NE Multnomah Street, Suite 600 Portland, OR 97232

Regarding: Clean Fuels Program 2026–2027 Rulemaking (RAC Meeting #1 Materials)

Introduction
Bayer Crop Science (Bayer) appreciates the opportunity to provide written comments on the materials presented at the March 18, 2026 Rulemaking Advisory Committee (RAC) meeting for Oregon's Clean Fuels Program (CFP), including the meeting presentation and discussion paper.

Bayer commends the Oregon Department of Environmental Quality (DEQ) for its transparent and structured approach to this rulemaking and for clearly articulating the program's priorities: maximizing near-term greenhouse gas (GHG) reductions, maintaining fuel and technology diversity, and providing durable market signals as Oregon evaluates more ambitious post-2035 targets[1].

Bayer is a global life sciences company with a strong presence in agriculture and a long-standing commitment to sustainability and climate mitigation. Across our Crop Science portfolio, Bayer focuses on enabling farmers to reduce lifecycle emissions, improve soil health, and build more resilient cropping systems.

We engage in clean fuels policy because agriculture plays a critical role in delivering real, near-term emissions reductions, particularly for sectors that will continue to rely on liquid fuels for decades, including heavy-duty transport, off-road equipment, and aviation. Well-designed clean fuel programs can simultaneously reduce carbon intensity, strengthen rural economies, and accelerate adoption of climate smart agricultural systems.

Recognizing Existing Feedstocks While Expanding Supply Responsibly
Corn- and soy-based biofuels have been foundational to the success of Oregon's Clean Fuels Program and continue to deliver meaningful carbon-intensity improvements through advances in agronomic practices and production efficiency. At the same time, DEQ's own materials correctly note that achieving deeper CI reductions over time will require additional low-carbon fuel supply while avoiding unintended consequences such as land-use pressure or supply constraints. Intermediate oilseed crops (sometimes referred to as winter annual oilseeds) offer a practical, near-term opportunity to do exactly that.

Intermediate Oilseed Crops & Why They Matter for Oregon
Bayer is investing in intermediate oilseed crops, including winter canola, camelina, and domesticated pennycress, because they expand low-CI feedstock supply without displacing existing crops or increasing cropland acreage. These crops are grown between primary crop rotations, during periods when land would otherwise be fallow. As a result, they are additive rather than substitutive, increasing total biomass production per acre while delivering soil and water benefits similar to cover crops.[2,3,6,8,9]

The attributes of these crops align directly with DEQ's stated objectives. From an Oregon CFP perspective, these crops are relevant because they:

- Support near-term CI reductions from the existing vehicle fleet
- Increase feedstock diversity, reducing reliance on a narrow set of inputs
- Avoid indirect land-use change, since they do not drive land conversion or crop displacement
- Improve farmer economics, which is essential for adoption at scale

Key attributes include:

- Zero Indirect Land Use Change (ILUC): Intermediate oilseeds do not drive land conversion or crop displacement. They are grown on existing cropland within established rotations and increase productivity per acre. Lifecycle evidence supports their treatment as zero-ILUC feedstocks.[4,5,6]
- Soil and Water Benefits: These crops protect soil during the off-season, reduce erosion, improve nutrient retention, and support soil carbon gains.
- Biodiversity and System Resilience: Rotational diversity improves pest and disease management and enhances on-farm resilience.
- Farmer Adoption at Scale: Unlike traditional cover crops, intermediate oilseeds provide farmers with a harvestable product and an additional revenue stream, making adoption economically viable and scalable.

Clarifying Zero-ILUC Treatment for Intermediate Oilseeds:
Intermediate oilseed crops function differently from traditional commodity crops. They are intentionally designed to fit within conservation-oriented rotations and increase total output per acre rather than shift production elsewhere. Because they do not expand cropland acreage, do not displace primary crops, and increase total productivity per acre, they do not induce direct or indirect land-use change. Treating intermediate oilseed crops as zero-ILUC feedstocks is therefore consistent with lifecycle science, international sustainability frameworks, and prior regulatory treatment of similar pathways.[4,5,6]

As DEQ evaluates alignment with neighboring jurisdictions, Oregon has an opportunity to provide clear, science-based recognition of these crops and send a strong regional signal that innovative, low-risk feedstocks are welcome in the CFP. This would support market certainty even as carbon-intensity standards tighten over time.

Crediting Climate-Smart Agriculture (CSA) Deserves Further Exploration
Bayer strongly supports DEQ's interest in lifecycle-based accounting and its emphasis on using the best available science. A critical component of that effort should be the recognition and crediting of verified climate-smart agricultural (CSA) practices.[7]

Farmers implementing practices such as reduced tillage, improved nutrient management, conservation crop rotations, and intermediate oilseed integration are delivering measurable emissions reductions. Recognizing these reductions would improve the environmental integrity of lifecycle analysis, align Oregon with emerging federal approaches to on-farm emissions, reduce disincentives for farmer participation and encourage farmer adoption of conservation practices, expand the pool of truly low-carbon feedstocks available to CFP fuel producers. At this

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stage, Bayer encourages DEQ to continue examining CSA crediting approaches as part of its broader evaluation of post-2035 program design.[7]

Conclusion

Bayer appreciates the opportunity to engage early in this rulemaking process. As DEQ evaluates future targets and program alignment with neighboring jurisdictions, we encourage continued focus on policies that deliver real, near-term emissions reductions while supporting durable, science-based pathways for feedstock expansion.

Clear recognition of intermediate oilseed crops and continued exploration of climate-smart agriculture crediting can help Oregon strengthen the Clean Fuels Program while supporting farmers, fuel producers, and long-term market stability. We look forward to continued engagement as the rulemaking progresses.

Sincerely,

X Chelsey Robinson

Chelsey Robinson
Director, North America Sustainability Policy & Advocacy
Bayer Crop Science

Work Cited

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2. Gautam, B., Jarvis, B. A., Esfahanian, M., et al. (2026). Creating a new oilseed crop, pennycress, by combining key domestication traits using CRISPR genome editing. Nature Plants. Published January 22, 2026. https://www.nature.com/articles/s41477-025-02202-7

3. Liu, X., Cai, H., & Wang, M. (2024). Life Cycle Greenhouse Gas Emissions of Growing Intermediate Winter Oilseed Feedstocks for Sustainable Aviation Fuel Production. ACS Sustainable Chemistry & Engineering, 12, 16064–16072. (OSTI record) https://www.osti.gov/servlets/purl/2998036

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6. USDA NRCS. (2025). Agronomy Technical Note No. 190-13: Plant Cover in Cropping Systems—Comparing NRCS Options.

7. U.S. Department of Agriculture. (2025). Technical Guidelines for Climate-Smart Agriculture Crops Used as Biofuel Feedstocks (Interim rule), 7 CFR Part 2100 (effective Jan. 17, 2025). Federal Register: https://www.federalregister.gov/documents/2025/01/17/2025-00975/technical-guidelines-for-climate-smart-agriculture-crops-used-as-biofuel-feedstocks

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9. U.S. Department of Energy. 2023 Billion-Ton Report: An Assessment of U.S. Renewable Carbon Resources. DOE/EE-2040, 2023. See agricultural biomass chapter recognizing intermediate oilseed crops such as camelina and pennycress as additive biomass resources. (Referenced in Oak Ridge National Laboratory analysis and 2025 AOCS proceedings.)

The Climate Reality Project®
PORTLAND CHAPTER

March 23, 2026

To the Clean Fuels Program 2026 Rulemaking Advisory Committee and staff:

My name is Helena Birecki and I am writing on behalf of the Climate Reality Project Portland Chapter. Thank you for the opportunity to comment today. As an organization committed to zero carbon transportation, climate justice and public health, we strongly urge you to focus Oregon's clean fuels program on electrification.

We appreciate the comment in the CFP 2026 Rulemaking Kickoff presentation that "EVs are the Primary tool for reducing on-road emissions."[1]

Battery-electric (or where possible electrified rail) vehicles both maximize public health and safety benefits via clean air and climate change mitigation *and* are also far more energy efficient than either hydrogen vehicles[2] or internal combustion engine vehicles that use fossil or "renewable" fuels.[3]

This means that electric vehicles are not only more climate friendly and sustainable, but they are a cushion against global oil and gas shocks. They are also more affordable,[4] and this will only get truer as Oregon's grid gets cleaner with increasing proportions of solar, wind, and likely geothermal. For climate justice, charging infrastructure, especially in underserved areas, must be a key goal.[5]

Regarding "renewable" fuels: We underscore the comment in the CFP 2026 Rulemaking kickoff presentation that crop and waste-based biofuels are limited by feedstock supplies.[1]

We add that crop-based biofuels have a much higher real-world Carbon Intensity than Oregon's DEQ or California's Air Resources Board assigns them. GTAP modeling– which both Oregon and California use as a base for determining land use change impacts– has been shown to vastly underestimate indirect land use change.[6] When soy is diverted from food oil to combustion fuel here in the United States, human food needs don't decrease. Instead, rainforest in the Amazon or Indonesia is frequently cleared to grow more food oils. When arable land gets too scarce and biofuel subsidies exceed what the poor can pay for food, more people will starve. That's not ok.

Expansion of low-carbon combustion fuels is an unsustainable dead end. A stronger, electrification focused Clean Fuels Program is needed, to protect Oregonians both from gouging

at the pump by out-of-state oil or “renewable” fuel companies, and from price volatility caused by overseas wars and natural disasters.

Thank you, and I’m happy to provide further references if helpful.

Helena Birecki
Interim Chair, Climate Reality Project Portland Chapter

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2) Rule #1 of deploying hydrogen: Electrify First, 1/30/2023, EDF https://blogs.edf.org/energyexchange/2023/01/30/rule-1-of-deploying-hydrogen-electrify-first/
3) Why Electric Vehicles are Much Cleaner than Combustion Engine Vehicles, 7/24/2025, Anh Bui, ICCT https://theicct.org/why-evs-are-already-much-greener-than-combustion-engine-vehicles-jul25/
4) 5 Reasons EVs Are Becoming More Affordable, 11/29/2025 , Chase Auto https://autofinance.chase.com/electric-vehicles/library/article/reasons-why-electric-vehicles-are-becoming-more-affordable
5) To the extent that this can fit within the Clean Fuels Program scope, we would also like to see the program further improve affordability and reduce emissions from energy, embodied carbon, and tire and brake pollution by incentivizing smaller personal vehicles. (for additional detail, see Transportation: A blindspot in US climate policy**,** 11/2/2023, Kira McDonald: https://climateandcommunity.org/research/blog-transportation-blindspot/)
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California should stop forcing drivers to subsidize deforestation, Jan. 9 2026, The Breakthough Institute https://thebreakthrough.org/issues/food-agriculture-environment/california-should-stop-forcing-drivers-to-subsidize-deforestation

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About The Climate Reality Project, Portland Chapter

The Climate Reality Project (CRP) Portland Chapter is a local, volunteer-led chapter of The Climate Reality Project, an international nonprofit of 5 million members led by climate leader and former US Vice President Al Gore, whose mission is to catalyze global solutions to the climate crisis. Our legislative committee bases its advocacy on CRP's 5 pillars: a just transition to clean energy, zero carbon transportation, climate justice and public health, green communities, and a fair, representative democracy. climaterealitypdx.com/, www.climaterealityproject.org

RE: Rulemaking Comments for Clean Fuels Program RAC meeting on 3.18.26
Date: 4.6.26

Dear DEQ Clean Fuels Program RAC Staff:

Thank you for the opportunity to provide comments in reflection of the 3.18.26 Clean Fuels Program (CFP) Rulemaking Advisory Committee (RAC) meeting.

Our comments focus on elements of the rulemaking related to transportation electrification and on how the CFP program can accelerate the adoption of clean electric vehicles on our roads. Our coalition offers suggestions in the following areas: 1) high-level values we seek to center in this rulemaking, 2) recommendations for more stringent guidance to utilities' use of CFP funds, and 3) recommendations for continued exploration of TE elements of the rulemaking.

1) High-Level Values for Rulemaking regarding TE:

To fully realize the goals of the Executive Order and Oregon's Energy Strategy, the CFP should provide clearer guidelines for transportation electrification. DEQ must ground this rulemaking in a core set of values to ensure the program delivers maximum climate impact, accelerates electrification at scale, and uses funds in the most effective, accountable way possible.

1. Incentivize Investments that Support State Goals: CFP revenues should be used where they deliver the most emissions reduction and ZEV adoption per dollar. That means prioritizing point-of-sale incentives, high-impact charging investments, and programs with clear, measurable outcomes, rather than diffuse or hard-to-attribute spending. Investments should clearly demonstrate how they align with state goals and the executive order, including the ZEV adoption goals set in statute under SB 1044 (2019).

Key Takeaway: Every CFP dollar should be accountable for the amount of ZEVs it puts on the road and the amount of pollution it cuts.

2. Build the System, Not Just the Programs: CFP should be used to accelerate the full electrification ecosystem—vehicles, charging, and grid integration—not just fund isolated projects. That includes early-stage infrastructure, managed charging, and removing upfront barriers so adoption can scale. Any investment should link to #1, and clearly demonstrate how they accelerate ZEV adoption.

Key Takeaway: We're not just funding projects—we're building the market and infrastructure needed for mass adoption.

3. Deliver Equitable, Durable Benefits: CFP investments should prioritize underserved communities, lower costs for customers, and reduce long-term system costs through better grid utilization. This ensures benefits are widely shared and long-lasting, not short-term or narrowly distributed. This includes deepening financial incentives and support for people with low incomes to afford ZEVs, and charging infrastructure. This might include considering how the

CFP can support the income-qualified Charge Ahead Program, which is part of the Oregon Clean Vehicle Rebate Program (OCVRP), or mirror it through private-sector programs.

Key Takeaway: CFP should lower costs, expand access, and deliver real benefits to the communities that need them most.

2) Requirements for Utilities

The Clean Fuels Program does not currently set guidelines for utilities' use of revenue generated by selling credits earned by a utility's residential customers' use of electric vehicles. The Oregon Public Utility Commission (OPUC) has established guidelines for utility spending,[1] but these only apply to Oregon's three investor-owned utilities. We support this rulemaking establishing statewide guidelines—applicable to both investor-owned and consumer-owned utilities—for the spending of these residential customer-generated revenues. Uniform guidelines will provide for accountability to ensure the revenue directly benefits the customers who generate the credits. DEQ should consider adding guidelines or requirements for all utilities' use of CFP revenue that draw on peer states' clean fuels programs and current OPUC guidance:

- **Clarify a spending hierarchy:** CFP revenues should be guided by a clear order of priorities: accelerate transportation electrification first, with an emphasis on reducing upfront ZEV costs, expanding charging access (especially in affordable and multifamily residential buildings, at workplaces, and public spaces like community centers or parks), and enabling managed charging to improve grid efficiency.
- **Set firm equity minimums.** Move from aspirational language to a required minimum share of investments benefiting underserved and overburdened communities, consistent with approaches in Washington and California.
- **Define eligible uses more clearly.** Provide a standardized list of approved uses to reduce ambiguity and improve consistency. DEQ should survey and engage with utilities and other states' best practices to best understand what utilities are doing now, and how those fit into eligible uses. For example, Washington and California have these guidelines that match up to eligible uses:
    - **Washington:**[2]
        - Requires all residential ZEV charging credit revenue to be spent on transportation electrification projects within the utility's service territory.
        - Uses a three-bucket structure: at least 50% for a defined list of GHG-reducing TE project types, at least 30% for projects in or benefiting designated communities, and the rest for general TE projects.
        - Gives utilities a fairly specific eligible-use menu, including multifamily and single-family charging, managed charging, and some grid-capacity-enabling investments.

[1] https://apps.puc.state.or.us/orders/2018ords/18-376.pdf
[2] CFS Guidance on Residential ZEV Charging Credit Revenue Requirements

        - Pairs that with recommended investment principles like spending funds quickly, prioritizing residential customers, avoiding displacement, and maximizing charging and sub-transmission capacity expansion.
    - **California:**[3]
        - Requires utilities to contribute a set share of residential charging credit value to the Clean Fuel Reward, a direct vehicle incentive funded by LCFS proceeds.
        - Requires a minimum share of remaining holdback proceeds to support transportation electrification primarily benefiting disadvantaged communities, low-income communities, low-income individuals, or rural areas.
        - Provides a detailed list of eligible equity projects, including public and multifamily charging, bus and drayage electrification, ZEV sharing and ride-hailing, multilingual outreach, and additional ZEV/charging rebates for low-income households.
- **Tighten administrative and ratepayer guardrails:** Cap administrative costs at ~10% unless waived and make clear CFP funds cannot backfill utility overhead or shift program risk to ratepayers. Require clearer reporting on increases in administrative costs generally to better understand the efficiency of any program relative to the spending hierarchy. California has this requirement.
- **Require outcome-based reporting:** Reporting should track projected and realized investment impacts—not just spending— such as ZEV adoption, chargers deployed, managed charging participation, and benefits delivered to priority communities.
- **E-bikes:** DEQ should clarify that eligible transportation electrification investments may include e-bikes, e-cargo bikes, adaptive e-bikes, lending libraries, and related access programs where they reduce emissions, reduce vehicle miles traveled, expand affordable mobility, or complement transit access

3) Suggestions for Transportation Electrification Investments to Explore in the RAC

Expanding Oregon's Advanced Crediting

Oregon's advance crediting provision currently supports relatively narrow public fleet applications, which limits the potential impact of this innovative policy feature for transportation electrification. We support exploring the expansion of Oregon's advanced crediting options in this rulemaking. The existing rules focused on public fleets and specific contractors, with credits issued after vehicles are in service and through defined application windows. Meanwhile, the 2025 Oregon Energy Strategy[4] recommends expanding eligibility to high-mileage private fleets.

[3] Low Carbon Fuel Standard (LCFS) Guidance 20-03 Electricity Credit Proceeds Spending Requirements
[4] State of Oregon: DATA & REPORTS - Oregon Energy Sthe deployment of ZEV fleets and public charging infrastructuretrategy

Other states use broader, more flexible approaches to accelerate the deployment of ZEV fleets and public charging infrastructure. For example, Washington allows advance credits for vehicles and associated infrastructure and pairs that with capacity-style crediting for chargers, recognizing value before full utilization.[5]

The implication is straightforward: Oregon is still treating advance crediting as a narrow prepayment tool, while peer states use it to unlock early investment in vehicles and charging infrastructure. We recognize that DEQ is currently prohibited by statute from implementing capacity credit pathways, but we believe that expanding eligibility for advance credits to private fleets and charging network developers, adding a charger-capacity pathway to the extent permissible by law, and streamlining approvals would better align Oregon with these models. Specifically, DEQ should consider establishing advanced credit pathways for:

- **Private fleets.** Private fleets should be able to apply to DEQ for permission to claim advance credits in support of a ZEV purchase. Such credits should be stackable with other available incentives. DEQ should explore guardrails such as registration or domiciling requirements to ensure that beneficiaries claim credits only for vehicles that operate in Oregon.
- **Public fast-charging infrastructure.** Public charging networks should be able to apply to DEQ for advance credits in support of public DCFC site installation. Public fast charging requires substantial up-front investment, often before a site can demonstrate economic viability on its own. Advance credits would allow networks to pull credits forward in time in support of near-term installation costs, accelerating infrastructure build-out.

With guardrails (caps, reporting, clawbacks, and existing equity targeting), this approach accelerates ZEV and charger deployment, increases future electricity load, and improves grid utilization—delivering both climate and ratepayer benefits.

Advanced credits are a positive step toward aligning with states running similar programs, but California and New Mexico's Clean Fuels Programs challenge us to think beyond advanced credits. California goes further than advanced crediting with capacity-based crediting for ZEV charging, allowing infrastructure to generate value based on installed capability, not just electricity dispensed.[6] New Mexico similarly includes fuel-supply-equipment crediting and broader participation—including automakers—paired with reporting and reinvestment requirements.[7]

Using Clean Fuels Revenues to Fund ZEV Purchase Incentives

As we continue to explore the transportation-electrification elements of the rulemaking, we believe a shift in how we spend CFP dollars—toward point-of-sale ZEV incentives—can accelerate ZEV adoption in Oregon. This, in turn, results in more ZEV charging and credit

[5] Chapter 173-424 WAC CLEAN FUELS PROGRAM RULE PART 1
[6] LCFS Credit Generation Opportunities | California Air Resources Board
[7] Clean Transportation Fuel Programof federal

generation, and potentially lower system costs/rates,[8] all at the same time. With the elimination of federal ZEV tax credits and aggressive regulatory rollbacks, there is more need than ever for states to think creatively about spurring ZEV adoption.

The core idea is straightforward: DEQ can require utilities to direct a share of residential clean fuels revenue toward lowering the costs of residential ZEV purchases. The exact amount that utilities are required to direct toward this initiative should be based on state funding needs to demonstrably lower the purchase costs of ZEVs for Oregon residents. For example, other state CFP programs seem to range from 30% to 50%, and vary by utility size. This rulemaking should bring in informed technical analysis to tailor this idea to what will work best for Oregon.

When Clean Fuels Program revenue is directed toward lowering the upfront cost of residential ZEVs at dealerships, the result is more ZEV purchases, and each vehicle becomes a long-term electricity customer. Other states are already moving in this direction.[9] California now requires participating utilities to direct a share of their residential credit revenue to fund a ZZEV rebate program. New Mexico similarly allows broader participation in its clean fuels program, including pathways for manufacturers to earn a share of residential charging credits in return for reinvestment in market growth and measurable outcomes. Both states show viable pathways for private businesses or state programs funded by CFP revenue to participate in incentive programs.

In fact, New Mexico shows the way to an alternative framework. Light-duty ZEV manufacturers could be incentivized to deliver and sell more ZEVs in the state if given a pathway to earn a share of residential credits. For example, DEQ could establish rules that allow OEMs to earn up to 50% of residential credits provided their sales in the state are at least 20% ZZEV. In exchange, OEMs should be expected to invest proceeds for the benefit of the ZEV owners in Oregon via on-the-hood purchase incentives, customer dividends, investments in charging infrastructure, bidirectional charging initiatives, or other projects approved by DEQ.

Each ZEV adds steady electricity demand for years, and when charging is managed to occur off-peak, that load is cheap to serve and helps spread fixed grid costs across more usage, which can put downward pressure on rates for everyone. This turns ZEV adoption into a system benefit rather than a cost driver.

While utilities will point to existing programs like grant funds or charger incentives, those are not designed to directly convert purchases at scale—they are broader, slower, and harder to tie to actual vehicle sales. By contrast, a simple point-of-sale incentive targets the exact moment a consumer decides whether to buy a ZEV, making it a far more efficient tool on a “cost per new ZEV” basis.

The result is a policy that accelerates adoption, improves system efficiency, and ultimately grows utility revenue more durably, all while advancing the core goals of electrification, affordability, and smarter use of the grid.

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[8] ZEVs Driving Affordable Rates | Synapse Energy
[9] 2024 CCFR Annual Report

Depending on the policy design, either administered via the private sector or plugging into existing state programs, several conditions are important to ensure that utilities generate maximum revenue and that incentive programs have the greatest impact.

- Program characteristics should align with and mirror the Oregon Clean Vehicle Rebate Program's application process, so a single application and evaluation process can be used across multiple incentive opportunities.
- Differing award levels depending on income, and target ZEV incentives in a way that ensures stronger equity in the program. This could align with some of the recent rulemaking OCVRP has undertaken. This includes consideration of used ZEVs, which are more likely to be purchased by lower-income individuals than new cars.
- If the private sector administers the program, it should be required to show strong forward compliance towards increasing ZEV sales. This might look like a minimum ZEV sales target for eligibility, with increasing sales targets year to year to remain eligible.
- Any vehicle purchased with this incentive must enroll in managed charging programs whenever possible, and utilities should seek to expand and establish managed charging programs to maximize ratepayer benefits by distributing costs across more users.

In sum, we are asking utilities to trade a portion of near-term credit proceeds for a larger, longer-lived stream of electricity sales and lower system costs from accelerated ZEV adoption. In summary, a small shift in where we spend CFP dollars—toward point-of-sale ZEV incentives—can create more ZEVs, more utility revenue, and lower system costs, all at the same time.

Updating the Energy Economy Ratios (EERs)

DEQ should use this rulemaking to revise the EERs used in the CFP. For example, the current light- and medium-duty EER value of 3.4 stems from a determination originally made by CARB in the 2011 rulemaking for the California LCFS.[10] Manufacturers have made substantial improvements in ZEV efficiency since the California LCFS was first developed. Continuing to use an outdated EER systematically undervalues those efficiency improvements and the real-world impact of those ZEVs in displacing fossil fuel use and delivering on the objectives of the CFP.

Examples of revised EERs exist in other clean fuels programs. Notably, Washington developed a methodology for calculating EERs for purposes of residential ZEV charging credit calculations that could serve as the basis for an updated EER for passenger ZEVs in Oregon.[11] We recommend that DEQ consider adopting a version of Washington's methodology and apply the revised light- and medium-duty ZEV EERs in both residential and applicable nonresidential electricity pathways.

[10] Table 7, https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=321685; California Air Resources Board, Appendix A: Proposed Regulation Order, October 26, 2011, available at www.arb.ca.gov/sites/default/files/barcu/regact/2011/lcfs2011/lcfsappa.pdf.
[11] https://apps.ecology.wa.gov/publications/documents/2414053.pdf

Thank you for your ongoing support for the rulemaking, and we hope the following comments and sources below provide additional context on some of the issues being raised in the RAC.

Signed,

Brett Morgan
Transportation Policy Director, Climate Solutions
RAC Member

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From: Brett Morgan, RAC Member, Transportation Policy Director, Climate Solutions
Date: 4.7.26
RE: Correcting items brought up during the 3.18.26 RAC meeting:

I wanted to follow up on the number of claims made in the meeting presented as fact without evidence. This rulemaking should be supported by actual studies and Oregon-specific information, rather than anecdotes.

The claim that electric trucks always have higher lifetime emissions than comparable diesel trucks using renewable diesel is too broad and unsupported as a general rule, but it is also inaccurate to say the opposite without qualification. Across lifecycle studies, the main driver of total truck emissions is usually the fuel and energy consumed over the vehicle's life, not just vehicle manufacturing.[1] [2] Battery-electric trucks can have somewhat higher upfront manufacturing emissions, but those are often offset over time by much lower use-phase emissions. ICCT has found that battery-electric trucks outperform conventional diesel trucks on lifetime greenhouse gas emissions, and emphasizes that fuel use dominates lifecycle emissions for combustion vehicles.[3] A recent Argonne/ACS study likewise found that battery-electric trucks deliver the greatest reductions relative to conventional diesel, but it also showed that diesel trucks using renewable diesel can, under a U.S.-average electricity mix, have lower modeled lifecycle GHG emissions than battery-electric trucks in some cases. The paper uses a generic U.S.-average electricity mix, not Oregon's cleaner power mix. Public data from Oregon DEQ and EIA show Oregon electricity is substantially lower-carbon and more hydro-heavy than the national average, so an electric truck charging in Oregon would likely have lower lifecycle emissions than the paper's published BEV results suggest.[4] [5] But this study does not run an Oregon-specific case, so it cannot by itself prove that Oregon-charged electric trucks always outperform diesel trucks using renewable diesel.

That means the right conclusion is not that renewable diesel generally beats battery-electric trucks, but that the comparison depends heavily on assumptions about the electricity mix, truck class, and fuel pathway. In places like Oregon, where the grid is cleaner and more hydro-heavy than the U.S. average, battery-electric trucks would likely perform better than the national-average results shown in these studies. Renewable diesel is an important lower-carbon fuel, but it should be described as a potentially useful transitional strategy rather than proof that combustion trucks are categorically cleaner over their lifetimes than zero-emission trucks. A more accurate statement is that battery-electric trucks may have higher embodied emissions at production, while lifetime results are driven primarily by the energy used in operation, and

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[1] Cradle-to-Grave Lifecycle Analysis of U.S. Medium- and Heavy-Duty Vehicle-Fuel Pathways: A Greenhouse Gas Emissions Assessment of Current (2021) and Future (2035) Technologies?

[2] Well-to-Wheels Analysis of Zero-Emission Plug-In Battery Electric Vehicle Technology for Medium- and Heavy-Duty Trucks?

[3] A comparison of the life-cycle greenhouse gas emissions of European heavy-duty vehicles and fuels - International Council on Clean Transportation

[4] Oregon Electricity Profile 2024 - U.S. Energy Information Administration (EIA)

[5] Electricity Carbon Intensity Values for 2025

therefore, electric trucks have far more potential to decrease their total emissions over time as the grid becomes cleaner, whereas renewable diesel trucks are running up against their pollution reduction limits far faster.

It is also worth noting that clean technologies are increasingly circular in design: a large share of battery materials, as well as most motors and drivetrain components, can be recovered and recycled, which should continue lowering embodied emissions over time.[6] Diesel fuel, by contrast, is combusted once and cannot be reused. Taking this into consideration, combined with the fact that Oregon's Grid is far less carbon-intensive than the national average, it should be starkly apparent that battery electric trucks matter more to addressing climate change than renewable diesel as a main strategy. It should also be stated that renewable diesel and battery-electric trucks are inherently complementary, not in competition, within a clean fuels program. Both are critical pathways to meeting our clean energy and climate goals, which is something reinforced by Oregon's Energy Strategy.[7]

Adding context to clean fuel regulations and a trucking recession. It was raised during the RAC that trucking in general is in an economic downturn/recession. The available evidence instead points to macroeconomic and sectoral causes rather than the clean fuels program. ACT Research describes the downturn as a prolonged post-pandemic normalization marked by weak freight demand, excess capacity, elevated operating costs, tariff-driven uncertainty, and compressed margins. [8] Cass reports weaker freight shipments tied to destocking and softer volumes.[9] In plain terms, the major drivers are the collapse of the post-COVID freight boom, too many trucks chasing too few loads, weaker demand for goods, inventory corrections, high interest rates affecting housing and manufacturing, and persistently high costs for insurance, equipment, and labor. There is no credible evidence that Oregon's clean fuels policy is a meaningful causal driver of the freight recession. **It's also worth noting that inflation over the past few months has been largely driven by higher fuel prices spurred by international conflict. The only way to shield Oregonians and Oregon Businesses from globally priced fossil fuels is to invest in electrification and clean energy made right here in Oregon.**[10]

On the claim that transportation electrification will accelerate rate increases or put too much strain on the grid: the evidence is more nuanced, and often points the other way when electrification is paired with good program design. Transportation electrification increases electricity demand over time, which requires planning. But the relevant question is not whether load grows; it is how that load is managed, when it shows up, and what infrastructure is needed to serve it.[11] Synapse found that when revenues from EV charging exceed the cost of serving that load, EV adoption can put downward pressure on rates for all customers.[12] Oregon's own ZEV reporting has similarly emphasized that utilities are already planning for this transition and

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[6] Forget the myths: EV batteries are now more than 99% recyclable
[7] Transportation Actions | Oregon Energy Strategy
[8] Trucking Industry Forecast: 2025 In Review | ACT Research
[9] Cass Transportation Index Report | December 2025
[10] Inflation held steady last month before attack on Iran sent oil prices higher | AP News
[11] Making Electric Vehicles Work for Utility Customers
[12] Electric Vehicles Are Driving Electric Rates Down

that managed charging, time-varying rates, vehicle-to-grid, storage, and other flexible-load strategies can minimize grid impacts.[13] **Recent work from RMI and Brattle likewise shows that managed charging from EVs can reduce distribution capacity needs, lower peak demand, and defer costly upgrades.**[14] [15] [16] **So the right framing is not that more electric load automatically means higher rates or an unmanageable grid burden. The issue is whether that load is integrated intelligently.**

That is also why it is important to separate peak-related challenges from broader supply questions without pretending they are unrelated. **We heard the claim that "the issue isn't necessarily power demand but power supply" and that this is "not a peak issue." But those are closely connected in practice.** If electric trucks and cars increase overall electricity demand, utilities will need to plan for additional supply over time. But peak still matters because it determines how much generation, transmission, and distribution capacity must be built, how quickly, and at what cost. Managed charging does not eliminate load growth, but it makes that load easier and cheaper to serve by shifting charging away from the most constrained and expensive hours. That can reduce the pace, scale, and cost of infrastructure upgrades. So even where total supply is part of the issue, load shape still matters, and managed charging remains highly relevant.

It is also not credible to frame transportation electrification as the dominant near-term driver of Oregon's grid stress. **Oregon's transportation electrification planning has been underway for years, and state analyses consistently describe it as a manageable, gradual transition rather than an uncontrollable shock.[17] At the same time, the most significant near-term load growth discussions in Oregon and the Northwest are heavily focused on large industrial loads, especially data centers.**[18] EV loads are also more flexible than many other loads: a truck may need a certain amount of energy by morning, but that does not mean it must charge during the most expensive peak hours where general demand is highest.[19] That flexibility is exactly why TE investments should be paired with thoughtful charging policy and program design. The stronger conclusion is not that transportation electrification is uniquely problematic or that TE provisions should be dismissed. It is essential that electrification be implemented with the right planning, incentives, and charging structures to benefit the grid, ratepayers, and businesses while supporting long-term decarbonization at a lower overall cost. Oregon's own energy strategy finds that transportation electrification can reduce system-wide energy demand and costs, and that EVs can provide a net benefit to the grid when they are flexibly managed.[20]

Thank you for your time and consideration,
Brett Morgan

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[13] 2025 BIENNIAL ZERO-EMISSION VEHICLE REPORT | Oregon Department of Energy
[14] Demonstrating the Full Value of Managed Electric Vehicle Charging | The Brattle Group
[15] An Assessment of Electrification Impacts on the Pepco D.C. Distribution System (Summary Report)
[16] RMI Analysis: With Smart Policy, Truck Electrification Is Within Reach
[17] Transportation Electrification Infrastructure Needs Analysis : Programs : State of Oregon
[18] Expert panel addresses data center energy efficiency, load flexibility, and water impacts in Pacific Northwest
[19] Demonstrating the Full Value of Managed Electric Vehicle Charging | The Brattle Group
[20] Oregon Energy Strategy - Key Model Findings

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Mount Vernon, WA 98273

Bill Peters
Oregon Clean Fuels Program Lead
Oregon Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, OR 97232

April 6, 2026

RE: Comments in Response to Clean Fuels Program 2026 Electricity Rulemaking

Dear Mr. Peters:

Farm Power Northwest LLC ("Farm Power") appreciates the opportunity to submit comments on the proposed 2026 rulemaking for the Oregon Clean Fuels Program ("CFP"). Farm Power is a developer and operator of biogas-to-electricity projects in the Pacific Northwest, utilizing anaerobic digestion to convert methane derived from dairy manure to useful energy. Farm Power uses biogas to power on-site engine-generators, producing renewable electricity for sale to local utilities. Two of these Farm Power projects are in Tillamook County; one began operating in 2012 and the other in 2013. Both signed fifteen-year contracts committing their Renewable Energy Certificates (RECs) to the utilities buying their electricity; when these contracts expire in 2027, we would like the projects to join the CFP and provide their RECs to electric-vehicle charging instead.

We are supportive of Governor Kotek's directive to increase the supply of low-carbon fuels and better align the CFP with neighboring jurisdictions. Thus, we encourage the Department to remove the existing CFP requirement that biogas electricity projects register and certify under the Green-e Renewable Energy Standard for Canada and the United States. Projects registered with Green-e become ineligible to produce RECs at the beginning of their fifteenth calendar year of operation; as a result, our two Tillamook County projects will be ineligible at the beginning of 2027 and 2028 respectively. If these projects were in California, they would still be allowed twenty years of participation in that state's Low Carbon Fuel Standard. In Washington, there is a sliding scale that grants older projects like these ten years of eligibility in its Clean Fuel Standard. Only Oregon and its unique use of Green-e cuts off project lifespans this early—neither of our project will even have a chance to participate in the CFP at all.

Green-e is an independent and voluntary REC certification program with certifying and reporting guidelines that do not fit within the scope of a mandatory compliance program such as the CFP. Biogas-to-electricity projects are already subject to registration and compliance through WREGIS, in addition to a rigorous pathway approval process before any biogas project creates CFP credits. On top of that, any biogas-to-electricity projects are subject to annual third-party verification confirming the validity of methane destruction through power generation activities every year. If the verifier discovers that a project is not performing at its approved pathway level, it must forfeit CFP credits. Green-e doesn't provide any additional value to the above requirements but rather adds more complexity through their unique voluntary program registration and reporting process. Eliminating the requirement for this extra complexity would allow Farm Power's projects to provide high-quality low-carbon fuel to the CFP, rather than struggling to continue to operate with much lower revenues from simply selling electricity into the wholesale market.

In conclusion, Farm Power encourages the Department to remove the CFP Green-e requirement before it further throttles the supply of low-carbon fuels like biogas-sourced electricity. Other requirements provide the necessary rigor: all of the West Coast states require RECs supplied for clean fuels to be registered with WREGIS, and the all the West Coast states require pathways producing those RECs to be verified by a third-party verifier. Only Oregon adds the additional layer of Green-e certification (Washington and California do not). Farm Power also believes that Oregon should better align with these neighboring jurisdictions by eliminating the Green-e requirement and determining its own eligibility horizon for biogas projects. We recommend that an existing project that applies for a clean-fuel pathway should be allowed at least ten years of eligibility, to support predictable supply in the medium term.

We look forward to continuing to participate in the 2026 rulemaking and thank DEQ staff for allowing this opportunity to comment.

Sincerely,

Kevin Maas
President – Farm Power Northwest LLC, Farm Power Tillamook LLC, and Farm Power Misty Meadow LLC

April 1, 2026

VIA ELECTRONIC FILING

Bill Peters
Oregon Department of Environmental Quality (DEQ)
700 NE Multnomah Street, Suite 600
Portland, OR 97232

Re: Clean Fuels Program (CFP) 2026-2027 Rulemaking – Rulemaking Advisory Committee (RAC) Meeting #1

Dear Mr. Peters:

Neste appreciates the opportunity to comment on the proposed Clean Fuels Program (CFP) 2026-2027 Rulemaking materials published by DEQ as part of the RAC Meeting #1 on March 18, 2026. These comments are in addition to the comments submitted by Neste on the initial rulemaking materials published on December 17, 2025, and all our recommendations should be considered as part of this LCFS rulemaking.

Neste reemphasizes that DEQ should continue to prioritize technology neutrality within the CFP in light of the current spike in fuel prices due to the ongoing war in Iran. The CFP has remained highly successful in large part because of the technology neutral approach such that the most cost-effective low-carbon technologies have helped Oregon reach its carbon reduction goals. Should DEQ deviate from the technology neutral approach, it must estimate these added compliance costs. In California, CARB estimated that deviating from technology neutrality would cost an extra $85 billion, result in a greater need for fossil fuels, and cause higher health costs due to delays in GHG reductions[1]. It is therefore in the best interest of Oregon consumers that DEQ evaluate the added costs and overall impacts of favoring one low-carbon technology over another.

Neste also encourages DEQ to make novel vegetable oils (NVOs) a priority in this rulemaking. Farmers are already prepared to produce these innovative feedstocks but require financial incentives to do so. Neste continues to recommend that DEQ form a workgroup to make recommendations on how the CFP should account for the benefits of NVOs.

We appreciate your consideration and are happy to answer questions or provide additional information.

Oscar Garcia
Senior Regulatory Affairs Manager
Neste US, Inc.

[1] https://ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf, slide 31-32

OregonFuels.org ▪ 503-779-3312 ▪ OregonFuelsAssociation@gmail.com

Oregon Fuels Association Comments
DEQ Clean Fuels Program Rules Advisory Committee
April 2, 2026

The Oregon Fuels Association appreciates the opportunity to comment on potential changes to the Clean Fuels Program (CFP) in response to Governor Kotek's Executive Order calling for a 50% reduction in carbon intensity by 2040.

Our members are already facing significant challenges sourcing the lower-carbon fuels needed to comply with Oregon's Clean Fuels Program. Clean fuel supply is limited, increasingly expensive, and subject to competition from other states pursuing similar policies. As DEQ considers tighter carbon intensity standards, it must recognize a basic market reality: compliant fuels are not available in unlimited quantities, and the market cannot be forced to deliver supply to Oregon businesses.

The program is also increasing the cost of fuel in Oregon. As compliance obligations become more stringent, those costs are passed through to consumers in the form of higher gasoline and diesel prices. That impact is especially serious for working families, rural Oregonians, small businesses, agriculture, and freight-dependent industries that do not have immediate alternatives to liquid fuels.

We are also concerned that DEQ's estimated per-gallon compliance cost understates the likely consumer impact. For example, according to OPIS data, on April 2nd, ***the CFP credit price was trading for $181 which equates to roughly $0.26 per gallon of regular unleaded and $0.33 for diesel (B5)***. That is incredibly expensive, especially when that increased cost to consumers doesn't factor in the Climate Protection Program costs. As the market tightens and credit prices fluctuate, the real-world cost exposure to Oregon's fuel suppliers, retailers, and Oregon consumers may be materially higher than DEQ's estimates suggest.

DEQ should not adopt carbon intensity reduction requirements that outpace the actual availability of compliant fuels. Moreover, DEQ should not make the adopted compliance targets and requirements through 2035 more stringent. If the agency moves faster than the

OREGON FUELS ASSOCIATION

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market can support, the predictable result will be higher credit prices, higher compliance costs, and higher fuel prices for Oregon consumers.

If DEQ moves forward with additional reductions, it should do so only based on demonstrated fuel availability, infrastructure readiness, and a transparent analysis of consumer cost impacts using realistic market assumptions. Ambitious targets are not a substitute for real supply.

Thank you for the opportunity to comment.

Oregon Fuels Association

OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION

April 3, 2026

Mr. Bill Peters, Clean Fuels Program Lead
Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, Oregon 97232

Thank you for the opportunity to provide comments on topics raised at the first Clean Fuels Program (CFP) Rules Advisory Committee (RAC) meeting on March 18th. These are our preliminary impressions, which we may revise as we learn more in subsequent RAC meetings and during the formal rulemaking. We think the Oregon CFP is working well and we are proud of our efforts to advance transportation electrification in our communities. At future RACs, we are anxious to learn more about what's happening in neighboring states and where alignment is being contemplated.

Beneficiaries and Spending Requirements for Revenue from Residential Electric Vehicle (EV) Charging Credits. While it makes sense to update carbon intensity standards based on modeling, OMEU would oppose efforts to shift credit generation for residential charging to entities other than electric utilities and the backstop aggregator. Because DEQ does not have the capacity to register thousands of Oregonians with EVs, a design decision was made to assign credits from residential charging to electric utilities. On the whole, that arrangement is working well.

DEQ notes the "vast majority" of CFP credit revenue is being spent to further transportation electrification. The PUC has developed spending principles for residential EV credits for investor-owned utilities (IOUs). Likewise, our governing boards have directed the spending of revenues from CFP credits. Given the variability of consumer-owned utility (COU) territories, some with very nascent EV adoption, we need flexibility to develop targeted programs that recognize realities on the ground. Additionally, there are reporting requirements for transparency about how the funds are spent. OMEU questions the need for reforms that would limit utility flexibility and innovation that aligns with local community needs.

As was raised at the RAC by the Oregon People's Utility District Association (OPUDA), Central Electric Cooperative, and Portland General Electric (PGE), an overly prescriptive approach to how credit revenue is spent could inadvertently lock up credits and undermine activities and programs that advance greenhouse gas (GHG) reduction, transportation electrification, conservation, and affordable electric rates. In the City of Ashland, for example, thanks to the CFP in addition to a number of rebates for the purchase of EVs and electric bikes, they have sixteen FREE public EV charging stations. Ashland has also used CFP credits to support switching from gas to electric for kitchen ranges and hot water tanks. The city also offers an incentive using CFP credit revenues to help customers with panel

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upgrades that are needed to support the increased electric load from fuel switching and EV charging. While OMEU agrees that the bulk of CFP credits should be spent to advance transportation electrification and could even support some type of threshold, there are other legitimate uses of these funds that advance Oregon's climate and ratepayer affordability goals through conservation and fuel switching that should not be prohibited.

Where utilities have not spent credits for several years, we would support a reasonable time limit to do so. Part of COUs' rates paid to the Bonneville Power Administration (BPA) must be dedicated to customer programs that promote conservation. Depending on the makeup of the service territory and the measures that have been approved by BPA, some COUs are able to easily spend all these dollars in the timeframe allowed. In other cases where the funds would go unused, COUs often make arrangements with neighboring COUs that can make use of the conservation funds. A similar model could work with CFP credits to ensure that credits are not locked up. Another possibility would be to have the credits flow to the backstop aggregator if they are not monetized within a certain time frame.

One RAC member representing an EV manufacturer made the case that the credits should go to the "economic actors that make use of the low carbon fuel possible." While we certainly need people to choose EVs to meet our GHG reduction goals, a "cash on the hood rebate" to buy an EV does provide the fuel necessary to operate it. Without the power and the infrastructure provided by utilities, the low carbon fuel cannot be supplied.

A California example was cited at the RAC where credits are pooled for a statewide medium and heavy-duty EV rebate. However, the existing Oregon framework of assigning credits to the local utility is a more equitable approach. By retaining the credits in the service territory where the charging is occurring, transportation electrification investments are more dispersed throughout the state. We need these investments beyond the Portland Metro to make EVs more ubiquitous throughout the state.

While the goal of "supporting more EVs on the road" is important, as we add electrical load to reduce GHG emissions, of equal concern should be affordability and impacts to grid reliability. Significant EV growth requires planning, infrastructure upgrades, and strategic policies like off-peak charging. We need an "all of the above" approach with a combination of incentives and infrastructure to support a broad scale shift to EVs. It does not work to add more EVs if charging capacity is insufficient.

Pointing to some examples given at the RAC, the representative from Central Electric Cooperative noted that because COUs are cost-based utilities the costs of necessary infrastructure upgrades go to those who cause them. So, if the additional electric load needed for EV charging is too much for the existing transformer to bear, the costs for upgrades go to the customer adding load. While fairly assigning costs to causation and holding

other ratepayers harmless, this is a huge disincentive to EV ownership that can be remedied through the use of clean fuel credits for infrastructure upgrades. The representative from PGE gave another example of a new multi-family development that would have to pay for grid update costs if they wanted to put in EV charging that could also be offset through the use of credits. In these examples, credits clearly support electrification. These are decisions that each utility is in the best position to evaluate. We urge against a statewide cookie-cutter approach.

From a big picture perspective, while there has long been concern about the availability and cost of biofuels from low-carbon feedstocks, we are beginning to see a looming supply crunch for electricity too. https://www.oregonlive.com/business/2026/01/a-9-gigawatt-problem-northwests-soaring-energy-demand-supply-constraints-could-spark-new-power-crisis.html If the State of Oregon is to fully realize their vision for transportation and building electrification and still see economic growth, they must support hydropower and the development of other generation and transmission. While beyond the scope of this rulemaking, we need Oregon's state agencies to work together to develop policies that will support electrification for the long term.

Why the Geography of an Electric Utility's Territory is Germane. OMEU's municipal electric utilities get all of our power supply from the Bonneville Power Administration (BPA). Each COU gets a Tier 1 allocation representing their share of the Federal Columbia River Power System. Some growing COUs need to procure power beyond their Tier 1 BPA allocation. For utilities acquiring additional Tier 2 power, it is at much more expensive market rates. COUs requiring Tier 2 power are seeing more rate pressures that impact affordability. This was a point highlighted by the RAC member from Central Electric Cooperative.

For COUs requiring Tier 2 power, or those "close to line" in using all their Tier 1 power, they must be concerned about how increasing electric loads will impact the affordability of electricity for their customers. Utility incentives to convert electric resistance heating to more efficient electric heat pumps or use of solar incentives help the utility to use less market rate power. (As part of its goal to reduce GHG emissions from buildings, it should be noted that the State also has a heat pump target of 500,000 by 2030.) Use of these types of incentives keep rates lower for all ratepayers, which is also a key priority in Executive Order 25-29. Additionally, conservation measures support the use of cheaper and cleaner Tier 1 hydropower for transportation electrification in COU territories. While transportation electrification should be the focus of CFP spending, there are sound reasons to consider flexibility where the spending also advances GHG reductions and customer affordability.

As raised by OPUDA at the RAC, there is a lot of variability in COU territories. It is important that the CFP spending rules are not so stringent that they preclude the other important goals of Executive Order 25-29.

Sincerely,

/s/ Jennifer Joly

Jennifer Joly, Director

Oregon Municipal Electric Utilities Association

OREGON PEOPLE'S UTILITY DISTRICT ASSOCIATION

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April 6, 2026

Subject: Oregon People's Utility Districts Association (OPUDA) Comments Rules Advisory Committee – Clean Fuels Program

OPUDA appreciates the opportunity to comment on whether DEQ should, by rule, restrict how utilities may use Clean Fuels Program (CFP) credit revenue associated with residential electric vehicle charging. OPUDA respectfully urges DEQ **not** to adopt a prescriptive limitation for revenues from locally generated CFP credits.

For consumer-owned utilities, the CFP has been effective in part because it allows utilities flexibility to respond to the practical needs of their customers and communities. Oregon's consumer-owned utilities serve diverse communities across the state, including rural, frontier, and small-town service territories where infrastructure needs, customer adoption patterns, geography, and utility capacity differ significantly. A rigid, one-size-fits-all rule would undermine that flexibility and make it harder for utilities to direct revenues where they can couple the greatest emissions reductions with the most public benefits. Consumer-owned utilities are governed by locally elected boards and should retain discretion to deploy these funds in ways that best meet local conditions and needs, support customer affordability, and advance decarbonization in a practical and cost-effective manner.

It is also important to recognize that the pace and shape of transportation electrification, and broader economy-wide decarbonization, remain uncertain. Technologies, customer behavior, charging patterns, grid impacts, and complementary low-carbon fuels will continue to evolve. Oregon will need flexibility to support the full range of fuels, technologies, and infrastructure investments necessary to decarbonize transportation and the broader economy over time. DEQ should be cautious about adopting rules that are too narrow, too rigid, or too prescriptive based on current assumptions about how the market will develop and/or how community electrical delivery systems can accommodate increasing electricity demands. Utilities need the ability to adapt as conditions change and as new opportunities emerge to support emissions reductions, system reliability, resiliency, and affordability.

Importantly, preserving flexibility does not mean utilities are failing to invest in transportation electrification. To the contrary, Oregon's consumer-owned utilities are

already using these revenues in practical, customer-focused ways that directly support transportation electrification and related infrastructure needs.

Current examples include:

- Funding EV chargers at utility facilities;
- Partnering with local agencies and school districts to install charging infrastructure across utility service territories;
- Providing home Level 2 charger rebates and other customer incentives;
- Purchasing EVs for utility fleet and pool vehicle use;
- Installing DC fast chargers and Level 2 chargers on utility property;
- Providing grants to local businesses, schools, and community partners for EV charging installation; and
- Supporting charger deployment at homes and businesses through rebates or direct financial assistance.

These examples demonstrate that utilities are already making meaningful transportation electrification investments under the current framework, while retaining the flexibility to address related needs that are often necessary to make transportation electrification successful, particularly in smaller or rural service territories. In our service territories, we are leading the way for expanded EV adoption.

It is also important to note that most community-owned utilities in Oregon are load-following customers of the Bonneville Power Administration, which means that they have tightly defined "high water marks" for their resource allocation from BPA. Put simply, the supply of electricity into their service areas is limited, so building additional load demand by requiring that CFPs support only something narrow, like EV charging, while ignoring the simultaneous need to decrease load through energy efficiency investments or distribute load where it is needed, would be short sighted. Meaning, for PUDs, transportation electrification requires more than simply installing charging stations or EV incentives. This balance differs from service area to service area, so attempting to create restrictions through one-size-fits-all rules would create more problems than it would solve.

If DEQ nevertheless determines that some limitation is necessary, any such limitation must be drafted broadly and implemented in a way that does not create new administrative burdens for individual utilities. Many consumer-owned utilities operate with limited staff and lean administrative structures. The current reporting protocol should remain intact, and DEQ should avoid imposing new tracking, accounting, or reporting requirements that increase compliance costs or divert resources away from customer-facing investments. Any rule should preserve administrative simplicity and avoid making participation in the program more onerous for smaller utilities.

At a minimum, utilities should be permitted to use credit revenues for **transportation electrification investments, as well as for any capital, operational, administrative, or programmatic cost reasonably related to transportation electrification, beneficial electrification, or utility system upgrades necessary to accommodate increased electric load, improve system reliability, resiliency, or efficiency, or support customer adoption of electric transportation and energy efficiency technologies.**

For these reasons, OPUDA urges DEQ to preserve the current flexible framework and decline to adopt rule language that limits residential EV credit revenues solely to narrowly defined transportation electrification expenditures. The current approach is working: utilities are already making meaningful transportation electrification investments while retaining the flexibility to address local conditions, evolving technologies, and the infrastructure needs required for an affordable and reliable transition. DEQ should preserve utility discretion under the current framework rather than adopt a rigid statewide expenditure mandate that could reduce innovation, create unnecessary administrative burden, and fail to reflect the realities of Oregon's diverse communities.

Sincerely,

Kyle Roadman, General Manager, Emerald PUD
Marc Farmer, General Manager, Clatskanie PUD
Michael Sykes, General Manager, Columbia River PUD
Roger Kline, General Manager, Northern Wasco County PUD
Todd Simmons, General Manager, Tillamook PUD
Ty Hillebrand, General Manager, Central Lincoln PUD

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April 1, 2026

Mr. Bill Peters, Clean Fuels Program Lead
Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, Oregon 97232

Dear Mr. Peters:

Thank you for the opportunity to provide comments following the March 18 Clean Fuels Program (CFP) Rules Advisory Committee (RAC) meeting. The Oregon Rural Electric Cooperative Association (ORECA) represents 18 not-for-profit, consumer-owned electric cooperatives serving diverse communities across the state.

ORECA supports the comments provided by Thomas Elzinga of Central Electric Cooperative. Maintaining access to CFP credits – and preserving the flexibility to use those funds to manage system and rate impacts – is essential for our members.

Without the ability to offset rising system costs with CFP revenue, utilities may have no option but to directly assign those costs to the EV-adopting customers, creating a disincentive for EV adoption, counter to the Clean Fuels Program's core intent.

Because electric cooperatives serve diverse geographies, economic conditions, and member needs, local adaptability is key. Preserving utility access to CFP credits, rather than shifting them to non-utility entities, allows co-ops to use these funds in ways that best support their communities and help mitigate upward rate pressure for both EV adopters and non-adopters.

Thank you again for the opportunity to comment. Please feel free to contact me at tbillman@oreca.org with any questions.

Sincerely,

Tucker Billman
Director of Government Relations
Oregon Rural Electric Cooperative Association

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poet.com

April 6, 2026

Mr. Bill Peters
Oregon Department of Environmental Quality
700 NE Multonomah Street, Suite 600
Portland, OR 97232

Submitted electronically via email to: CFP2026@deq.Oregon.gov

RE: POET COMMENTS ON OREGON'S DEPARTMENT OF ENVIRONMENTAL QUALITY'S CLEAN FUEL STANDARD RULEMAKING

Dear Mr. Peters:

POET appreciates the opportunity to participate in Oregon's Department of Environmental Quality's ("DEQ") Clean Fuel Program ("CFP") Rulemaking. POET has participated actively in past rulemakings through the submission of comments and engagements with DEQ's staff, and POET looks forward to continuing its positive relationship with DEQ throughout the new CFP rulemaking process.

I. POET Overview

POET's vision is to create a world in sync with nature. As the world's largest producer of biofuel and a global leader in sustainable bioproducts, POET creates plant-based alternatives to fossil fuels that unleash the regenerative power of agriculture and cultivate opportunities for America's farm families. Founded in 1987 and headquartered in Sioux Falls, POET operates 35 bioprocessing facilities across nine states and employs more than 2,600 team members. With a suite of bioproducts including POET Distillers Grains, POET Distillers Corn Oil, POET Purified Alcohol, and POET Biogenic CO_2, POET nurtures an unceasing commitment to innovation and advances powerful, practical solutions to some of the world's most pressing challenges. Today, POET holds more than 140 patents worldwide and continues to break new ground in biotechnology, yielding ever cleaner and more efficient renewable energy. Through technological innovation, investments in carbon capture and renewable energy, and programs to reduce on-farm emissions, POET is steadily lowering the CI of its fuel to meet the ambition of DEQ's CFP as it continues to grow and evolve. With appropriate regulatory signals, POET is well-positioned to produce net-zero carbon bioethanol to further decarbonize on-road transportation and to serve as a feedstock for the next-

generation fuels that will power maritime transportation, the aviation industry, and other hard-to-electrify sectors of the economy.

II. Low-CI bioethanol is critical to meeting Oregon's CI-reduction goals.

The policy goal of the CFP is to "reduce the carbon intensity of Oregon's transportation fuels," and the policy itself "is fuel-neutral and technology-agnostic, which provides maximum flexibility for entities to comply and encourages the transition to low-, zero-, and even negative-carbon options."[1] The CFP homepage explains that "[r]eductions can be derived by using lower carbon biofuels or switching to alternative fuels such as electricity, renewable natural gas, renewable propane, or hydrogen."[2] This approach has been successful, with the volume of low-CI transportation fuels, including biofuels, available in Oregon consistently increasing to meet the state's ambitious carbon-emission reduction goals.[3] The current rulemaking looks to build on the success of the CFP and comes in response to Governor Kotek's Executive Order 25-29.[4] The EO specifically instructs DEQ to "establish a reduction in carbon intensity of not less than 50% by 2040."[5] Oregon's ambitious GHG reduction goals require policymaking that incentivizes decarbonization across the entire transportation fuel sector, as Oregon cannot realize its goals without requiring significant CI-lowering contributions from all forms of clean fuels, including bioethanol.

Substantial volumes of low-CI bioethanol are readily available to meet Oregon's GHG-reduction goals, and that supply is likely to increase with continued expansion of E15 nationwide.[6] With appropriate policy incentives, given ongoing investments in renewable process energy, carbon capture and sequestration, and climate-smart agriculture, bioethanol can be produced at scale as a net-zero CI liquid fuel in the near short term.[7]

The current rulemaking, as described in the Discussion Paper and CFP Meeting Slides, appears to focus primarily on electrification of the transportation sector. But electricity as an alternative

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[1] https://www.oregon.gov/deq/ghgp/cfp/Pages/default.aspx
[2] *Id.*
[3] Rulemaking Advisory Committee Meeting #1 Presentation, Clean Fuels Program – 2026/2027 Rulemaking, slide 25 (March 18, 2026) ("CFP Meeting Slides"), *available at* *https://www.oregon.gov/deq/rulemaking/pages/cfp2026.aspx*.
[4] CFP 2026 Rulemaking: Rulemaking Advisory Committee Meeting #1 Discussion Paper, p. 1 (March 18, 2026) ("Discussion Paper"), *available at* https://www.oregon.gov/deq/rulemaking/pages/cfp2026.aspx.
[5] *See* *https://www.oregon.gov/gov/eo/eo-25-29.pdf*
[6] On Oct. 2, 2025, California became the final state to officially approve the use of E15. *See* *http://gov.ca.gov/2025/10/02/governor-newsom-signs-bill-expanding-fuel-options-to-cut-gas-prices/*. [7] Moniz, Ernst et al., *A Strategic Roadmap for Decarbonizing the U.S. Ethanol Industry,* EFI FOUNDATION at 7 (Sept. 2024) ("Moniz Study") https://efifoundation.org/foundation-reports/a-strategic-roadmap-for-decarbonizing-ethanol-in-the-united-states/.
[7] Moniz, Ernst et al., *A Strategic Roadmap for Decarbonizing the U.S. Ethanol Industry,* EFI FOUNDATION at 7 (Sept. 2024) ("Moniz Study") https://efifoundation.org/foundation-reports/a-strategic-roadmap-for-decarbonizing-ethanol-in-the-united-states/.

transportation fuel is limited by the adoption of electric vehicles, which has proceeded more slowly than predicted and may be slowed further by changes in federal policy. Hybrids, plug-in hybrids, and traditional internal combustion engine vehicles relying on liquid fuels will remain in the state's transportation fuel mix for decades to come. Low-CI bioethanol is critical to reducing carbon emissions associated with these vehicles and advancing Oregon's carbon-reduction goals during this transition.

Bioethanol is now and for the foreseeable future will remain the most consistent low-carbon fuel alternative available in Oregon. Rather than relying solely upon potential advancements in electrification, Oregon should embrace deeply decarbonized bioethanol to help achieve its CI-reduction goals. Oregon can do this by recognizing innovations in carbon-reduction technologies being used by biofuel producers and by incentivizing farmers and producers to invest in available decarbonization methods.

III. DEQ should incorporate climate-smart agricultural practices into the CFP.

POET encourages DEQ to recognize and incorporate the carbon-emissions reductions available through the adoption of climate-smart agricultural ("CSA") practices into the CFP. Research conducted over the last few years demonstrates the clear decarbonization potential of implementing CSA practices in bioethanol supply chains. In September 2024, former U.S. Department of Energy Secretary Ernest Moniz published a paper quantifying the carbon reductions the U.S. ethanol industry can achieve by leveraging climate-smart feedstocks.[8] The study demonstrates that CSA practices have the potential to drive dramatic reductions in the carbon intensity of bioethanol.[9] Indeed, CSA practices, many of which are ready for widespread adoption, can reduce the CI of corn ethanol by nearly 60%.[10] Further advances in the use of low-carbon fertilizers can achieve additional CI reductions of 20%.[11]

[8] *See* Moniz Study at pp. 2-7, 28-42.
[9] *See id.* at pp. 7, 36-40.
[10] *Id.* at p. 4.
[11] *Id.*

		CI Reduction Potential	Cost	Feasibility	
				Widespread Adoption	Readiness for Adoption
Corn Yield Improvement		.7%	< zero	High	Near Term
Climate Smart Ag Practices	No-Till Farming	6%	< zero	High	Near Term
	4R Nitrogen Management	4%	< zero	High	Near Term
	Enhanced Efficiency Fertilizers	4%	< zero	Medium	Near Term
	Cover Crops	45%	$24 to $64/tCO$_2$	Medium	Near Term
Use Low-Carbon Fertilizers	Blue Ammonia-Based Fertilizers	10%	$29 (with 45Q) to $100/tCO$_2$	Medium	Mid Term
	Green Ammonia-Based Fertilizers	10%	$0 (with 45Z) to $526/tCO$_2$	Medium	Mid Term
Use Renewable Diesel in Farm Machinery		<4%	$127 to 139/tCO$_2$	Medium	Near Term
Use Renewable Diesel for Corn Transport		<2%	$127 to 139/tCO$_2$	Medium	Near Term

Many of the practices identified in the Moniz study are being implemented now. In 2021, for example, an estimated 7.2% of farms used cover cropping, up from 1.8% in 2011.[12] In 2022, an estimated 38% of cropland in the U.S. employed no-till farming practices, up slightly from 35% in 2012.[13] And in 2024, approximately 27% of U.S. farms or ranches were estimated to use precision agriculture.[14] While early deployment of these techniques is promising, widespread CSA adoption requires price signals to incentivize farmers to reduce the CI of their crops.

In current state, Oregon's CFP program does not recognize CI reductions for feedstocks grown using CSA practices. Because of this, biofuel producers are not incentivized to pay a premium to farmers employing CSA practices, and in turn farmers are not incentivized to invest the resources necessary to implement those CSA practices. As noted in a recent study published in the journal Science, [15] accounting for CSA in biofuel policies would encourage adoption of CSA practices at a much higher rate compared to current conservation programs and offer an opportunity to develop "supply chains and protocols that could support broader implementation of mechanisms for promoting climate-smart practices for food, feed, and fiber."[16]

A common misconception about CSA is that there would be a significant burden associated with the administration, quantification, and verification of emissions reductions. But, on the contrary, most of the hard work has already been completed. As part of its recent Inflation Reduction Act § 40B SAF Guidance, the Treasury Department adopted a GREET model that incentivizes SAF production from corn ethanol.[17] Treasury's guidance recognizes that no-till farming, planting cover crops, and applying enhanced efficiency nitrogen fertilizer are all climate smart agricultural

[12] *Id.* at p. 37.
[13] *Id.*
[14] *Id.*
[15] *See* M. Khanna et al., *Climate-smart biofuel policy as a pathway to decarbonize agriculture*, SCIENCE (Aug. 14, 2025) ("Khanna Study") *available at*: https://www.osti.gov/pages/servlets/purl/2586442.
[16] *Id.* at p. 688.
[17] *See* U.S. Department of Treasury, Notice 2024-37, § 40B SAF Credit Guidance (April 30, 2024) (§ 40B Guidance) *available at* https://www.irs.gov/pub/irs-drop/n-24-37.pdf.

practices that help reduce carbon intensity (CI) for crop-based feedstocks such as corn.[18] Adding to Treasury's guidance, the USDA published an interim final technical rule on January 15, 2025, adopting a Feedstock Carbon Intensity Calculator (USDA FD-CIC) that would allow biofuel producers to verify, quantify, and calculate the emissions associated with a range of agricultural practices.[19] An updated version of the USDA rule was recently submitted for review by the Office of Management and Budget.[20] Furthermore, on February 4, 2026, Treasury released a notice of proposed rulemaking on the 45Z Clean Fuel Production tax credit, explaining that it expected the final version of the USDA FD-CIC to be integrated into the 45ZCF-GREET model to properly calculate CI scores for biofuels made from feedstocks grown using CSA.[21] The FD-CIC will provide DEQ with the framework it needs to verify, quantify, and calculate the emissions associated with CSA, thus significantly reducing the burden on the agency itself.

The most-recent and best-available science continues to demonstrate CSA's carbon-reduction opportunities, and two consecutive federal administrations across political parties have developed a framework for calculating the CIs of biofuels produced using feedstock grown with CSA. Through simple changes in its GREET model, DEQ can create a price signal that rewards farmers for lowering the carbon intensity of their operations, thus speeding the transition to low-CI transportation fuel and helping Oregon meet its net-zero goals.

IV. DEQ should make amendments to the CFP based on the realities of the Oregon market, maintain the technology neutral character of the program, and avoid emulating design flaws in California's LCFS program.

Oregon's CFP has achieved remarkable results over its first decade precisely because DEQ has grounded the program in Oregon's specific market realities and the best available science, rather than simply replicating what other jurisdictions have done. Since launching in 2016, the CFP has successfully reduced GHG emissions by more than 16 million tons, supported the displacement of over a billion gallons of fossil fuels, and lowered the CI of biofuels by 12-25%,[22] all while building a durable, technology-neutral market for low-carbon fuels. That success reflects a program designed for Oregon, and as DEQ considers amendments in this rulemaking, that same Oregon-centered approach should guide the analysis.

Oregon's transportation market differs from California's and Washington's in ways that affect the CFP's design choices. For example, a substantially larger proportion of Oregon's population live

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[18] *Id.*
[19] *See* U.S. Department of Agriculture, 7 CFR Part 2100, RIN 0503-AA82, [Docket No. USDA-2024-0003], Technical Guidelines for Climate-Smart Agriculture Crops Used as Biofuel (January 15, 2025) *available at* https://www.usda.gov/sites/default/files/documents/7CFR2100_FINAL_1_15.pdf.
[20] *See https://www.reginfo.gov/public/do/eoDetails?rrid=1224614*.
[21] *See* Notice of Proposed Rulemaking and Public Hearing, Section 45Z Clean Fuel Production Credit, https://www.federalregister.gov/documents/2026/02/04/2026-02246/section-45z-clean-fuel-production-credit
[22] CFP Meeting Slides at slide 31.

in rural settings compared to California and, to a lesser extent, Washington.[23] Generally, EV adoption in rural areas is roughly 40% lower when compared to urban areas, with EV charging infrastructure expansion similarly concentrated in urban areas.[24] Unsurpisingly, then, Oregon's EV adoption rate has been slower than either California or Washington,[25] and substantially fewer charging stations per capita have been installed.[26] Although these gaps will close, the speed of EV adoption is unlikely to reach California or Washington levels in the short term, particularly in rural areas, and the current federal policy environment has complicated efforts to incentivize EVs. Any compliance modeling that projects California-style electrification trajectories onto Oregon's market is likely to *overestimate* electricity credit generation and *underestimate* the ongoing importance of liquid low-carbon fuels, leaving Oregon with program standards calibrated to a future that may not arrive on schedule.

There is, of course, obvious value in maintaining harmonized pathways and certification frameworks with California, Washington, and British Columbia, but harmonization of administrative mechanics is different from adoption of another jurisdiction's program design choices. It also bears examining whether further alignment with neighboring jurisdictions' programs, particularly California's LCFS, will achieve the goals for Oregon that DEQ envisions.[27] California offers an instructive and cautionary example of what can happen when a clean fuel program begins tilting toward particular technologies rather than maximizing GHG reductions across a technology-neutral portfolio. California's LCFS has increasingly oriented its compliance modeling and program design around accelerating electrification, in the process marginalizing liquid biofuels. The results have been mixed. Despite years of aggressive policy support, California has fallen short of its EV adoption goals, and recent federal actions have further destabilized the regulatory framework California counted on to drive vehicle electrification. Meanwhile, liquid biofuels have been treated as transitional fuels destined for obsolescence rather than as technologies capable of continued CI improvement. A program that discounts achievable carbon-emission reductions in favor of an electrification timeline that repeatedly proves optimistic is a program that is leaving real GHG reductions on the table.

Bioethanol is a case in point. Bioethanol is available today, at scale, through every fuel distribution channel that Oregon's rural and urban consumers already use. It is a reliable tool available for reducing fuel costs for consumers relative to petroleum gasoline. And as innovations in carbon capture and storage and CSA practices continue to mature, net zero-carbon corn ethanol, as measured on a life-cycle basis, is achievable and can help Oregon meet its carbon-reduction goals. Moreover, every gallon of low-CI bioethanol displacing fossil gasoline in Oregon's existing vehicle fleet is a real, verifiable GHG reduction that does not depend on consumer vehicle purchasing decisions or infrastructure build-out. A technology-neutral program that takes its mandate seriously should ensure those reductions are fully credited and fully incentivized.

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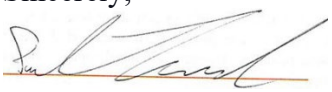
[23] https://www.americashealthrankings.org/explore/measures/pct_rural_b.
[24] https://www.transportation.gov/rural/ev/toolkit/ev-benefits-and-challenges/individual-benefits
[25] https://www.recurrentauto.com/research/states-leading-the-ev-revolution; https://afdc.energy.gov/data/10962
[26] https://afdc.energy.gov/data/10366; https://driveelectric.gov/stations
[27] *See, e.g.,* Discussion Paper at pp. 5-6; CFP Meeting Slides at slide 31.

V. CONCLUSION

POET appreciates the opportunity to comment and looks forward to working with DEQ to make the Clean Fuel Program a continued success for Oregon. If you have any questions, please contact me at Paul.Townsend@POET.com or (605) 756-5612.

Sincerely,



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RIVIAN

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April 10, 2026

SUBMITTED ELECTRONICALLY TO: OregonCleanFuels@deq.oregon.gov

Re: Comments in Response to Concepts Discussed at the First Meeting of the Clean Fuels Program ("CFP") Regulatory Advisory Committee ("RAC")

Rivian Automotive, LLC, ("Rivian") is a member of the RAC for the upcoming rulemaking to revise the CFP. Rivian was pleased to participate in the RAC's first meeting on March 18, 2026. We appreciate this opportunity to submit follow-up comments in written form, reflecting on several key concepts initially discussed in this forum.

Our comments below provide more detailed suggestions and recommendations for targeted reforms to certain provisions in the CFP governing electricity credit generation. We believe these proposals are consistent with Governor Kotek's Executive Order 25-29 and will improve the CFP's effectiveness in supporting transportation electrification (TE) in the state.[1]

Evolving the Residential Credit Allocation Framework

Absent certain complementary regulatory drivers, the TE transition will be increasingly market-led. Governor Kotek's recent Executive Order recognizes this and has, in essence, tasked DEQ with considering how the CFP, a market-based policy, can send stronger investment signals to the businesses and consumers who are central to the success of TE. Evolving the CFP's residential credit allocation framework would rebalance the incentives created by the policy.

[1] Governor Tina Kotek, Office of the Governor, State of Oregon, Executive Order No. 25-29.

In the case of light-duty transportation, the most critical businesses and consumers to the success of the TE transition are the EV manufacturers and their customers. Both play central roles in electrifying the light-duty vehicle sector–automakers by bringing increasingly compelling products to market, and consumers by making the decision to purchase an EV.

Yet to date, the CFP has awarded the credits generated by residential charging to electric utilities. This approach has always come with tradeoffs. Rivian believes those tradeoffs have been cast into sharper relief in the current policy and market context. While utilities have a role to play, DEQ has an opportunity in this rulemaking to evolve the residential credit pathway to strengthen the CFP. The residential charging credit pool is a significant value stream under the CFP. With appropriate policy frameworks in place, the market can better leverage this value to advance Oregon's goals.

In a recent rulemaking, New Mexico showed that alternative approaches are possible and can deliver important benefits.[2] For your reference, the relevant sections of New Mexico's code are reproduced in appendices to this letter. We encourage DEQ to consider the benefits of following New Mexico's lead and reconsidering how residential credits are allocated.

Recommendation:

DEQ should establish EV manufacturers, alongside utilities, as the joint priority credit generator for base credits from residential EV charging, and the priority credit generator for all incremental credits. We have reproduced the relevant sections of New Mexico's regulation in the appendix to provide an example of how the administrative code be written to enact these changes.

- Using vehicle telematics, participating automakers can most accurately and securely report empirical data on residential charging behavior.
    - These data would form the basis of the residential charging credit calculation. See below.

[2] NMAC 20.2.92.403 and NMAC 20.2.92.305.

    - Data to be reported quarterly or at another interval deemed appropriate and feasible by DEQ.
- Opt-in participating manufacturers would be eligible to claim 50 percent of the residential base credits attributable to their fleet and 100 percent of the residential incremental credits.
- Utilities would be entitled to the remaining 50 percent of the residential base credits and have priority to claim credits unclaimed by manufacturers.
    - We do not propose any changes to program rules providing for a backstop aggregator in the event that neither manufacturers nor utilities claim credits.

	Registered EVs	**EVs Reporting**	**Reported Charging**	**Avg. Charging**	**Total Charging**	**OEM Claim**	**Utility Claim**
	Fleet registered with DMV in the utility service territory	*Share of registered fleet reporting via telematics*	*Total MWh reported via telematics*	*Reported charging/ EVs reporting*	*Registered EVs x Avg. Charging*	*Total charging x 50%*	*Total charging x 50%*
OEM A	1500	100%	1500 MWh	1 MWh	1500 MWh	750 MWh	750 MWh
OEM B	2500	80%	750 MWh	0.38 MWh	938 MWh	469 MWh	469 MWh
OEM C	5000	50%	1500 MWh	0.6 MWh	3000 MWh	1500 MWh	1500 MWh

Table 1. *Stylized example of potential quarterly residential charging calculation for a utility service territory with three participating manufacturers.*

In exchange, EV manufacturers should directly reinvest credit proceeds to grow the EV market in Oregon. Rivian recommends that DEQ establish a relatively flexible menu of eligible investment options, that could include some or all of the following:

- Annual dividend checks returned to customers.
- Rebates on home EVSE purchases.
- Public charging infrastructure deployment.
- Vehicle-grid integration ("VGI") technology development and implementation.

DEQ should hold automakers to a reasonable timeline for completion of investments.

Rivian also recommends that DEQ allow automakers to propose unique, "off-menu" investment projects, subject to DEQ approval. Automakers could report to DEQ on a regular basis on their expenditures.

The benefits of this evolved approach are many.

1. *Empirical data reported by manufacturers would enhance the integrity of the CFP.* And potentially streamline credit calculation efforts for DEQ staff.
2. *Clear investment incentives leverage the critical market position and flexibility of manufacturers as businesses.* Whereas utilities are, by design, risk averse entities, manufacturers' commercial agility enables them to direct new revenue streams to fund market-growth activities, creating a powerful, high-impact investment engine.
3. *Utilities maintain a role to invest credit proceeds in ways that reflect their unique strengths, subject to enhanced guidelines* (more on this below).
4. *DEQ can leverage the residential credit pathway to help the state achieve broader goals.* For instance, as in New Mexico, DEQ could consider requiring manufacturers to achieve minimum EV sales percentages in the state to qualify for the residential credit pathway. This structure would create a new "pull" factor favoring EV deliveries and sales in Oregon.
5. *Creates the conditions to address the issue of take-home fleets.* For fleets operating under a take-home model–especially in the light and medium-duty segments–fleet EVs might charge at private residences. Associated credits should flow to the fleets as part of the value proposition for electrifying their operations.
    a. With a regulatory structure that allows manufacturers to earn a share of credits substantiated by telematically derived charging data, the CFP would allow manufacturers to develop contractual arrangements with

fleet buyers that return the value of their residential charging activity to them. This could take the form of upfront discounts on vehicle pricing, for example, or ongoing credit distributions.

Revise the EER for Passenger EVs

DEQ should use this rulemaking to revise the EER used for passenger EVs in the CFP. This is a relatively minor change in terms of administrative and rulemaking complexity but one with important and significant benefits for the integrity of the CFP and electricity credit generation.

The current light-duty EER value of 3.4 stems from a determination originally made by CARB in the 2011 rulemaking for the California LCFS—and is thus now more than a decade old and unrepresentative of the contemporary EV fleet.[3] Manufacturers have made substantial improvements to EV efficiency in the years since the California LCFS was first developed and continuing to use an outdated EER systematically undervalues those efficiency improvements, and the real-world impact of those EVs in the context of the CFP.

Examples of revised EERs from other clean fuels programs point the way to a more appropriate figure for use in the CFP. For instance, Washington's Department of Ecology ("ECY") currently determines EERs for purposes of residential credit calculation using a methodology set forth in a publicly available guidance document.[4]

Recommendation:

DEQ should adopt a version of ECY's methodology for calculating EERs.

$$EER^{EV} = \frac{MPG_e^{EV}}{MPG^{LDV}}$$

Where:

[3] California Air Resources Board, Appendix A: Proposed Regulation Order, October 26, 2011, available at www.arb.ca.gov/sites/default/files/barcu/regact/2011/lcfs2011/lcfsappa.pdf.
[4] https://apps.ecology.wa.gov/publications/documents/2414053.pdf

MPG_e^{EV} is the sales-weighted average miles per gallon equivalent ("MPGe") of EVs registered in the state based on their combined city-highway MPGe ratings as published on www.fueleconomy.gov.

MPG^{LDV} is the most recent available fleet average fuel economy figure for passenger vehicles as reported in the Federal Highway Administration's *Highway Statistics* series.[5]

Note that the FHWA data are national in scope and would appear to include EVs.

If DEQ's resources allow, the agency might wish to consider an alternative approach to calculate an Oregon-specific MPG^{LDV} value. This could be achieved by using Model Year fleet average fuel economy ratings, exclusive of EVs, as reported by U.S. EPA in its *Automotive Trends* database. DEQ could apply those ratings to all Oregon-registered non-EV passenger vehicles of a given vintage and calculate a weighted average based on vehicle registration data.[6]

For administrative simplicity, DEQ could perform this calculation on a statewide basis rather than for each utility service territory as ECY does. This calculation should be performed annually to reflect ongoing changes to the composition of the fleet. The resulting EER should be applied to calculations of both residential and non-residential credits attributable to the charging activity of passenger EVs.

Steer Utility Credits Toward High-Impact Spending Priorities

Where utilities earn credits, the CFP should require reinvestment of all proceeds in support of high-impact priorities that grow the EV market in Oregon–feeding into a

[5] U.S. Department of Transportation, Federal Highway Administration, Highway Statistics Series, *Highway Statistics 2022*, Table VM-1, available at www.fhwa.dot.gov/policyinformation/statistics/2022/vm1.cfm.
[6] U.S. Environmental Protection Agency, *Automotive Trends Data*, available at www.epa.gov/automotive-trends/data-automotive-trends-report.

"flywheel" whereby EV credits directly support further investment in EV market growth, which in turn will grow the pool of EV credits and bring Oregon closer to its goals.

Recommendation:
DEQ should evaluate whether the CFP could require utilities to transfer a portion of net credit proceeds to the state account funding the existing statewide Charge Ahead EV rebate programs, using a tiered contribution rubric. DEQ might wish to consider tiering utilities by some measure of size (for example, size of load served), as the California Air Resources Board has done within its Low Carbon Fuel Standard. Overall, this would likely be the simplest approach to streamlining utility reinvestment, minimizing administrative complexity and accelerating impact. (By contrast, utility-run rebates can be time-consuming and bureaucratic to launch and require careful ongoing management. Contributing resources to established rebate programs would be a 'set-it-and-forget-it' approach that makes use of existing state initiatives.)

Rivian recommends the following contribution percentages in Oregon based on utility size, as defined for purposes of compliance with the state's Renewable Portfolio Standard.[7] For large utilities, two-thirds of net credit proceeds, less reasonable administrative expenses, should be contributed to the state Zero Emission Incentive Fund for the state's clean vehicle rebates. For small utilities, the contribution should amount to one-third. The balance of any net credit proceeds should be allocated to clearly defined TE projects, implemented by the utilities, with a dedicated equity and environmental justice focus.

Utility Category	Contribution
Large	67%
Small	33%

Table 2. *DEQ should require utilities to contribute a share of their net residential credit proceeds to the state's Zero Emission Incentive Fund on a tiered schedule proportional to utility size.*

[7] ORS 469A.

Consider Providing Advance Credits to Public DCFC Projects

Public fast charging infrastructure requires significant upfront capital investment, often before the standalone economics of a site might justify such spending on its own terms. Nonetheless, early deployment of such infrastructure serves the public interest and supports EV market growth over the long term.

The best regulatory tool for supporting early investment in public DCFC is the provision of so-called "capacity credits." Rivian recognizes that statutory constraints bar DEQ from making the necessary changes to allow for capacity credits at this time. However, as a next-best alternative, DEQ's "advance credits" concept could apply to DCFC projects and have similar benefits.

Near-term capital availability is one of the constraints facing public DCFC network expansion. The time value of money is also a compelling reality for businesses. Therefore, the option to secure advance credits could allow operators to pull certain projects forward in time, installing sooner than they otherwise would and bringing Oregon closer to its ultimate goals. Put simply, advance credits can serve as a tool to de-risk investments in new or underserved geographic regions where initial utilization rates may be low. By providing upfront capital, Oregon can steer DCFC deployment toward areas with essential infrastructure gaps to ensure more equitable access to charging across the state, rather than focusing only on high-traffic, low-risk areas.

Recommendation:

Make strategic enhancements to the advance credit provisions of the CFP, allowing public DCFC developers to claim advance credits for certain sites subject to DEQ approval. Whereas public fleets have six years to repay advance credits, DEQ should consider a longer repayment period of up to 10 years in the case of public DCFC projects.

RIVIAN

Conclusion

Thank you for the opportunity to provide detailed feedback and suggestions reflecting on the discussions at the initial RAC meeting. Rivian recommends establishing EV manufacturers as joint priority credit generators with utilities for residential charging credits. Additionally, we propose that DEQ revise the Electric Vehicle Energy Economy Ratio (EER) for passenger EVs. Both of these revisions will accelerate EV adoption in Oregon and help the state meet the goals in EO 25-29. As always, we welcome the opportunity to meet with DEQ for further discussion and would be pleased to present on any of these topics at a future RAC meeting.

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Appendix I: New Mexico Administrative Code, 20.2.92.403

20.2.92.403 DESIGNATION OF A REGULATED PARTY FOR ELECTRICITY:

C. Residential EV charging credits. EDUs, eligible vehicle manufacturers, or a backstop aggregator may generate residential EV charging credits. The fuel reporting entity may generate base credits for electricity used to charge an EV at a residence.

(1) The first fuel reporting entity is the EDU and vehicle manufacturer.

(a) Each eligible vehicle manufacturer may generate base credits from up to thirty-five percent of the electricity dispensed to an EV produced by the vehicle manufacturer if the annual statewide share of all new EV registrations in the state for each model year beginning with model year 2025 is less than fifty percent of total new light-duty vehicle registrations for all vehicle manufacturers in New Mexico.

(b) In order to be eligible for base credits per Subparagraph (a) of Paragraph (1) of Subsection C of 20.2.92.403 NMAC, each vehicle manufacturer shall:

(i) Opt-into the CTFP and comply with 20.2.92 NMAC;

(ii) Submit relevant vehicle telematic data to the department for each fueling session the vehicle manufacturer claims, including at a minimum location, amount of electricity dispensed and vehicle identification number;

(iii) Report to the department all new vehicles delivered to New Mexico for the model year during which the vehicle manufacturer is seeking credits; and

(iv) In the report to the department, demonstrate that at least eight percent of all new vehicles beginning in model year 2025, are EVs with the eight percent minimum threshold increasing by two percent each model year thereafter.

(c) Each EDU may generate base credits from all electricity dispensed to EVs registered in the EDUs service territory except any electricity that generates credits per Subparagraph (a) of Paragraph (1) of Subsection C of 20.2.92.403 NMAC.

(2) The second fuel reporting entity is the backstop aggregator.

Appendix II: New Mexico Administrative Code, 20.2.92.305

20.2.92.305 CREDIT REVENUE PROVISIONS:

A. An EDU subject to 20.2.92 NMAC shall use one hundred percent of revenue from the sale of credits attributable to residential EV charging, not including associated administrative costs, to support transportation decarbonization and electrification projects in New Mexico.

B. An EDU subject to 20.2.92 NMAC shall use credit revenue that it receives to support projects listed under Subsection B of 17.9.574.11 NMAC and included within the approved and current three-year plan for transportation electrification pursuant to 17.9.574 NMAC.

(1) At least fifty percent of credit revenue, not including associated administrative costs, shall include projects to support low-income and underserved communities.

(2) Revenue from the sale of credits is an additional and supplemental source of funding to support transportation electrification plans.

C. A distribution cooperative organized pursuant to the Rural Electric Cooperative Act, Chapter 62, Article 15 NMSA 1978 or an EDU not subject to Subsection A of 20.2.92.305 NMAC shall spend credit revenues to support projects from within the categories listed in Subsection B of 17.9.574.11 NMAC. At least fifty percent of credit revenue, not including associated administrative costs, shall include projects to support low-income and underserved communities.

D. A vehicle manufacturer subject to 20.2.92 NMAC shall not use revenue from the sale of credits attributable to residential EV charging to pay administrative costs and shall within three years of the credit revenue generation use one hundred percent of the revenue to support transportation electrification as follows:

(1) An additional rebate or incentive beyond existing local, federal and New Mexico rebates and incentives for purchasing or leasing a new or previously owned EV in New Mexico, provided:

(a) The manufacturer suggested retail price of a new EV purchased or leased with the rebate or incentive does not exceed fifty-five thousand dollars ($55,000) in calendar year 2025. Each compliance year thereafter, the department shall adjust the maximum retail price of a new EV purchased with the rebate or incentive by applying on the

inflation rate as provided by the last twelve months of data from the U.S. Bureau of Labor Statistics Southwest Region Consumer Price Index for All Urban Consumers for All Items, in the same manner as fees in Subsection G of 20.2.92.502 NMAC; and

(b) The market value of a leased EV or previously owned EV with the rebate or incentive does not exceed twenty-five thousand dollars ($25,000) in calendar year 2025. A previously owned EV shall be certified by the dealer selling the motor vehicle and have a dealer-provided warranty of at least one-year against defects and repairs. Each compliance year thereafter, the department shall adjust the maximum market value of a previously owned EV purchased with the rebate or incentive by applying on the inflation rate as provided by the last twelve months of data from the US Bureau of Labor Statistics Southwest Region Consumer Price Index for All Urban Consumers for All Items, in the same manner as fees in Subsection G of 20.2.92.502 NMAC.

(c) The lease on the new or previously owned EV is three or more years in duration.

(2) A vehicle manufacturer may develop and implement other projects with revenue from the sale of credits attributable to residential EV charging that support transportation electrification.

(a) To implement other projects with revenue from the sale of credits attributable to residential EV charging, a vehicle manufacturer shall submit to the department a description of such a project with estimated costs, a description of likely beneficiaries, and how it will help advance transportation electrification efforts in New Mexico.

(b) If the department approves or disapproves of the proposed projects a vehicle manufacturer submits for use of credits attributable to residential EV charging, the department will provide the vehicle manufacturer with a decision in writing. The department may also request additional supporting information or documentation from the vehicle manufacturer to make its decision.

(c) A vehicle manufacturer may begin to implement other projects with revenue from the sale of credits attributable to residential EV charging efforts in the quarter following receipt of approval from the department for the use of residential credit revenue for such projects.

(3) At least fifty percent of credit revenue a vehicle manufacturer uses for rebates and incentives pursuant to Paragraph (1) of Subsection D of 20.2.92.305 NMAC

or projects pursuant to Paragraph (2) of Subsection D of 20.2.92.305 NMAC shall support transportation electrification in low-income and underserved communities.

1157 Valley Park Drive, Ste. 100
Shakopee, MN 55379

April 6, 2026

Bill Peters
Clean Fuels Program Lead
Oregon Department of Environmental Quality

Re: 2026 CFP Rulemaking Update- Regulatory Advisory Committee Comments

Submitted electronically at cfp.2026@deq.oregon.gov

Dear Bill,

RPMG Inc. (RPMG) appreciates the opportunity to comment on the 2026 Oregon Clean Fuels Program regulatory update. RPMG is a biofuel marketing company representing our owner and marketing partner ethanol facilities located throughout the Midwest. Our member facilities provide both ethanol and distillers corn oil (DCO) as essential inputs to Oregon's clean-fuels market in substantial quantities. Since the Program's inception, RPMG has supported Oregon's clean transportation fuel policy, and worked diligently with DEQ to improve the administration of the Program.

The March 18th first meeting of the Regulatory Advisory Committee[1], or RAC, provided a clear outline of the upcoming regulatory update's scope and rationale, namely examining:

1) The status of the clean fuels market, including proposing carbon intensity standards to target at least a 50% reduction through 2040, and assessing if adjustments to the existing standards should be made.
2) The low-carbon fuel standard programs of neighboring jurisdictions and if additional revisions to CFP would improve alignment.
3) The program's existing transportation electrification provisions and opportunities to increase the strategic electrification of vehicles in a cost-effective way while supporting affordable and reliable energy for Oregonians.
4) The program's off-site renewable electricity provisions and how to accommodate changes in electricity carbon accounting and policies since the 2021 rulemaking.

RPMG understands the basis for this rulemaking is rooted in Governor Kotek's Executive Order[2]. It is RPMG's firm belief that long-term goals of the CFP must be supported with low-carbon liquid fuels, both today and in the future. The ethanol industry is making significant investments in state-of-the-art technology and infrastructure (including carbon capture and storage (CCS), more efficient process energy sources, and regenerative agriculture biomass feedstocks to name a few) to achieve the objectives of producing and delivering reliable low carbon, high octane fuel and energy dense feedstocks. These strategically advantaged fuels and feedstocks are available and affordable for energy consumers now and will continue to provide environmental benefits in to the future.

These fuels represent a significant volume of the State's current and future fuel supply. Any regulatory changes that jeopardize these volumes of low-carbon fuels coming to Oregon should be avoided. Oregon's CFP has consistently

[1] https://www.oregon.gov/deq/rulemaking/Pages/cfp2026.aspx
[2] https://www.oregon.gov/gov/eo/eo-25-29.pdf

provided environmental leadership and a steady market signal. RPMG believes such leadership includes recognizing the role lower-carbon liquid biofuels will continue to play in achieving Oregon's climate goals.

In further support of bio-ethanol, it is important to share the amazing, verified fact that US farmers are planting grain corn on roughly the same number of acres as in 1900[3]. US domestic and North American feedstock producers are admirably answering the dual calls of energy security and environmental stewardship.

DEQ's effort toward West Coast clean fuel program alignment is appreciated by stakeholders. Regulated entities benefit from using similar life-cycle models, IT infrastructure, and reporting cycles. Familiarity breeds efficiency, but RPMG more highly appreciates that alignment doesn't require identical programs. As noted, Oregon's CFP program has led with independence on several important issues— including CCS pathways and an ILUC value based on the best science. As you work for alignment, RPMG requests for the Program not to abdicate its ability to make the correct policy decision, even if it doesn't perfectly align with your neighbors.

We would also highlight the potential pitfalls with the concept of Advanced Crediting, especially in the Medium- and Heavy-Duty vehicle space. This sector has seen its share of obstacles to successful fleet utilization, including new vehicle capital costs, infrastructure, and charging. Any Advanced Credit mechanism should ensure that the anticipated environmental benefits are actually received to retain the integrity of the Clean Fuels Program.

A new topic of discussion for this round of rulemaking is the issue of converting program success into 'tons of carbon reduced'. It is a good problem to solve, as it demonstrates the maturation of the CFP. RPMG looks forward to working through the math with the RAC and DEQ such that the actual benefits of the Program can be quantified and published.

In Closing

RPMG appreciates the DEQ process of hosting RAC meetings to get input before in-depth rulemaking and amendment drafts are started. The Clean Fuels Program has been one of stability, while accepting innovation. RPMG's goal in participating is to help DEQ continue to get it right. The first meeting of the RAC was a positive initial step. We remain available to clarify any suggestions provided in this letter. Please contact me with any questions or comments through the RAC Member contact details provided.

Thank you,

/s/

Jessica W Hoffmann
Chief Compliance Officer
RPMG Inc.

[3] https://www.nass.usda.gov/Publications/Todays_Reports/reports/croptr19.pdf and https://www.nass.usda.gov/Charts_and_Maps/Field_Crops/cornac.php

WSPA
Antonio Machado
Senior Manager, Northwest Regulatory Affairs and Fuels

April 6, 2026

Sent via email to: CFP2026@deq.oregon.gov

Mr. Bill Peters
Clean Fuels Program Manager
Oregon Department of Environmental Quality
700 NE Multnomah St., Suite #600
Portland, OR 97232

Re: WSPA Comments on Oregon Clean Fuels Program Rulemaking – Rulemaking Advisory Committee Meeting #1

Dear Mr. Peters,

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide comments regarding the Oregon Department of Environmental Quality's (DEQ) ongoing rulemaking for the Clean Fuels Program (CFP), including feedback informed by the March 18, 2026 Rulemaking Advisory Committee (RAC) meeting. WSPA is a non-profit trade association that represents companies that safely explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Washington, Oregon, Nevada, and Arizona.

WSPA member companies participate in Oregon's CFP and similar programs across the West Coast and are committed to supporting effective, durable, and cost-efficient emissions reductions. WSPA supports a Clean Fuels Program that remains technology neutral, market based and grounded in realistic and achievable emissions reductions. Durable emissions progress depends on compliance feasibility, fuel availability, and flexible pathways that deliver reliable and affordable energy for the existing fleet that will remain in use for decades.

At this stage of the rulemaking process, draft regulatory language has not yet been released. Accordingly, WSPA's comments focus on key implementation principles and stakeholder feedback that should guide DEQ's development of proposed rule language. These comments are consistent with WSPA's prior comment letters and positions submitted in similar rulemakings.

General Comments

Early Release of Draft Rule Language and Agency Direction

WSPA strongly supports DEQ's continued commitment to transparency and stakeholder engagement throughout the RAC process. Based on discussions during the March 18, 2026 RAC meeting, early communication of agency policy direction is critical to ensuring meaningful stakeholder input.

Specifically:

- Modeling Stakeholders should have the opportunity to review and respond to draft rule concepts and policy direction as early as possible in the rulemaking process. Early engagement enables stakeholders to provide data-driven feedback that can improve policy outcomes before rule language is finalized.

- DEQ should clearly communicate how stakeholder feedback is incorporated into proposed rule language, including explanations for why certain recommendations are adopted or not adopted. This transparency is essential to maintaining confidence in the process.

- DEQ should avoid late-stage policy shifts without sufficient time for regulated parties to adapt. Sudden or late changes increase the risk of unintended consequences, disrupt compliance planning, and may result in higher-cost compliance outcomes.

Providing early clarity on policy direction will support more informed stakeholder participation and reduce the likelihood of implementation challenges.

Prioritization of Near-Term Emission Reductions and Fuel Pathways

During the RAC discussions, stakeholders raised important questions regarding how DEQ intends to balance near-term emissions reductions with longer-term or more speculative compliance pathways. WSPA encourages DEQ to clearly articulate its position on this issue early in the process.

Lower-carbon liquid and gaseous fuels that are available today provide immediate, verifiable emissions reductions across the existing vehicle fleet without requiring significant new infrastructure or vehicle turnover. These fuels are scalable and represent a critical compliance pathway that should remain central to the program.

By contrast, approaches that rely heavily on advanced crediting mechanisms or future technology deployment may introduce uncertainty regarding credit supply, timing of emissions reductions, and overall compliance feasibility. Providing clarity on how DEQ views these tradeoffs will help stakeholders better evaluate program design options and ensure that near-term emissions reductions are not deprioritized.

Maintaining a Market-Based Technology-Neutral Program Structure

WSPA continues to emphasize the importance of maintaining the CFP as a market-based, technology-neutral program. The program has historically functioned effectively by rewarding verified lifecycle emissions reductions regardless of fuel type, and preserving this structure is essential to ensuring cost-effective outcomes.

Broader policy objectives, such as feedstock trade considerations, electrification infrastructure development, or grid policy, are more appropriately addressed through complementary policies rather than through the CFP itself. Expanding the program beyond its core purpose risks introducing complexity and inefficiencies that could undermine its effectiveness.

Policies that favor specific technologies or restrict certain fuel pathways may distort the market, limit compliance flexibility, and increase overall costs without delivering additional emissions benefits. Maintaining a level playing field across all fuel pathways will help ensure the program remains efficient, transparent, and durable over time.

Credit Market Stability, Liquidity, and Fuel Affordability

A well-functioning credit market remains fundamental to the success of the CFP. Feedback from RAC participants highlighted the importance of maintaining credit market liquidity and stability to support fuel affordability and supply reliability.

A sufficient and predictable supply of credits supports compliance, enables long-term investment, and ensures continued participation from a diverse set of fuel providers. Market stability is also essential to maintaining consumer affordability and avoiding unnecessary price volatility.

Program design choices that constrain credit generation, rely on uncertain projections, or create imbalance between credit supply and demand may increase volatility and compliance costs. DEQ should carefully evaluate how proposed changes affect credit market dynamics to ensure that the program continues to function as intended.

Use of Modeling to Evaluate Real-World Outcomes

WSPA supports DEQ's efforts to update modeling and scenario analysis as part of this rulemaking and recognizes the importance of this work in informing future carbon intensity targets. However, it is critical that modeling reflects real-world conditions and constraints.

Scenario analysis should evaluate not only aspirational emissions targets but also the impacts of program design on fuel availability, affordability, and reliability. Assumptions related to infrastructure deployment, vehicle adoption rates, feedstock availability, and regional fuel trade dynamics should be grounded in realistic expectations.

Transparency in modeling inputs and results will be essential to allow stakeholders to meaningfully review and provide feedback. As discussed during the RAC meeting, updated modeling will play a central role in shaping the program's future, and ensuring its credibility will be key to informed decision-making.

Alignment of Clean Fuels Program with Neighboring Jurisdictions

Though not raised during the RAC, DEQ's direction in Executive Order No. 25-29 was to evaluate and align the Oregon Clean Fuels Program with neighboring jurisdictions. WSPA is an active stakeholder in other Clean Fuel Program development and offers the following input.

1) WSPA recommends that DEQ not incorporate additional feedstock traceability or sustainability requirements as part of this rulemaking. Existing program requirements, such as third-party verification, have proven to be effective in demonstrating feedstock chain of custody and protecting program integrity. In contrast, requirements that are overly prescriptive, administratively complex, or not yet demonstrated in other jurisdictions may create unintended consequences for fuel supply and compliance. WSPA also notes that DEQ has already adopted requirements for specified source feedstock attestation letters in the 2024 Clean Fuels Program rulemaking.

   WSPA recommends that DEQ avoid adopting additional complex feedstock tracing and sustainability provisions from other jurisdictions, such as the "sustainability requirements" adopted in California's 2025 LCFS amendments, as those provisions have not been fully implemented and their impacts on fuel supply and credit markets are not yet understood. Premature adoption of such measures may introduce uncertainty, limit compliance flexibility, and increase program costs without demonstrated environmental benefit.

   Experience in other programs indicates that these highly granular feedstock tracking requirements introduce significant administrative burden across the supply chain, requiring extensive data collection from multiple upstream entities. These requirements may constrain access to widely used feedstocks without evidence of additional lifecycle emissions benefits.

If DEQ considers any additional provisions, WSPA encourages the agency to ensure that any requirements are clearly defined, administratively feasible, and aligned with existing certification systems where appropriate. Recognition of established programs, such as third-party certification frameworks, can help avoid duplicative reporting obligations.

2) WSPA recommends that DEQ avoid implementing any form of credit cap or volumetric limitation on specific fuel pathways as part of this rulemaking. Experience in other jurisdictions demonstrates that credit caps or similar restrictions on certain fuel categories may undermine the core design of a market-based program.

   These types of limitations can constrain credit generation from proven, commercially available low-carbon fuels that are delivering real and verifiable emissions reductions today. As a result, such policies may reduce overall credit supply, increase compliance costs, and introduce unnecessary volatility into the credit market[1].

   In California, proposals to impose caps on biomass-based fuels raised significant concerns regarding reduced fuel availability, increased reliance on higher-carbon fuels, and potential conflicts with statutory requirements to achieve the maximum technologically feasible and cost-effective emissions reductions[2].

   Similarly, restricting credit generation from specific pathways risks distorting market signals by favoring certain technologies over others, rather than allowing lifecycle carbon intensity performance to determine compliance outcomes. This approach is inconsistent with a technology-neutral framework and may discourage continued investment in lower-carbon fuel production[3].

   WSPA therefore recommends that DEQ:

   - Avoid adopting credit caps or volumetric restrictions on specific fuel types or feedstocks.
   - Preserve the ability for all qualifying fuels to generate credits based on verified lifecycle emissions performance; and
   - Ensure that program design supports adequate credit supply and market liquidity to maintain affordability and compliance feasibility.

   Maintaining an open and competitive credit market will better support emissions reductions, protect fuel diversity, and ensure that the program continues to function efficiently over time.

3) WSPA recommends that DEQ exercise caution in considering any form of automatic acceleration mechanism within the Clean Fuels Program.

   Evaluation of similar proposals in California indicates that an automatic mechanism that adjusts program stringency based on predefined triggers may introduce significant

[1] California Air Resources Board, Low Carbon Fuel Standard 2023 Amendments, Standardized Regulatory Impact Assessment (2023)
[2] California Health and Safety Code §§ 38560, 38562
[3] California Air Resources Board, LCFS 2023 Amendments – Standardized Regulatory Impact Assessment; see also credit market analysis in WSPA comments (Feb. 20, 2024)

uncertainty and unintended consequences. In particular, a one-way acceleration mechanism could increase compliance costs and disrupt credit market stability

In addition, automatic mechanisms may not adequately account for real-world conditions that significantly impact fuel markets, such as economic downturns, infrastructure constraints, or unexpected shifts in fuel demand. These factors can materially affect credit supply and compliance dynamics but may not be captured in a formulaic trigger.

WSPA also notes that increasing program stringency while simultaneously limiting credit generation opportunities can compound market imbalances and lead to higher compliance costs.

Instead of an automatic acceleration mechanism, WSPA recommends that DEQ utilize periodic program reviews and transparent modeling updates to assess program performance, rely on established rulemaking processes to adjust carbon intensity targets where appropriate, incorporate annual or regular fuel supply and credit market assessments to inform any future changes, and ensure that any adjustments consider real-world market conditions, credit availability, and fuel affordability.

This approach will provide greater transparency, allow for meaningful stakeholder engagement, and reduce the risk of unintended market disruptions.

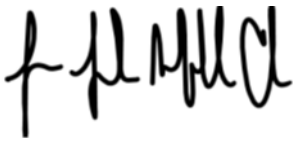
Conclusion

WSPA appreciates DEQ's continued engagement with stakeholders through the RAC process and the opportunity to provide input on this important rulemaking.

As DEQ moves forward, maintaining a technology-neutral, market-based framework; prioritizing achievable and near-term emissions reductions; supporting credit market stability; ensuring administrative feasibility of any new program requirements; and maintaining transparency in both policy development and modeling will be critical to the long-term success of the program.

WSPA remains committed to constructive engagement and looks forward to continued participation in the RAC process. We welcome the opportunity to discuss these comments further and provide additional technical input as the rulemaking progresses. Please do not hesitate to contact me directly at (360) 594-1415 or via email at amachado@wspa.org.

Sincerely,



Cc: Jessica Spiegel - WSPA