



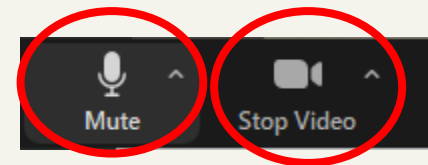
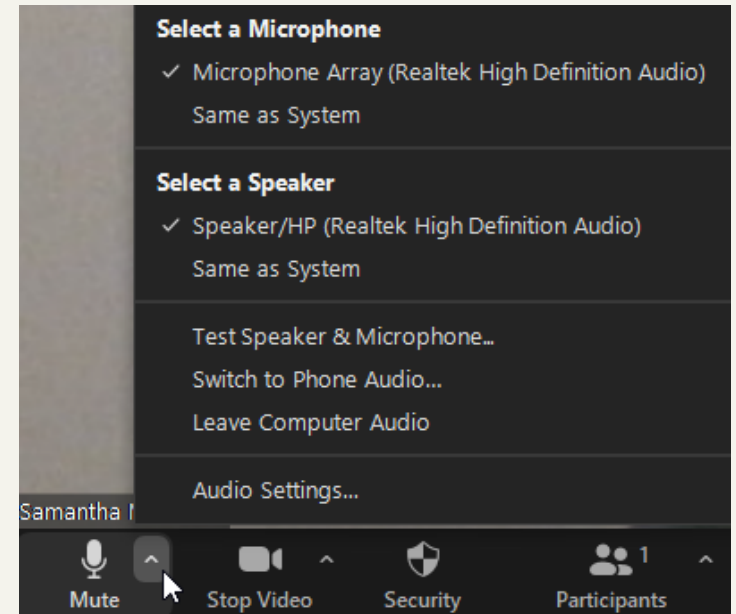
Rulemaking Advisory Committee Meeting #3

Clean Fuels Program – 2026/2027 Rulemaking

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

Zoom Meeting Tips

- Please see below webinar instructions and tips below:
 - If you have not already **connected your audio**, click on the arrow next to the microphone icon, then click “Join Computer Audio” **or** “Switch to Phone Audio” to connect your computer speakers or to view the conference line information.
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To verbally ask a question or make a comment:

- ▶ If you have joined by Zoom, click “Raise Hand.”
- ▶ If you have joined by phone, press *9 to raise your hand.
- ▶ DEQ staff will call on participants. You will receive an “unmute” request. Please accept it. If you are commenting by phone, dial *6 to unmute.
- ▶ **Please provide your name and affiliation.**
- ▶ Attendees will be allocated reasonable time for public comment depending on the number of commenters.
- ▶ **If we run out of time and you have not had a chance to speak, you can still provide written comments after the meeting.**
- ▶ **The chat function is available but we prefer hearing your voice where possible – please keep all chats on topic and avoid side conversations.**



Meeting Guidelines



Fully participate in meetings



Come prepared for meetings



Participate in an open and mutually respectful way



Balance of speaking time



Serve as a liaison to your larger community of interest



Act in good faith

Agenda – all times are approximate

- 10 a.m. Welcome and meeting setup
- 10:05 a.m. DEQ and UC Davis presentation and discussion on updated modeling
- 12 p.m. Lunch break
- 1 p.m. DEQ presentation and discussion on additional proposals
- 2 p.m. DEQ presentation and discussion on transportation electrification topics
- 3:30 p.m. Public comment
- 4 p.m. Next steps and meeting adjournment

Role of the modeling and scenarios

- The modeling results here are illustrative compliance scenarios – that means they are not forecasts of what will happen, but are used to play out how the targets can be met under different conditions.
- This process is the same as we followed at the start of the program in 2016-17 to determine if the 10% target could be met, and for the 2021 rulemaking to set the 2030 and 2035 targets.
- Target setting is a judgement call, and no single scenario will be used to set the targets.
- These are the preliminary results, we have done initial quality assurance and believe they are reasonable, but they will be adjusted and finalized before the next RAC meeting.

UC Davis's charge for the scenarios

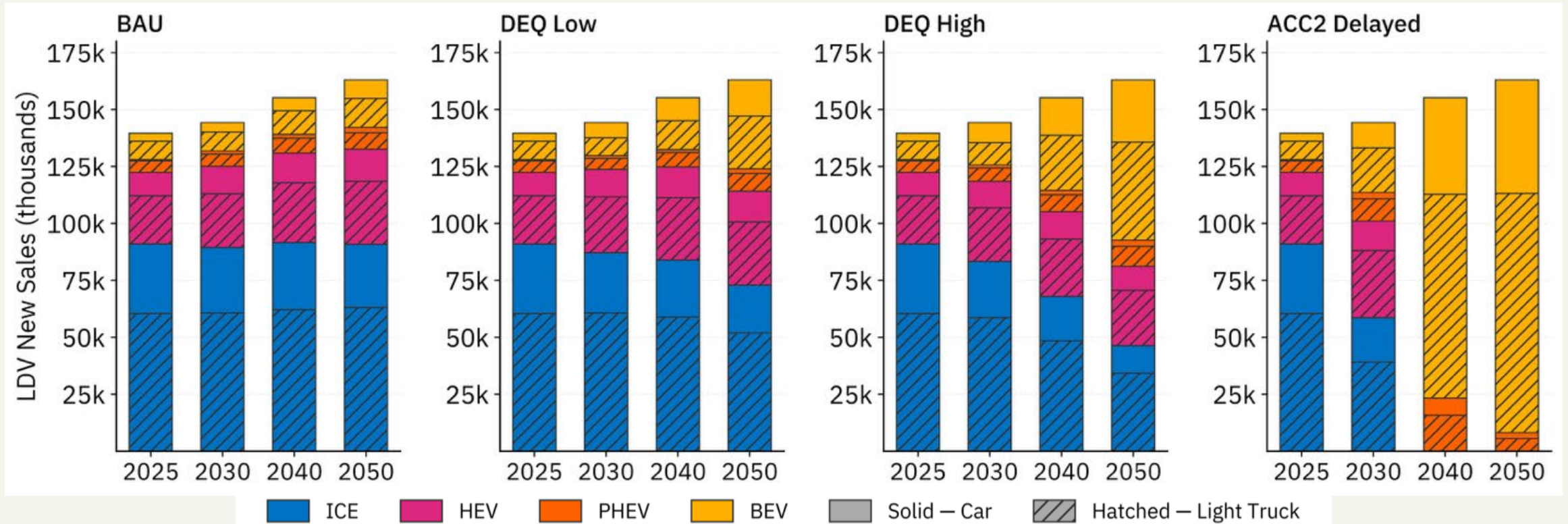
- DEQ staff believe the main uncertainty for target-setting in this rulemaking is the composition of the vehicle fleet through 2040, which dictates which fuels are needed.
- UC Davis was instructed to focus on different scenarios for the fleet for this preliminary round, with assumptions about biofuels and the other clean fuels held constant across them.
- The different fleet scenarios are based on coordination with other parts of the agency that work on vehicle policy.
- The model does not incorporate pricing, market dynamics, or the Fuel Supply Forecast process.

Key Assumptions: Fleet Turnover Scenarios

- **Business as usual (BAU):** Internal Combustion Engine (ICE) vehicles remain dominant at 68% for cars and 66% for trucks in 2050, essentially holding 2025 market shares constant. Hybrids reach 24%, providing most electrification, while Battery Electric (BEV) sales stay low at 8%.
- **DEQ Low:** More pessimistic sales scenario with ICE at 40-44% in 2050 and BEV reaching 28%. Hybrids provide significant near-term emissions reductions at 26-28% while Plug-in Hybrids play a minor role around 2%.
- **DEQ High:** Shows steady electrification with ICE sales dropping to 21-24% by 2050 while BEV grows to 47%. Hybrids maintain 22-24% presence and Plug-in Hybrids contribute 3-4%.
- **ACCII and ACT 5-year delay:** Most optimistic EV sales scenario with ICE dropping to zero by 2040 and BEV dominating at 95% by 2050. Plug-in hybrids peak at 20% around 2040 then decline to 5% as pure BEVs take over, while hybrids drop to near zero.

If you want something visual...

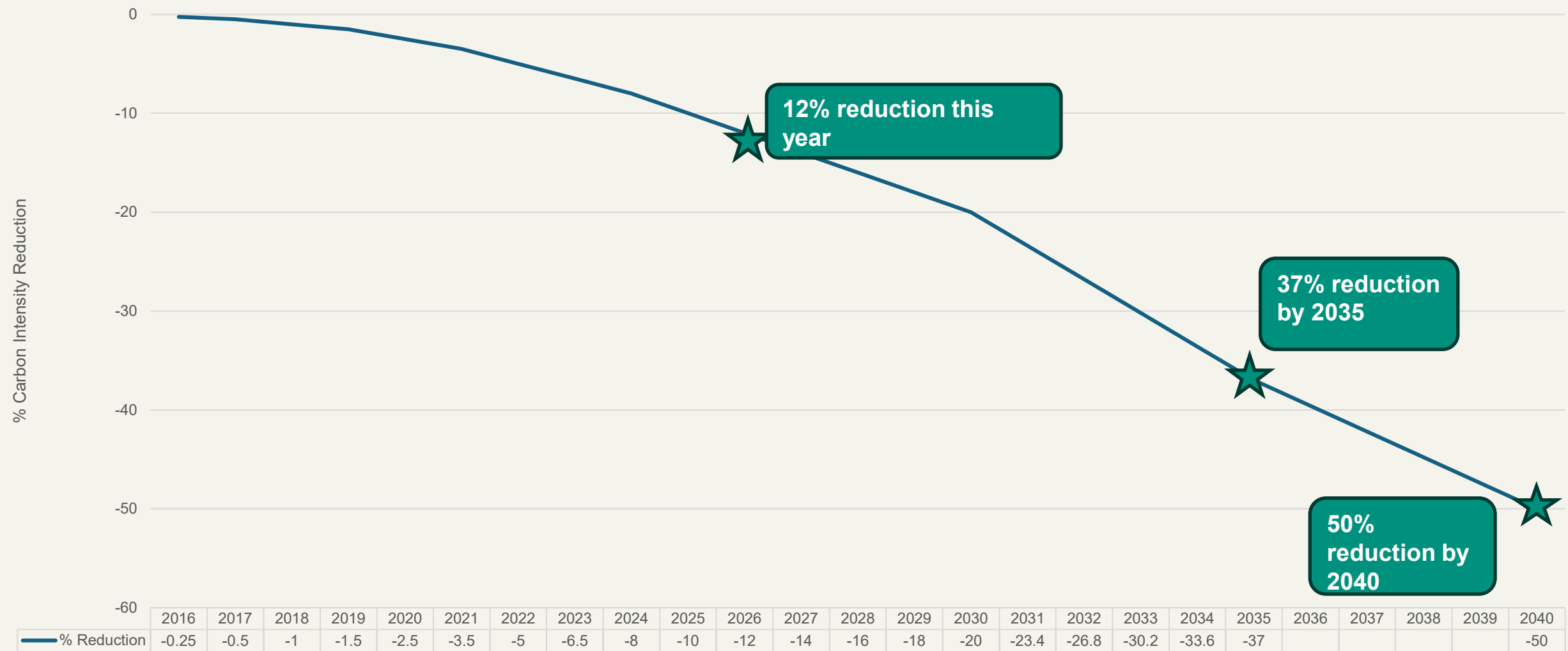
Light Duty Vehicle Sales Share (Assumptions)



Key data assumptions

- 2024 CFP data was used for model calibration, as 2025 data was undergoing verification
- The fuels and technologies used in the scenarios have been commercially demonstrated; we have not included fuels that may be on the horizon but haven't yet shown commercial production (e.g., e-fuels)
- The current program targets were maintained, and then a straight line was drawn between 37% in 2035 and 50% in 2040 for this first round of modeling.
 - This is not our proposal of the targets for this rulemaking, but an assumption to get useful modeling results.

Assumption: Carbon Intensity Standards



Key biofuel assumptions

- Renewable diesel (RD) grows linearly to be the main source of diesel fuel over time – 75% by 2040. For the next round of modeling we will implement that at higher blend levels, the share of crop-based feedstocks increases.
- Ethanol CIs fall with the adoption of Carbon Capture and Sequestration at more plants; the state moves to E15 by 2031.
- Alternative jet fuel (aka sustainable aviation fuel) is included and grows to 15% of Oregon jet supply in 2040.
- Biodiesel retains current market share.
- Some renewable naphtha begins to be blended into gasoline.
- Biofuel carbon intensities improve modestly based on the program's history.

Other assumptions

- Electricity CIs follow the trajectory of HB 2021 and the program's current renewable electricity provisions. The updated Energy Economy Ratio for the light duty fleet is included in this modeling but the baseline credits proposal is not due to time.
- Other fuels and categories have modest increases in demand over time.

[Handoff to UC Davis]

Questions and discussion on the modeling and results

Please use the "Raise Hand" function. Please also identify yourself and your affiliation if this is the first time you're speaking this meeting.

Direction from EO 25-29: Target-setting

Update Oregon's Clean Fuels Program rules to strengthen the low-carbon fuels standard by establishing new carbon intensity reduction targets of at least 50% by 2040.

Target-setting discussion (1/2)

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

Target-setting discussion (2/2)

- Given the preliminary modeling results, how should we think about target setting?
 - Are the assumptions for the modeling right? Are there areas where the assumptions are overly cautious or aggressive?
 - What should we consider modifying as we finalize these scenarios?
 - Given the fuel supply forecast and credit clearance market, how should we judge the risk of setting the targets too high or too low?
 - Do these results show the need to consider amending the 2035 and prior targets? How do the current assumptions inform that decision?

Lunch Break – return at 1 p.m.

Afternoon agenda items

- Carbon capture and sequestration project monitoring, reporting, and verification plan changes
- Updates to verification rules
- Electricity proposals
 - Spending requirements for residential credit revenue
 - Advance crediting expansion
 - Residential crediting changes
 - Renewable electricity verification proposal
- Margin of safety process
- Reporting updates
- Calculator for biogas-to-electricity pathway
- Public comment period

Carbon capture and sequestration (CCS) project monitoring, reporting, and verification plans

- With the US EPA's Greenhouse Gas Reporting Program being potentially dissolved, DEQ is seeking comment on alternatives to using the EPA Monitoring, Reporting, and Verification plans approved by EPA in approval of CCS projects. DEQ is aware of two potential alternatives:
 - The plans approved by the California Air Resources Board under their CCS protocol for the Low Carbon Fuel Standard, the broader CCS program for which is currently going through a rulemaking.
 - The ISO standards 27916 and 27914 cover CCS for enhanced oil recovery and geologic storage, respectively. Treasury and the IRS have said that plans under the standard for enhanced oil recovery can be used for 45Q if reviewed and signed off on by an independent state-licensed engineer or geologist annually.

Verification rules

- DEQ is proposing to update how verifiers determine if a report should receive a qualified positive or adverse verification statement when under-reporting opt-in fuels such as electricity or renewable natural gas, or when claiming exempt uses of regulated fuels.
- Because understated volumes of opt-in fuels or exempt fuels cannot be added after the reporting deadline has passed under the rules, this leads to situations where a reporting entity might be issued an adverse verification statement without the ability to fix the errors.
- Thus, DEQ is proposing to modify the definition of qualified positive verification statements for the Clean Fuels Program to explicitly include understatements over 5% of the reported volumes for credit generating fuels and exempt use transactions.

Questions and discussion on these proposals?

Please use the "Raise Hand" function

Transportation electrification in the CFP

- Direction from EO 25-29 was to propose CFP amendments aimed at advancing transportation electrification in a strategic and cost-effective manner that support affordable and reliable energy for Oregonians.
- EV sales have dropped recently, and a higher sales share will be needed for deeper targets.
- While EVs have gotten close to cost parity, the upfront purchase cost of EVs are still a significant barrier to unlocking the cheaper fuel and operating costs for Oregonians.

Residential credit revenue spending (1/4)

DEQ is proposing that all residential credit revenue that utilities receive be spent on advancing transportation electrification, and proposes the definition below:

- Transportation electrification (TE) projects are defined as any project that directly supports the electrification of the Oregon transportation sector. Eligible investments focus on:
 - Increasing the number of electric vehicles on the road through providing incentives to customers
 - Supporting the electric grid in ways that have a direct connection to enable additional EV charging
 - Providing and/or supporting EV charging equipment and access, and/or
 - Engaging and educating communities.

Residential credit revenue spending (2/4)

Some example projects that meet the TE definition include:

- Rebates for electric vehicle purchases, charging equipment, electric bikes, e-scooters
- Installation support for home, public, multifamily, and/or fleet charging
- Providing incentives for school districts, fleets, and others to purchase medium- and heavy-duty electric vehicles
- Electric vehicle purchases for community-based organizations serving low-income or underserved populations
- Customer education, outreach, and training
- Supporting ZEV carsharing programs to increase transportation options and access

Residential credit revenue spending (3/4)

Example projects that meet the TE definition, continued:

- Targeted grid capacity and/or resiliency upgrades to support increased electricity demand due to EVs, or to support the deployment of public or fleet fast charging stations. These projects can include energy efficiency and other non-transmission measures where a direct linkage can be shown to enabling additional EV charging.
- Supporting deployment of public charging generally, including paid public charging and workplace charging
- Free or subsidized public charging
- Deployment of public charging in low-income areas, or areas where the ability to charge at single and multi-family homes is limited
- Consumer-sited non-wires solutions (like managed charging technologies and efficient, non-EV related equipment) to grid upgrades to allow greater capacity for EV adoption on the utility's distribution system

Residential credit revenue spending (4/4)

- If a utility has a project in mind that does not appear on the list of example projects, the utility may provide a description of the project to DEQ for approval.
- DEQ proposes that if any utilities are found to be spending residential credit revenue on activities that do not meet the definition of transportation electrification outlined here, their residential credits will be assigned to the backstop aggregator for future years.

Questions/discussion on residential credit revenue spending and TE definition

Please use the "Raise Hand" function

Customer-focused incentives (1/2)

- DEQ is proposing that any utility who receives over \$500,000 in revenue from selling residential credits for two consecutive years will be required to spend at least 50% of their credit revenue on direct consumer-focused incentives.
 - This would be determined by looking at the 2025 and 2026 annual residential revenue reports after they are submitted in 2027, and then each year thereafter. Incentives would be expected to start the following calendar year to give time for planning and implementation.
 - We are open to comments on the dollar value threshold

Customer-focused incentives (2/2)

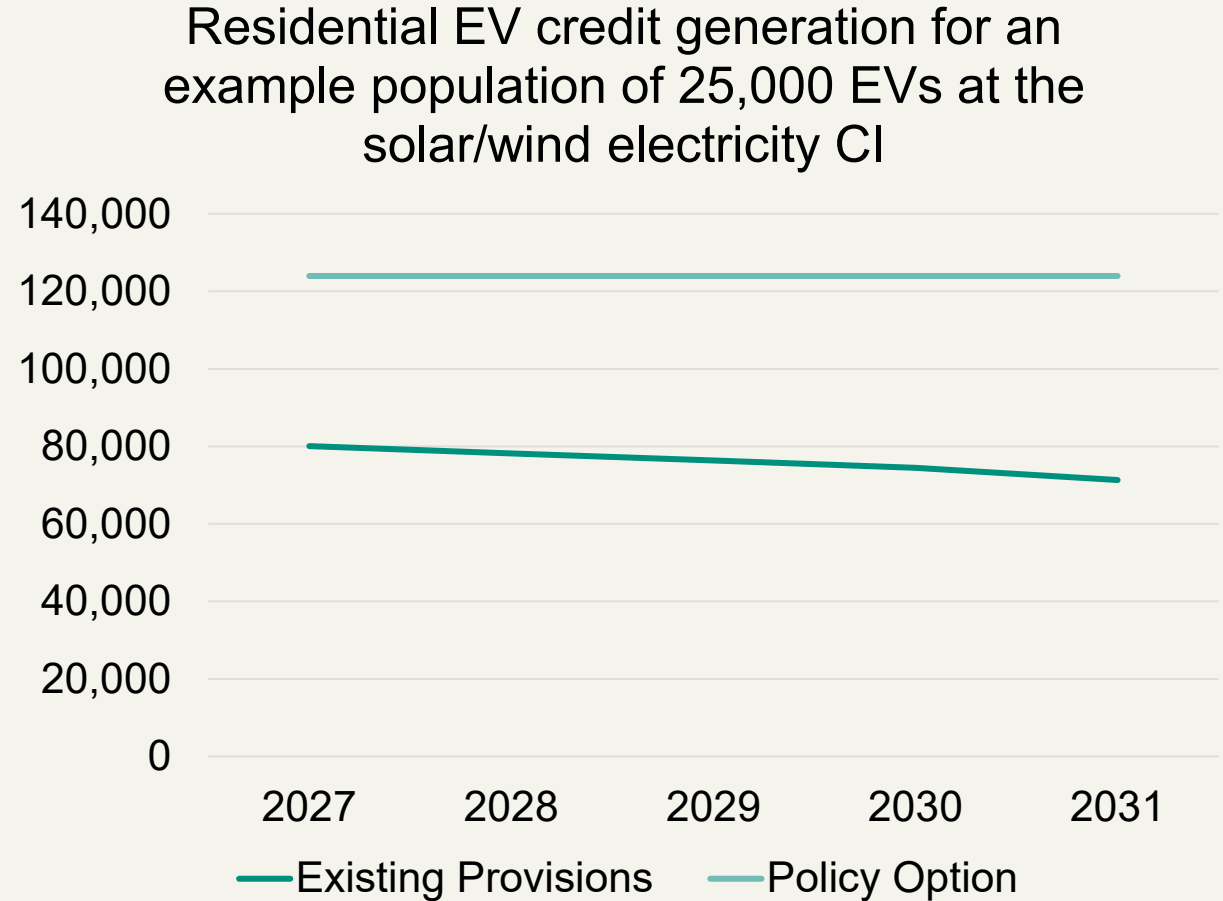
- Customer-focused incentives would be defined as being available to residential ratepayers or small business, small commercial, or non-profit customers to help cover the costs of purchasing an EV, Level 2 charger, or customer-side improvements needed for a Level 2 charger, such as panel upgrades.
- Utilities under the threshold are encouraged to consider how these programs could work in their service territories in the future in order to help Oregonians across the state more affordably access EVs.

Residential crediting at gasoline baseline (1/3)

- DEQ is proposing to create a provision where the full environmental benefit of EVs is awarded to electric utilities that offer customer-focused incentives from 2027-2031 by calculating credits against the gasoline baseline.
- Assuming EV sales follow the DEQ High scenario, this would add a bit over 1.5 million credits to the market over those five years, with more in the latter years. For context, that scenario expects over 22 million deficits to be generated over those years.

Residential crediting at gasoline baseline (2/3)

- This provision is intended to encourage utilities to offer these incentives and to help them better plan for these programs.
- This provision would be open to both utilities that offer the incentives on their own and those that are required to under the prior proposal.



Residential crediting at gasoline baseline (3/3)

- These incentives will support higher EV sales, which helps Oregonians afford these clean vehicles and gives them access to cheaper and less volatile fuel costs (e.g., the cost to drive 100 miles in Oregon on home charging is about \$4.47, versus \$9.61 for an efficient hybrid or \$19.98 for a standard gas car¹).
- As shown by the preliminary modeling results, higher EV sales will enable deeper targets to be reached by this program.

¹ [Analysis by NYT's The Upshot](#)

Questions/discussion on these proposals

Break – return in 10 min

Reporting requirements for utilities

- DEQ has drafted a [template](#) for utilities to use to report on their residential credit spending.
- Use of the template would be **encouraged but optional**.
- The goal of the template is to ensure spending requirements are being met, improve consistency in reporting, and make reporting easier for utilities.
- If utilities do not use the template, they will still be required to report with enough detail for us to judge if the spending requirements are met.

[Template Demo]

Equity considerations

- DEQ proposes to **recommend but not require** that a portion of the revenue be used for projects that support equitable access to EVs for low and moderate-income Oregonians and those living in communities with [environmental justice](#) concerns, or reduce the diesel pollution burden on these groups.
- DEQ has drafted a list of projects meeting this criteria in the [discussion paper](#) and would appreciate feedback on this proposal and list of examples.

Questions/discussion on reporting requirements and equity considerations

Advance crediting (1/2)

- Advance crediting is a provision in the Clean Fuels Program that allows entities to apply for up to six years' worth of credits up front, calculated based on estimates of miles that an electric or hydrogen vehicle will travel over that six-year period.
- As of now, DEQ's rules would only allow public entities and private entities under contract with public entities (eg, garbage haulers, school bus fleets) to apply for advance credits.
- DEQ is proposing to expand the advance crediting program to allow private entities to generate advance credits for dedicated public or private medium- and heavy-duty vehicle chargers in Oregon.

Advance crediting (2/2)

- For this proposal, we are looking for feedback on:
 - How can we efficiently review charging estimates for public or private chargers?
 - Is six years of credits meaningful for these projects?
 - How well do private fleets understand their likely charging demand ahead of adding electric vehicles? Are there existing resources that DEQ could point them to prior to them applying for advance credits?

Questions and discussion on expansion of advance crediting program

Recap of renewable electricity and carbon accounting

- In 2021, DEQ adopted the use of renewable energy certificates (RECs) to match renewable electricity generation with EV charging.
- To ensure the environmental integrity of those RECs, we required them to be certified under the Green-e standard.
- Changes in broader electricity carbon accounting have created gaps between renewable electricity in the CFP and what can be qualified for certification under Green-e's standard.
- DEQ is now considering how to verify the carbon integrity of RECs.

Renewable electricity and carbon accounting

- DEQ is proposing a hybrid approach for verifying RECs:
 - RECs from facilities that are able to obtain Green-e certification can still do so.
 - Otherwise, reporting entities can have their RECs reviewed through DEQ's Third Party Verification process with certain requirements.

Renewable electricity qualifying for Third Party Verification

- The renewable electricity generator's start date must be on or after January 1, 2016.
- The generator must be located in Oregon, a neighboring state, or a state in the Western Interconnection that has a cap on emissions from the electricity sector.
- Vintage requirements for reporting are the same as the Green-e Standard.
- The generator must be producing electricity via:
 - Solar
 - Wind
 - Geothermal
 - Biomass, biogas, or biofuels
 - Hydrogen fuel cells
 - Tidal or wave ocean energy
- The carbon attributes of the REC must be maintained, so the verifier can check to see if the underlying electricity was reported by a load serving entity in California or Washington and counted under that state's cap and invest program, or any other state's clean electricity policy through an attestation requirement.
- RECs must still be registered and retired in WREGIS or a successor system approved by DEQ.

Renewable electricity attestation

- DEQ is proposing to require an attestation to accompany the RECs used in the CFP from the eligible generator.
- The attestation must include statements that the RECs specifically:
 - Are not sourced from a resource under a power contract that conveys the resource's environmental attributes to, or supports a specified clean-energy import claim in, a California or Washington GHG compliance zone, and
 - Have not been and will not be used for compliance under another jurisdiction's program or claimed under a separate voluntary instrument or agreement.

Verification

- The Third-Party Verifier would be responsible for reviewing RECs to ensure the following:
 - Exclusive ownership of the environmental attributes associated with the renewable generation and the retirement of the REC for the specific CFP claim.
 - The vintage requirements are met for the reporting period/year.
 - That there have not been multiple emissions-related claims across compliance and voluntary programs for a given REC through transparent documentation sufficient to support independent verification.

DEQ requests feedback on the following (1/2)

- Should the attestations be submitted at the time of quarterly reporting or should we just require that they be maintained by the reporting entity?
- Should the reporting entity be required to clearly state at the time of reporting if their RECs will go through Green-e Certification, Verification, or both if they are using a mix of RECs?
- Can the existing verification bodies and verifiers take on this work?
- What areas or requirements need to be better defined?
- Does this proposal balance staff and verifier workloads by providing an incentive for additional renewable generation?

DEQ requests feedback on the following (2/2)

- Are there other protocols or standards that DEQ could reference around carbon attributes?
- Are there reasonably foreseeable updates to REC or other generation tracking systems that could take on the carbon attribute determination?
- We have had several requests to modify the requirements for dairy and swine manure to electricity projects in order to allow them to not be subject to the new date requirement that we require other generators hew to in order to only promote new and additional renewable electricity generation. Is there a compelling reason to treat these projects differently from the other eligible forms of renewable electricity?

Other topics

Margin of Safety Process

- DEQ is proposing to expand the Margin of Safety process to more clearly allow additions outside of the certification process for fuel pathway applications and AFPRs.
- The process would include a letter submission from the fuel producer that would be reviewed by DEQ.
- If DEQ and the producer agree on the additions, DEQ would then issue new fuel pathway codes for these pathways with the additional margin of safety added for any open and future reporting period.

Reporting updates

- DEQ proposes to add that deadlines may be extended due to outages of DEQ's IT systems.
 - Deadlines would be extended to a date giving registered parties sufficient time to file their reporting.
- DEQ proposes to clarify registration requirements for fuel supply equipment.
 - Electric Vehicle Supply Equipment (EVSE) must be registered using a manufacturer issued hardware serial number.
 - DEQ may allow, in special cases, to register using non-manufacturer issued serial number.

Calculator for biogas-to-electricity pathway

- DEQ proposes to develop a stand-alone Tier 1 simplified CI calculator for biogas to electricity pathways, based on the current simplified calculator for biomethane from anaerobic digestion of dairy and swine manure, and the *Determining the Carbon Intensity of Biogas to Electricity Pathways Technical Guidance Document*.
- This calculator will be posted for review by DEQ by Sept. 30, 2026.

General Public Comment

- We will now take public comment on this rulemaking

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Next Steps

- Next RAC meeting will likely be in November.
- Please submit written comments to CFP2026@deq.Oregon.gov by Friday, September 25 if they are about the modeling assumptions, and Wednesday, September 30 for all other topics. Comments received later will be read but may not be considered before the next RAC meeting.

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