State of Oregon
DEQ Department of Environmental Quality

Clean Fuels Program 2026-2027 Rulemaking

Public Comments, Rulemaking Advisory Committee (RAC) Meeting #3
Sept. 10, 2026



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September 30, 2026

Bill Peters
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Submitted electronically via CFP2026@deq.oregon.gov

RE: 3Degrees Group, Inc.'s Rule Advisory Committee Feedback to DEQ

Dear Bill Peters and CFP team,

3Degrees Group, Inc. ("3Degrees") appreciates this opportunity to provide feedback on potential revisions to the Oregon Clean Fuels Program ("CFP"). 3Degrees is a global climate and clean energy solutions provider and is a strong supporter of the Clean Fuels Program. We participate in the program as a designated reporting entity on behalf of a variety of opt-in parties and we are also an active fuel pathway developer.

The following comments are in response to the discussion papers and materials presented at the Rulemaking Advisory Committee meeting on September 10, 2026.

3Degrees' comments focus on the following key recommendations to strengthen the Clean Fuels Program:

- **REC Attestation:** 3Degrees supports the proposed generator attestation and looks forward to supporting the development of associated rule language.
- **Generator Start Date:** 3Degrees recommends that DEQ align the eligibility of biogas-to-electricity facilities with the crediting periods that already govern the same facilities when they produce renewable natural gas.
- **Biogas-to-Electricity Calculator:** 3Degrees supports DEQ's plan to develop a stand-alone Tier 1 simplified calculator for biogas-to-electricity pathways.
- **Verification Statements:** 3Degrees recommends that DEQ allow reporting entities to correct both overstatements and understatements of opt-in fuel volumes, and that materiality be assessed against the net discrepancy.

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Renewable Energy Certificates

3Degrees supports the proposed attestation from the renewable electricity generator or seller.

3Degrees thanks DEQ for considering stakeholder feedback from the June 10, 2026 Rulemaking Advisory Committee meeting and for incorporating it into the updated renewable electricity

proposal. The proposed attestation approach places accountability on the attesting party, pairs naturally with retirement records in the Western Renewable Energy Generation Information System (WREGIS), and addresses DEQ's double counting concern through conditions that a seller can confirm at the time of sale.

We look forward to seeing these concepts translated into rule language, and 3Degrees would welcome the opportunity to review draft text to ensure the attestation and verification requirements are clear and workable in practice.

3Degrees encourages DEQ to align eligibility requirements for biogas-to-electricity facilities with requirements for RNG facilities.

DEQ has requested input on reasons to treat dairy and swine manure-to-electricity projects differently from other eligible forms of renewable electricity. There are two characteristics that distinguish these facilities. First, unlike solar and wind generators, which interact with the CFP only through electricity generation, anaerobic digesters may supply the program with either electricity or biomethane, often using substantially similar infrastructure. Facilities producing biomethane are already governed through the Tier 1 simplified calculator and are not subject to a comparable start date requirement. Applying a 2016 start date only to biogas-to-electricity facilities would establish differing eligibility standards for the same technology. Second, the cessation of a digester project carries a greenhouse gas consequence that the cessation of a solar or wind project does not. When a digester ceases operation, manure management is frequently observed to revert to baseline practices such as open lagoons, increasing methane emissions. The continued operation of existing digesters is therefore integral to the CFP's greenhouse gas reduction goals.

For these reasons, 3Degrees recommends that DEQ replace the 2016 start date for biogas-to-electricity facilities with an eligibility criterion that replicates California's crediting period requirements for these facilities.[1] This approach relies on requirements that are already familiar to most program participants, allows existing facilities to continue supplying RECs to the program, and limits eligibility over time, consistent with the approach taken in a neighboring jurisdiction.

Biogas-to-Electricity Calculator

3Degrees supports development of a stand-alone Tier 1 simplified calculator for biogas-to-electricity pathways.

3Degrees supports DEQ's plan to develop a stand-alone Tier 1 simplified calculator for biogas-to-electricity pathways, based on the current simplified calculator for biomethane from anaerobic digestion of dairy and swine manure. Applicants currently must modify the biomethane calculator to apply for a biogas-to-electricity pathway, which introduces the potential for errors and inconsistent treatment across applications. A dedicated calculator for

[1] California Code of Regulations, title 17, § 95488.9(f)(3)(A)

OR-GREET 4.0 is consistent with DEQ's past practice of providing a separate biogas-to-electricity calculator under OR-GREET 3.0, and will streamline pathway development and review as more of these projects come online. We look forward to reviewing and commenting on the calculator when it is released.

Verification Rules

DEQ should allow correction of both overstatements and understatements, and assess materiality on the net discrepancy.

3Degrees appreciates DEQ's recognition that the current verification rules can produce an adverse verification statement for an understatement that the reporting entity is not permitted to correct. We agree that this outcome should be addressed. However, we are concerned that the proposed solution, which would expand the definition of a qualified positive verification statement to include understatements over 5% of reported volumes, treats the symptom rather than the cause. The underlying issue is that reporting entities are not permitted to correct understatements of opt-in fuel volumes, even when those errors are identified during verification, and even when other corrections of overstatements would balance the effect.

Under current practice, when verification identifies errors in reported opt-in fuel volumes, overstatements are corrected and the associated credits cancelled, while understatements must remain uncorrected. Where a single reporting error produces both overstatements and understatements across individual fuel supply equipment, this asymmetry results in a final report that understates the fuel actually dispensed. For example:

-Fueling Station A reported 100 MWh,

-Fueling Station B reported 0 MWh,

-During verification it was determined that these volumes were inadvertently swapped.

-Under the current rules, Fueling Station A would be corrected from 100 to 0 MWh, while Fueling Station B would not be permitted to revise from 0 to 100 MWh, resulting in 0 MWh being reported in the corrected report across both Fueling Stations A and B.

Because uncorrected errors remain, the report may also receive a qualified positive verification statement, with associated consequences such as additional site visit requirements. As a result, the reporting entity forgoes credits for fuel actually supplied *and* receives a qualified verification outcome, even when the report as a whole was substantially accurate.

We believe a more accurate and consistent approach would be to:

- Allow reporting entities to correct all errors identified during verification, whether they result in an increase or a decrease in reported volumes, with credits cancelled to the extent that corrected volumes, after accounting for all adjustments, are lower than originally reported.

- Reserve qualified positive verification statements for situations where a reporting entity was unable to conform to the regulation, rather than for errors that have been identified and fully corrected.

This approach would produce reports that are accurate, true, and complete, protect the program against over-crediting, and avoid penalizing reporting entities for errors that have been identified and fixed.

Thank you for this opportunity to submit comments. We look forward to continued participation in the development of the CFP rules.

Sincerely,

/s/ Theresa Keith

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September 30, 2026

SUBMITTED ELECTRONICALLY TO: cfp2026@deq.oregon.gov

Re: Comments in Response to the September 10, 2026, Rulemaking Advisory Committee Meeting Regarding Proposed Amendments to the Clean Fuels Program (CFP)

Thank you for the opportunity to provide comments in response to the most recent Clean Fuels Program ("CFP") Regulatory Advisory Committee ("RAC") meeting. The undersigned automakers remain committed to supporting thoughtful reforms to the CFP consistent with the direction of Governor Kotek's executive order.

1. Ensuring Relevant and Timely Transportation Electrification Projects

The modeling presented at the most recent RAC meeting underscores the critical role that vehicle electrification must play in achieving the CFP's targets, not to mention the state's broader climate goals. Research has shown that point-of-sale rebates are an effective and efficient method for accelerating the EV market. Therefore, DEQ should clearly prioritize the use of credit proceeds for EV sales incentives over other types of incentive programs—such as for home charging hardware–whose effect on EV sales is less direct.

We stand by our prior recommendation that DEQ evolve the residential charging credit allocation framework. Establishing EV manufacturers, alongside utilities, as joint priority credit generators for base credits, and priority generators for incremental credits, naturally incentivizes automakers to build and sell more EVs in the state. Coupled with our specific commitments to targeted reinvestment of credit revenue, we are confident that our proposal would have a significant impact and is the superior approach.

As the next best alternative, we express strong support for establishing robust requirements governing utility spending of credit revenue on transportation electrification projects. We generally support DEQ's proposed definition of transportation electrification although believe it's prudent to reorder the eligible investments to reflect a focus on the consumers purchasing EVs.

Additionally, any spending on electric grid support should be tied to actual charging needs and capacity. For example, DEQ could define an annual grid capacity upgrade limit per utility as part of calculating base residential charging requirements resulting from new EV registrations.

We suggest establishing guardrails on utility spending with the following definition:

For the purposes of utility residential credit revenue spending, transportation electrification projects are defined as any project that directly supports the electrification of the Oregon transportation sector. Eligible investments include:

1. Increasing the number of electric vehicles on the road through providing incentives to customers;
2. Providing and/or supporting EV charging equipment and access;
3. Supporting the capacity of the electric grid in ways that offset the new load already added by EV charging, subject to an annual cap determined by DEQ;
4. Providing incentives that encourage off-peak or managed EV charging to reduce strain on the electric grid during peak demand periods; or,
5. Engaging and educating communities about electric vehicles.

Finally, we support establishing a requirement for utilities to deploy at least 50 percent of credit revenues within one year to ensure funds are put to work rapidly.

2. Strengthening Utility Credit Revenue Spending Requirements

We support additional spending requirements on customer-focused incentives for utilities generating credits above a threshold. To maximize the impact of these incentives in support of CFP compliance and state goals, we respectfully urge DEQ to require qualifying utilities to dedicate at least 67% of net residential credit proceeds to customer-focused incentives. We also urge DEQ to require at least half of those funds be allocated to an EV purchase incentive (for example, via direct contribution to the state Zero Emission Incentive Fund or a new rebate program administered by a third party).

To guarantee a funding floor for EV purchase incentives, DEQ should direct all the additional credits earned against the gasoline baseline to the incentive fund.

3. Supporting Light-Duty Public Charging with Baseline or Advance Credits

Spurring additional investment in charging infrastructure remains crucial. Oregon's statutory bar on capacity crediting unfortunately limits the CFP's potential in this regard. However, recent RAC

meetings and DEQ proposals have explored creative alternatives. We welcome DEQ's proposal to allow medium- and heavy-duty (MHD) charging sites to apply for advance credits, currently limited only to certain fleets.

DEQ should extend this solution to other parts of the EV charging infrastructure challenge. Specifically, we strongly recommend extending advance crediting eligibility to public light-duty fast-charging (DCFC) infrastructure. We acknowledge that limited agency staff capacity is a barrier to extending advance crediting to light-duty infrastructure. However, practicable approaches to overcome this could include outsourced administrative support from the backstop aggregator or another third-party or to limit advance credit applications only to sites in designated priority areas, such as rural locations or urban communities with a high density of apartment dwellers.

Additionally, we recommend allowing public light-duty DCFC sites to earn credits relative to the gasoline baseline, as DEQ has proposed for certain qualifying utilities, on a time-limited basis. Supporting the growth of public charging as a business must be a top priority for the state if it intends to reach its EV goals. This solution can deliver meaningful financial benefits to a notoriously low-margin industry, improving the conditions for network expansion and further investment in the state.

Once again, thank you for the opportunity to comment and for considering our recommendations.

Sincerely,

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Date: September 25, 2026

CFP RAC #3 Public Comments

We fully support the Transportation Electrification (TE) definition as the general guideline for how CFP funds should be spent. We feel that CFP can help move the market, but with the understanding that other market or outside factors will have a much larger impact on consumers and what they choose to drive. We affirm that the dollars received through the program are spent in a way to benefit our membership under the guidance of our member customers.

However, regarding the list of examples that have followed the TE definition, we would recommend that the list have some additional language stating they are suggestions and not limitations. We also recommend amending the last bullet point about consulting DEQ to state that for any uncertainty a utility may consult with DEQ, but is not required to do so.

We would also appreciate some additional clarification about the timing of the penalty of not spending the credits on TE. We would like to see some timeframe to allow for a utility to get back into compliance rather than a wholesale reassignment of the credits to a backstop aggregator. As an example, if a program within the utility spending is deemed non-compliant then the utility would have the next calendar year to make up the spending in additional TE that following year. This would allow for utilities to make course corrections rather than the threat of everything pulled away after putting up the cost of standing up programs and paying staff to manage them.

We would recommend setting the revenue requirement at $1,000,000 for two consecutive years to target those utilities with more staff and budget. For those meeting the two consecutive year threshold the spend of at least 50% seems adequate on customer-focused incentives. (A quick note here, “consumer” refers to someone who consumes a particular product. Does consumer mean refer to a consumer of electricity from the utility, or a consumer of the person purchasing the EV or EV charger? A “customer” seems to refer more to a customer of the utility. I would hope that we would want to use the term “customer” here to try and benefit our entire membership with TE in mind rather than the narrower focus of someone who just made a purchase.)

Additionally, we would recommend allowing further expansion of the customer-focused incentive to allow for transformer and wire upgrades affecting homes and businesses that have purchased an EV. This can have a large additional cost to the owner that they weren’t expecting, and the 50% contribution should be allowed to meet that need. We’re not proposing to extend this exception to substation or feeder upgrades, simply to infrastructure directly impacting the EV owners.

We also recommend allowing all EV charging types be allowed to be part of that customer-focused spending limit otherwise we are having to split up how our programs allocate funding which

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increases the administrative burden. Businesses or entities should not be penalized as not being part of the customer-focused budget even though they are contributing to TE.

With the 50% spending percentage there are a coupe of issues that need to be addressed from a budgeting perspective. The two issues are ensuring that we meet the 50% spend in the following year is highly dependent on volume of EVs and the amount of funding that following year in conjunction with planned projects. Sometimes projects and EV/EV charger volume vary and spending can increase and decrease from year to year. For example, with CEC there have been times when our program ran a deficit in one year to hopefully be made whole again the next year, which thankfully we have been. Additionally, due to the large cost of EVSEs and their corresponding infrastructure if we have a project planned and budgeted, but funding doesn't come through as anticipated then we could risk not hitting the 50% of customer-focused spending. We recommend a couple of different ideas. We would initially recommend that the 50% spend would be on a rolling average rather than a given single year. That way spending can increase or decrease depending on adapting to market conditions both for EVs and the CFP credit market. We also recommend that there is a mechanism in which if a utility is unable to meet the 50% customer-focused spending requirement that they can submit in writing a waiver of the rule if justified adequately to DEQ. This gives DEQ the discretion to adjust that requirement if there is a good reason, if the reason helps improve TE for the local community.

Sincerely,

Thomas Elzinga, Energy Services Manager
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Clean Fuels
ALLIANCE AMERICA

October 6, 2026

Bill Peters, Oregon Clean Fuels Program Lead

Re: Comments on the CFP 2026 Rulemaking Meeting #3

Submitted electronically: CFP2026@deq.Oregon.gov

To Whom it may Concern,

The Clean Fuels Alliance America (Clean Fuels) appreciates the opportunity to provide written comments on the CFP 2026 Rulemaking Advisory Committee Meeting #3 items. Clean Fuels is the U.S. trade association representing the entire supply chain for biodiesel, renewable diesel, and sustainable aviation fuel. Our membership includes over 100 farmers, producers, marketers, distributors, and technology providers, and many are members of environmental organizations supportive of state and local initiatives to achieve a sustainable energy future.

Clean Fuels appreciates the opportunity to provide written comments at this time. As prompted by DEQ, Clean Fuels has the following comments:

What should we weigh most heavily in proposing standards? Clean Fuels supports the following, in priority order:

1 - Greenhouse Gas Reductions
2 - Health benefits to local communities from reduced tailpipe emissions
3 - Achieving short-term emissions reductions from the existing fleet through greater use of biofuels
4 - Investments in fueling infrastructure
5 - Commercializing fuels and vehicles that will be needed for deep decarbonization

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?

- The assumption that 95% waste feedstocks for RD seems high. California LCFS data for 2025 show canola and soy upwards of 30%. Even when the cap on credit generation is implemented in 2028, I assume soy/canola feedstocks to exceed 20%. Given the shortage of credits between now and 2035 in all scenarios, you will need to anticipate higher volumes of crop-based biofuels in addition to electricity and waste-based fuels.

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- The assumption that 75% of liquid diesel is renewable diesel by 2040 seems to be conservative. Oregon CFP data shows that 30% has already been exceeded and California LCFS data shows that 70% has been exceeded.
- Has the feedstock data been published? To my knowledge, the feedstock data has not included in any of the quarterly reports but the compliance scenarios references it. Where can that information be found?
- The "Delayed ACC2 & ACT" scenario seems ambitious given that: 1) it is predicated on a change of administration at the federal level; 2) it will take several years for waived regulations to be restored at the state level; and 3) it will take several years after that for states to implement new ZEV regulations and any financial incentives such as rebates and grants. A more realistic scenario should delay the impact of a restored ACC2 and ACT beyond 2040.
- It is unclear whether the modeling can be updated periodically to account for the US Renewable Fuel Standard.

Given all of the questions above, Clean Fuels does not believe that the 2035 target, let alone the 2040 target, can be met without further changes to the CFP, The following are some examples of updates to the CFP that can be done to address the shortage of credits to meet the annual targets:

1) allow for explicit credit generation from clean fuels used in exempt uses without also generating deficits for a blended finished fuel;
2) update the ILUC values in Table 10 to be consistent with Argonne GREET for all feedstocks, following the precedent set for corn-based fuels; and
3) allow for regenerative agriculture credits to be generated.

Thank you again for the opportunity to submit written comments at this time. Please feel free to contact me at cwind@cleanfuels.org if you have any questions.

Sincerely,

Cory-Ann Wind

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September 30, 2026
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RE: Comments for Clean Fuels Program 2026 Rulemaking – Feedback on Other Topics from September 2026 RAC Meeting

We appreciate DEQ's proposals to strengthen the Clean Fuels Program and improve how electricity-credit revenue supports transportation electrification.

The preliminary modeling confirms that deeper CFP targets depend heavily on increased vehicle electrification. With federal vehicle policies and incentives becoming less reliable, Oregon must use its existing programs strategically to help consumers, communities, and fleets make the transition.

We offer the following summary of recommendations on DEQ's electricity and program-design proposals.

- ➔ **Establish sufficiently strong carbon-intensity standards.** Treat a 50% reduction by 2040 as a minimum and set a trajectory that continues driving investment in electrification and sustainable low-carbon fuels while maintaining a functional credit market.
- ➔ **Accurately recognize and reinvest the value of transportation electrification.** Update the light-duty Energy Economy Ratio from 3.4 to 4.6 and adopt temporary gasoline-baseline crediting from 2027 through 2031 for utilities that make meaningful customer-focused investments. Evaluate the policy's outcomes before extending it.
- ➔ **Direct residential-credit revenue toward additional and equitable transportation electrification.** Require all residential-credit revenue to support transportation electrification and require larger credit generators to devote at least 50% to direct customer incentives. Eligible investments should address the barriers customers actually face, including used EVs, charging access, panel upgrades, multifamily housing, rural communities, and small businesses.
- ➔ **Create measurable equity, enforcement, and accountability requirements.** Establish a minimum expectation for benefits to low- and moderate-income households, renters, rural communities, and pollution-burdened communities. Use a clear utility threshold, require standardized reporting, and enforce spending requirements while allowing utilities a reasonable opportunity to correct violations.
- ➔ **Expand advance crediting for medium- and heavy-duty charging.** Allow private entities to receive advance credits for public and private MHD charging infrastructure,

using credible utilization estimates, accessible application tools, and reporting and repayment safeguards.

- ➔ **Protect the environmental integrity of CFP credits.** Prevent double counting of renewable-electricity attributes, maintain rigorous lifecycle accounting, and distinguish statewide carbon reductions from local tailpipe-pollution benefits. Alternative verification pathways should provide protections equivalent to Green-e certification without imposing unnecessary administrative costs.
- ➔ **Apply particular scrutiny to Carbon Capture and Storage, and biogas pathways.** Do not treat CO_2-enhanced oil recovery as equivalent to dedicated geologic storage without a transparent demonstration of durable net lifecycle reductions. Ensure that a simplified biogas-to-electricity calculator uses conservative assumptions and does not reward legacy projects without additional emissions reductions.
- ➔ **Maintain transparent and proportionate verification processes.** Allow reasonable treatment of reporting errors that do not provide a compliance advantage, while requiring clear criteria, public documentation, and periodic review for margin-of-safety adjustments and other pathway changes.

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Taking a step back in this period of uncertainty and opportunity

Before turning to the individual proposals, it is worth recognizing the unusual moment in which this rulemaking is taking place. Global petroleum markets are experiencing significant disruption, while transportation technologies are changing rapidly. In early September, regular gasoline averaged $4.07 nationally and $5.21 on the West Coast, while U.S. distillate inventories were 14% below their five-year average amid refinery disruptions in Russia, China, and the Middle East. Locally, as of late September 2026, Oregon average diesel prices are approaching $7 a gallon, which has a direct impact on the cost to move all goods throughout the economy.[1]

At the same time, global transportation electrification continues to advance. Nearly 55% of new cars and one in four new trucks sold in China in 2025 were electric. The International Energy Agency estimates that China's existing EV fleet displaced approximately 1.5 million barrels of oil demand per day in 2025—over 15% of the road-fuel demand that would otherwise have occurred.[2] Although adoption has been slower in the United States, China's rapid adoption shows the benefits of building out a diverse transportation energy system.

These trends and disruptions reinforce the value of Oregon's Clean Fuels Program. No long-range model will perfectly predict fuel markets, technology costs, or consumer choices. The program's strength is that it does not depend on one exact forecast or mandate a single solution. It creates a durable, market-based signal that rewards lower-carbon transportation options and lets technologies and fuels compete on performance.

Energy security is also relevant for Oregon. The state produces no crude oil and therefore remains exposed to petroleum prices and supply decisions made elsewhere. Increasing transportation electrification reduces that exposure by replacing imported petroleum with locally supplied electricity.[3] Supporting sustainable alternative fuels can also broaden the supply available to the vehicles that will continue using liquid fuels.

Fuel diversity cannot guarantee lower or more stable prices, and these benefits should not be overstated. It can, however, reduce reliance on a single globally traded energy commodity and give Oregon more options when petroleum supplies are disrupted. In this period of uncertainty and opportunity, the strongest economic case for Oregon therefore is leaning into a flexible, credible, and sufficiently strong Clean Fuels Program that helps Oregon move toward cleaner and more resilient transportation.

Support updating the Energy Economy Ratio

We support updating the light-duty EER from 3.4 to 4.6, provided DEQ publishes the underlying methodology and regularly updates the value using current Oregon fleet data.

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[1] https://gasprices.aaa.com/?state=OR
[2] https://www.iea.org/reports/global-ev-outlook-2026/trends-in-electric-cars.
[3] Why the Northwest's oil dependence keeps fuel prices high | Climate Solutions

The current EER is based on information developed before 2016 and understates the efficiency advantage of electric drivetrains. Updating it is not bonus crediting; it is an accounting correction that more accurately reflects the gasoline EVs displace.

DEQ should also explain how it accounts for the electric and gasoline operation of plug-in hybrid vehicles and should establish a predictable process for future updates.

Support baseline gasoline carbon intensity crediting with guardrails

We support temporary baseline gasoline carbon intensity crediting for utilities that invest residential-credit revenue in meaningful customer incentives.

Calculating residential electricity credits against the baseline gasoline carbon intensity can preserve more of the value of gasoline displacement and provide resources needed to sustain EV adoption. This is particularly important as federal support recedes and the annual CFP standard becomes more stringent.

DEQ should pair baseline gasoline carbon intensity crediting with:

- Clear standards for qualifying customer programs.
- Measurable vehicle-adoption or charging-access outcomes.
- Transparent reporting of how the additional revenue is used.
- Periodic review to determine whether the policy is producing additional electrification.
- A defined end date or reconsideration point.
- Sufficient overall CFP stringency to avoid creating an excessive credit bank.

The objective should be a reinforcing cycle in which EV charging generates resources that help more Oregonians adopt electric transportation. We support DEQ's proposed 2027–2031 eligibility period and tying access to a commitment to spend at least half of base-credit revenue on qualifying customer-focused incentives. Before extending the policy beyond 2031, DEQ should evaluate whether the additional credit value increased investment, vehicle adoption, or charging access and whether it created an excessive credit bank. Any extension should be based on demonstrated outcomes rather than continued automatically.

Dedicate residential-credit revenue to transportation electrification

We support requiring all residential CFP credit revenue to be spent on transportation electrification.

These credits exist because Oregonians purchase and charge electric vehicles. They should reinvest their value to reduce the barriers that prevent more households and businesses from making the same transition.

Utilities should retain reasonable flexibility, but eligible spending should clearly connect to additional transportation electrification. CFP revenue should not substitute for ordinary utility investments that would otherwise be recovered through rates.

Define customer-focused investments broadly

Customer-focused programs should include more than incentives for new vehicles, but incentives, in alignment with EO 25-29, are one of the most important policy levers in this rulemaking and in reaching long-term CI targets. Careful definitions should allow utilities to make additional investments that clearly support transportation electrification. Depending on local needs, qualifying investments should include:

- New and used EV purchase incentives.
- Level 2 charging equipment.
- Customer-side electrical and panel upgrades.
- Multifamily and rental-property charging.
- Rural and community charging.
- Affordable financing or point-of-sale assistance.
- Programs serving small businesses and community-based fleets.

For many households, access to charging, financing, or an affordable used vehicle is a greater barrier than the price of a new EV. The rules should allow utilities to address the barriers their customers actually face.

Establish clear enforcement for residential-credit spending

We support DEQ's proposal to transfer a utility's future residential credits to the backstop aggregator when the utility uses credit revenue for activities that do not meet the transportation-electrification definition. A spending requirement must be enforceable to ensure that credit value produces its intended public benefit.

Before transferring credits, DEQ should notify the utility of the violation and give it a reasonable opportunity to correct the spending or redirect an equivalent amount toward eligible investments. Repeated or uncorrected violations should result in reassignment of future credits until the utility demonstrates compliance.

Establish meaningful equity requirements

DEQ currently recommends that utilities dedicate a portion of their revenue to low- and moderate-income Oregonians and communities with environmental-justice concerns. We recommend making that expectation measurable, not purely voluntary.

The rules should establish a minimum equity requirement while allowing flexibility in how different utilities meet it. Priority populations should include:

- Low- and moderate-income households.
- Renters and residents of multifamily housing.
- Rural and geographically underserved communities.
- Communities disproportionately burdened by transportation pollution.
- Households that cannot readily install home charging.

Without an equity requirement, the utilities and customer groups with the highest existing EV adoption will generate the most revenue and may receive the greatest continuing benefit. The program should instead use part of that value to expand access.

Require meaningful customer-focused investment using a clear threshold

We support requiring larger residential-credit generators to devote at least 50% of their credit revenue to direct customer-focused incentives. This requirement would ensure that a meaningful share of CFP value helps households, small businesses, nonprofit organizations, and other customers overcome the upfront barriers to transportation electrification.

For determining which utilities are subject to the requirement, we generally favor a credit-based threshold over the proposed threshold of $500,000 in revenue for two consecutive years. A credit-based threshold would be more predictable and could not be affected by the timing of credit sales or changes in market prices. DEQ could use a two- or three-year rolling average to reduce annual volatility and provide planning certainty.

Smaller utilities should receive simplified requirements where administrative costs would otherwise consume a disproportionate share of available revenue. DEQ should periodically review the threshold to ensure that it captures utilities generating substantial credit value without imposing unreasonable requirements on very small programs.

Require standardized utility reporting

We support a standardized reporting template that lets DEQ and the public understand how utilities use residential-credit value. The template should be required for utilities subject to transportation-electrification or customer-incentive spending requirements, not merely encouraged. A common format will improve comparability, reduce ambiguity, and make compliance easier to evaluate.

Reports should disclose:

- Credits generated and sold.
- Average credit-sale prices and total revenue.
- Administrative and overhead expenses.
- Unspent and carried-forward balances.
- Expenditures by program type.
- Geographic and demographic distribution of benefits.
- Vehicles, chargers, or other measurable outcomes supported.

Consistent reporting will help DEQ identify successful programs, prevent excessive administrative spending, and demonstrate that credit proceeds are producing tangible public benefits. Smaller utilities should be allowed to use a simplified version of the template where appropriate.

Protect renewable-electricity integrity

We support DEQ's proposed hybrid approach allowing renewable-energy certificates to use either Green-e certification or an equivalent third-party verification pathway. Any alternative must provide comparable protections for ownership, retirement, geographic eligibility, additionality, and carbon-attribute claims. If possible, DEQ should leave flexibility in this approach to allow REC credit generation from emerging clean energy technologies; for example, intra-irrigation-canal hydropower generation technologies are evolving quickly and may soon add clean energy to our grid.

Preserve rigorous lifecycle accounting

The CFP should remain open to multiple low-carbon pathways, but technology neutrality should not prevent DEQ from considering feedstock availability, indirect emissions, scalability, additionality, or local pollution.

A fuel's eligibility should not automatically establish that unlimited future growth is environmentally or economically desirable. DEQ should continue updating lifecycle assumptions as fuel production, feedstocks, and markets change.

Use proportionate verification treatment for underreported opt-in fuels

We generally support DEQ's proposal to allow a qualified positive verification statement when an entity understates credit-generating opt-in fuels or exempt-use transactions by more than 5% but cannot correct the report after the deadline. Understating eligible electricity or renewable natural gas generally reduces the credits the reporting entity receives and does not present the same program-integrity risk as overstating credits or understating deficits.

The revised rule should clearly distinguish errors that disadvantage the reporting entity from errors that could reduce its compliance obligation or otherwise benefit it. A qualified positive statement should remain available only where the error does not result in excess credits, understated deficits, or another material compliance advantage. DEQ should also track repeated errors and retain authority to require corrective action when a reporting entity demonstrates persistent reporting problems.

Prioritize health benefits in pollution-burdened communities

DEQ should distinguish statewide lifecycle GHG reductions from reductions in local tailpipe pollution.

Electrification directly eliminates tailpipe emissions, while combustion-based fuels may reduce lifecycle carbon emissions without eliminating NOx, particulate matter, or toxic pollution. These differences matter in communities located near freight corridors, ports, warehouses, schools, and other concentrated sources of diesel exhaust.

Program investments and target-setting should give meaningful weight to reductions that improve health in the communities experiencing the greatest pollution burdens.

Expand advance crediting for medium- and heavy-duty charging, and explore light-duty public charging crediting

We support DEQ's proposal to allow private entities to receive advance credits for dedicated public or private medium- and heavy-duty chargers installed in Oregon. MHD charging projects often require substantial investment before vehicle deployment and charger utilization reach their mature levels. Allowing projects to bring forward a portion of their anticipated credit value can help address this timing barrier and accelerate infrastructure deployment.

As part of this advanced crediting, DEQ should explore whether it could accelerate the installation of light-duty public chargers. To avoid managing thousands of advanced crediting applicants, DEQ may consider opening advanced crediting to public chargers with a certain number of charging ports to spur further development of public light-duty charging.

DEQ should determine advance credits using documented public use or fleet deployment schedules, charger capacity, expected duty cycles, and conservative utilization assumptions that account for a reasonable ramp-up period. Applicants should report actual electricity use during the repayment period, with appropriate adjustments or repayment requirements if equipment is removed, transferred out of Oregon, or materially underused.

DEQ should also provide applicants with a straightforward estimation tool and technical assistance. Smaller fleets may have less experience forecasting charging demand but face some of the greatest barriers to infrastructure investment. The application process should protect program integrity without limiting participation to the largest and best-resourced fleets.

DEQ should evaluate whether six years of advance credits provide meaningful support relative to project costs and consider allowing a longer period where justified for particularly capital-intensive projects. Advance crediting should change the timing of anticipated credits, not increase the total credits generated over the equipment's eligible operation.

Establish sufficiently strong standards for CI

We support treating a 50% reduction by 2040 as a minimum rather than a ceiling.

Strong standards are necessary to create sustained demand for transportation electrification and genuinely sustainable low-carbon fuels. Weak targets can allow the lowest-cost credit

source to crowd out other investments, while a sufficiently strong standard can support both electrification and lower-carbon fuels for the remaining combustion fleet.

Setting a strong standard and identifying the compliance pathways sets clear market signals. Setting a strong CI target now and identifying additional compliance pathways, including increasing the requirement that utility CFP revenues be invested in EV incentive programs above the currently contemplated 50% applied only to the two largest investor-owned utilities.

Likewise, as mentioned in comments regarding modeling, a fuel's real-world CI values may deviate from projections over time. In particular, renewable diesel (RD) and its projected versus real CI impacts remain a concern for us.[4] As our modeling comments reflected, this is why evaluation and updates to ensure expected CI fuel characteristics match are important. We raise this point to underscore the value of a strong CI target and to identify backup compliance pathways that can help us meet goals if we fall behind. We continue to believe electrification is a critical pathway to accelerate should we start to fall behind on our compliance pathways. DEQ should set a trajectory that maintains a functional credit market, responds appropriately to compliance issues, and continues driving real emissions reductions.

Carbon Capture and Storage Concerns

While the signed organizations do not think carbon capture and storage (CCS) should be a major pathway of the clean fuels program, we recognize the need for a durable replacement if EPA-approved monitoring, reporting, and verification plans are no longer available for carbon capture and storage projects. Any alternative must provide protections at least as rigorous as the existing federal framework, including independent verification, transparent monitoring data, long-term leakage detection, enforceable permanence requirements, and clear responsibility for leakage or reversals.

We are particularly concerned about treating compliance with ISO 27916 as sufficient evidence of a climate benefit from CO_2-enhanced oil recovery (EOR). The standard may help quantify the CO_2 stored during an EOR operation, but storage accounting alone does not establish the project's net lifecycle emissions. EOR uses compressed CO_2 to recover additional petroleum from an oil reservoir. Although some of the injected CO_2 may remain underground, the recovered oil is subsequently refined and burned, generating additional emissions.[5]

The Clean Fuels Program should therefore not treat EOR as equivalent to dedicated geologic storage. Any pathway involving EOR should be required to account for emissions from CO_2 capture, transportation, injection, and recycling; operational energy use and leakage; and the production, refining, and combustion of the additional oil. It should also use conservative assumptions about whether that oil displaces production elsewhere. Before awarding CFP value, DEQ should require a transparent demonstration that the entire pathway produces

[4] Setting a lipids fuel cap under the California Low Carbon Fuel Standard - International Council on Clean Transportation
[5] Can CO2-EOR really provide carbon-negative oil? – Analysis - IEA?

durable net emissions reductions and should prioritize standards designed for dedicated geologic storage over protocols designed around additional oil recovery.

Biogas-to-Electricity Components of this rulemaking

We do not oppose development of a standardized biogas-to-electricity calculator, but simplification must not weaken lifecycle integrity. The calculator should use conservative, scientifically supported assumptions for avoided methane, require site-specific accounting of methane leakage and energy consumption where material, and prevent overlapping claims across CFP credits, renewable-energy certificates, and other programs. DEQ should release the calculator, underlying assumptions, and example calculations for review before incorporating it into the rules.

As with CCS before, we do not see biogas as an essential pathway in the clean fuels program to meet a more stringent carbon intensity target, but it can provide more market liquidity and increase compliance options, both of which are important. As with the past rulemaking, we do not support a categorical exemption that would allow existing dairy- and swine-manure electricity projects to bypass the 2016 commercial-operation-date requirement. That requirement helps ensure CFP credit value supports new or additional renewable generation rather than rewarding projects already operating. Allowing legacy projects to qualify could create additional credits without producing additional electricity or methane reductions, dilute investment in new clean-energy resources, and invite similar exemptions for other existing generators. Any exception should require a project-specific demonstration of additional emissions reductions and protections against double counting—not simply qualification based on the project's feedstock or technology.

Maintain transparency in the margin-of-safety process

We understand the value of allowing fuel producers to request an additional carbon-intensity margin of safety when new information shows that an existing pathway may understate emissions. We support a process that lets DEQ address those concerns promptly without waiting for a full pathway recertification.

DEQ should establish clear and consistently applied criteria for these requests, document the technical basis for approved adjustments, and make decisions available to the public. Additional margins of safety should apply prospectively and should be reviewed when the pathway is recertified or when material new information becomes available. The letter process should not become a substitute for full pathway review when the underlying production process, feedstock, or lifecycle methodology has materially changed.

Conclusion

The Clean Fuels Program has become one of Oregon's most important tools for reducing transportation emissions and investing in cleaner technologies. The current rulemaking provides

an opportunity to strengthen that tool while making its benefits more transparent, equitable, and directly connected to additional transportation electrification.

Thank you for considering these comments.

Sincerely,

Brett Morgan, Transportation Policy Director
Climate Solutions

Stu Green, Program Manager
Forth

Kristopher Fortin Grijalva, Senior Transportation and Thriving Communities Director
Oregon Environmental Council

September 25, 2026
Attn: Clean Fuels Program Rulemaking Team
cfp2026@deq.oregon.gov

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

RE: Comments for Clean Fuels Program 2026 Rulemaking – Modeling Assumption Feedback

Dear Members of the Rulemaking Team and Advisory Committee:

We appreciate DEQ's work with UC Davis to develop transparent, Oregon-specific compliance scenarios. We also appreciate DEQ's recognition that these scenarios are planning tools—not predictions—and that the preliminary assumptions remain open to refinement. The results reinforce that Oregon will need both substantially greater transportation electrification and sustainable low-carbon fuels to achieve deeper reductions. Before finalizing the modeling, we encourage DEQ to address the following recommendations within the existing modeling framework.

Summary of recommendations

We ask DEQ to use the final modeling to set Clean Fuels Program targets that accelerate transportation electrification, sustain a workable credit market, and deliver lasting emissions and public health benefits. In particular, DEQ should:

- ➔ Add an intermediate or middle electrification scenario between the widely separated preliminary outcomes, and show the separate effects of light-duty and medium- and heavy-duty adoption.
- ➔ Test flat and declining diesel demand cases alongside projected growth (potentially linked to sustained increased diesel prices), and identify which assumptions most affect annual credit balances and the cumulative credit bank.
- ➔ Update renewable diesel assumptions to reflect future feedstock mix changes and supply constraints. Test how carbon intensity estimates and credit generation change with the feedstock mix and indirect land use assumptions, and clarify the petroleum diesel carbon intensity used.
- ➔ Show the separate effect of the updated electricity Energy Economy Ratio and model the proposed residential baseline credits, including their effects on credit supply and target feasibility.
- ➔ Test alternative target pathways and illustrate how stronger electrification investments could help close projected gaps.
- ➔ Clarify the historical data and petroleum price assumptions used so decision-makers can judge which findings hold across plausible futures.

Detailed Sections:

Set targets that accelerate electrification and reduce pollution..... 2
Add a bridging electrification scenario and separate LD and MHD effects..... 2
Explain how sustained petroleum-price changes enter the forecasts..... 3
Test flat and declining diesel-demand forecasts..... 3
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Test indirect land use effects on renewable diesel carbon intensity..... 5
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Set targets that accelerate electrification and reduce pollution

Target-setting should maximize lasting greenhouse-gas reductions while building the market for the technologies and fuels needed to achieve deep decarbonization. It should also give substantial weight to reducing harmful tailpipe pollution and improving public health in overburdened communities. If multiple technologies or fuels have comparable carbon intensities, targets should prioritize those that more significantly reduce air toxics.

The modeling makes clear that transportation electrification is central to achieving these outcomes over the short, medium, and long term. Electrification reduces total energy demand, can approach zero carbon intensity, eliminates tailpipe pollution, and enables deeper reductions than lower-carbon combustion fuels can achieve alone. Strong targets must accelerate electrification while continuing to support sustainable low-carbon fuels for the existing fleet and harder-to-electrify uses.

Near-term reductions from biofuels remain valuable, but they should complement—not substitute for—the long-term transition away from combustion.

Add an intermediate or middle electrification scenario and separate LD and MHD effects

Regarding the compliance scenarios, the difference between the DEQ High scenario and the ACC II/ACT delayed-compliance scenario is substantial. We agree with the feedback made during the RAC meeting by Rivian and others that DEQ should add a scenario, or targeted sensitivity, between those outcomes.

We are not asking DEQ to designate a single “most likely” forecast. An intermediate or middle scenario would provide another plausible planning case and help ensure that target-setting is not based on widely separated electrification outcomes.

DEQ should also show how much of the difference among the scenarios comes from light-duty electrification versus medium- and heavy-duty electrification. The preliminary results appear particularly sensitive to MHD adoption, but DEQ acknowledges that non-bus MHD charging data remain limited.

Explain how sustained petroleum price changes enter the forecasts

As raised during the RAC meeting, short-term fossil fuel price spikes are difficult to translate into defensible long-term assumptions. At the same time, sustained price and supply disruptions can affect vehicle choices, fuel demand, and the relative economic value of electrification. This seems more than likely to continue into 2027.

We understand that FPSM does not model retail fuel prices, credit prices, or market responses, and we are not asking DEQ to add a new price modeling component. We ask DEQ to explain:

- What petroleum price data and cutoff date were used.
- How fuel costs affect vehicle purchase and fleet transition assumptions within the Transportation Transitions Model (TTM).
- When a sustained price disruption becomes part of the model's longer-term assumptions rather than a temporary anomaly.
- Which price and supply risks are evaluated through the annual Fuel Supply Forecast instead.

Persistent petroleum price volatility can affect vehicle choices, fuel demand, and the economic value of electrification even if short-term price spikes should not control long-term policy.

Test flat and declining diesel demand forecasts

In its presentation, UC Davis identifies an important discrepancy in this current round of modeling: recent Oregon diesel consumption appears flat or declining, while TTM and EIA project modest growth through the mid- or late-2030s.

DEQ should explain what drives the projected growth, including assumptions about freight activity, VMT, vehicle efficiency, economic growth, and/or an explanation of when projected and actual data trendlines have realigned. DEQ should then test three basic cases if possible:

- Modest diesel demand growth.
- Approximately flat diesel demand.
- Gradually declining diesel demand.

Diesel demand strongly affects the amount of renewable diesel needed and the overall balance between credits and deficits. These sensitivities would show whether the results are being driven by clean fuel availability or by an uncertain forecast of future diesel consumption.

Identify the major assumptions that drive credit balances

In presenting the final scenarios, DEQ should identify which assumptions have the greatest effect on the annual credit balance and cumulative credit bank.

A short comparison table showing what changes—and what remains constant—across each scenario would make the results substantially easier to understand. It would also help the Environmental Quality Commission distinguish conclusions that remain consistent across scenarios from conclusions that depend on a narrow set of assumptions.

Model changing renewable diesel feedstocks and future supply limits

The preliminary modeling assumes that renewable diesel reaches 75% of Oregon's liquid diesel pool by 2040 while largely maintaining the current feedstock mix, in which more than 95% of feedstocks are wastes and residues. The model should not assume that the renewable diesel CI is static, as growing demand drives expanding production, which requires greater use of higher-CI feedstocks. DEQ should show how the changing marginal feedstock mix affects average renewable diesel CI and credit generation.

While the UC Davis model recognizes that this mix will be difficult to maintain as volumes grow, and the modelers plan to increase the share of crop oils in the next modeling round, there is data available today that supports the assumption that current feedstock mix levels will shift significantly in the coming years and thus should be taken into account immediately to accurately quantify the carbon intensity of renewable diesel. One major driver of future feedstock mix levels is the Portland Renewable Fuel Standard (RFS), which regulates the volume of low-carbon biofuels sold in Portland. The RFS aims to shift to 99% renewable fuels sold in Portland by 2030, with a current requirement in place that requires 50% of diesel sold to be renewable diesel.[1]

As this renewable diesel requirement in Portland ramps up, it will continue to drive demand, requiring suppliers to provide significantly higher volumes. As the demand for renewable diesel is driven by the Portland RFS, this CFP, and a general push from companies to meet internal sustainability goals, Oregon will have to turn to new refiners and suppliers. A 2025 report found that new renewable diesel refineries in Oregon will overwhelmingly use higher-carbon, purpose-grown feedstock.[2] Accordingly, DEQ's renewable diesel modeling assumptions should be adjusted to account for the forecasted shift in feedstock mix.

DEQ should also:

- Analyze co-benefits from alternative fuels such as RD in terms of air quality and public health impacts.

[1] https://www.opis.com/blog/portland-renewable-fuel-blend-mandate/
[2] https://www.columbiariverkeeper.org/wp-content/uploads/2025/10/NXT-Renewable-Diesel-Report_Oct-2025.pdf

- Adjust average renewable diesel CI annually as the feedstock mix changes, and make updates to the modeling inputs in future years.
- Test a more constrained renewable diesel supply case.
- Explain how competing demand from other states, existing and projected renewable fuel requirements, and other sectors affects the amount reasonably available to Oregon.

These changes matter because the preliminary scenarios rely heavily on renewable diesel. Assuming both very large volumes and today's favorable feedstock mix could overstate the future supply of low-CI credits.

Test indirect land use effects on renewable diesel carbon intensity

DEQ should also ensure that the model is not underestimating the CI of renewable diesel at baseline, independent of modeling of future feedmix changes. One of the most significant and often underestimated factors that influences the carbon intensity of a fuel is the indirect land use change (ILUC) associated with renewable diesel production. If feedstocks are diverted from their traditional consumer to the production of renewable diesel, the original demand for the feedstock is then passed onto another producer. If land is subsequently converted to produce crops to satisfy the needs of the original consumer, whether that is in Oregon or elsewhere, the carbon emissions associated with that indirect land use change must be included in the lifecycle analysis of a renewable fuel in order to sufficiently estimate its carbon intensity.

The model used by DEQ, GREET, uses the Global Trade Analysis Project BIO (GTAP-BIO) to produce ILUC estimates.[3] Experts have criticised the GTAP model because in its analysis of possible land use change, it does not include forest and pasture land that is not in current economic use.[4] This can cause an artificial lowering of the carbon intensity of renewable diesel. DEQ should explore how its carbon intensity estimations, and therefore credits, would shift if ILUC was calculated taking into account these non-commercial farm and pasture lands.

Clarify Petroleum Diesel Carbon Intensity

DEQ should also identify the petroleum diesel CI used in the model and explain whether it is a fixed regulatory value or an input intended to represent the fuel actually supplied to Oregon. If it is fixed by the program's current accounting rules, DEQ should explain that limitation. If credible Oregon-specific values vary enough to affect the results, DEQ should consider a bounded sensitivity.

Show the separate effects of the EER update and residential baseline credits

[3] https://influencemap.org/site//data/000/023/Appendix_document_pdf.pdf
[4] Dr. Richard Plevin speaking before the Portland City Council on 02/27/25 https://www.youtube.com/live/2jOEkmyg_28?si=qjitVak764CI3qiX

We support including the updated light-duty Energy Economy Ratio in the preliminary modeling. DEQ should separately show the effect of the EER update so stakeholders can distinguish an updated efficiency calculation from changes in EV adoption.

The next modeling round should also include the proposed residential baseline-crediting policy, which was omitted from the preliminary results because of time. DEQ should show its effect on:

- Annual electricity credit generation.
- The cumulative credit bank.
- Renewable diesel demand.
- The timing and size of projected credit shortfalls.
- The feasibility of alternative target trajectories.
- Effect on the feasibility and stringency of long-term CI targets.

DEQ should first model the direct credit accounting effect of baseline crediting. Any assumed effect on EV adoption should be presented separately and transparently as an illustrative fleet scenario rather than as an outcome predicted by FPSM.

Test target pathways and additional electrification investments

The preliminary analysis maintains the existing 37% CI target in 2035, switching to an assumed 50% CI Target in 2040. We ask DEQ to include additional modeling demonstrating how additional electrification investments can move us closer to the 2040 goals. For example, a DEQ can model how the proposal to direct a larger portion of utility CFP revenues to incentive programs will increase ZEV deployment and impact targets and goals outlined in EO25-29.

This modeling process should demonstrate how Oregon can maintain a workable credit market across multiple plausible futures. Even if additional actions are not taken in this rulemaking, the models should provide DEQ and lawmakers with simple and tested tools for future analysis on accelerating the positive impacts of the Clean Fuels Program if progress is stalling.

Identify verified and preliminary 2025 data

DEQ's presentation indicates that the model was calibrated using 2024 CFP data because 2025 data were still undergoing verification. Portions of the UC Davis presentation refer to 2023–2025 calibration and show 2025 as the most recent historical year.

DEQ should clarify which 2025 inputs are verified data, preliminary reported data, or model estimates. If the rulemaking timeline allows, the final scenarios should incorporate verified 2025 data.

Conclusion

The preliminary modeling demonstrates both the need and the opportunity to strengthen Oregon's Clean Fuels Program. It also shows that the results are particularly sensitive to vehicle electrification, diesel demand, renewable diesel availability, and feedstock carbon intensity.

We encourage DEQ to refine these assumptions through a focused set of additional scenarios. The final targets should remain achievable across multiple plausible futures while continuing to drive real investment and emissions reductions.

Thank you for considering these comments.

Sincerely,

Brett Morgan, Transportation Policy Director
Climate Solutions

Mackenzie Springer, Transportation & Policy Manager
Neighbors for Clean Air

Stu Green, Program Manager
Forth

Jamie Johnson, Staff Attorney
The Green Energy Institute at Lewis & Clark Law School

Kristopher Fortin Grijalva, Senior Transportation and Thriving Communities Program Director
Oregon Environmental Council

September 30, 2026

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

RE: Consumer-Owned Utility Joint Comments on Clean Fuels Program Proposed Transportation Electrification Amendments

Thank you for the opportunity to provide additional comments on the proposed changes to Oregon's Clean Fuels Program (CFP). These comments are submitted on behalf of Oregon's consumer-owned electric utilities (COUs).

We appreciate DEQ's continued engagement with utilities and its efforts to address concerns raised throughout this rulemaking. COUs have successfully used CFP revenues to meet the transportation, infrastructure, and energy needs of their individual communities, and we continue to believe that locally governed utilities are best positioned to determine how these revenues can most effectively benefit our customers.

Oregon's COUs vary significantly in size, staffing, geography, customer base, infrastructure needs, and levels of EV adoption. Our governing boards are directly accountable to the customers and communities we serve. For that reason, we encourage DEQ to preserve as much local discretion as possible and avoid new requirements that unnecessarily restrict how utilities can use CFP revenues. With that overarching concern in mind, we offer the following comments on DEQ's latest proposal.

Transportation Electrification Definition and Eligible Uses

If DEQ moves forward with establishing transportation electrification (TE) as the governing standard for the use of CFP revenues, we believe the proposed definition provides a workable framework if it is implemented broadly with substantial local flexibility.

CFP revenues can help support TE, but utilities should retain the ability to determine which TE investments make the most sense for their customers and communities. Vehicle adoption is influenced by many factors outside a utility's control, and the rules should not assume that any particular type of incentive or expenditure will produce the same results in every service territory.

We appreciate DEQ's clarification at RAC #3 that the list of examples accompanying the TE definition are meant to be illustrative only, not a prescriptive list of allowable projects. We recommend that the rule expressly state that the examples are illustrative and non-exclusive.

Utilities should also be able to pursue innovative and multipurpose projects that have a reasonable nexus to transportation electrification.

Finally, we recommend that the rule clarify that a utility *may*, but is not required to, consult with DEQ when there is uncertainty regarding whether a particular expenditure qualifies. COUs should not have to seek advance agency approval simply because a locally developed project does not fit neatly within one of DEQ's examples. The appropriate standard should be whether the utility can reasonably demonstrate a nexus between the expenditure and transportation electrification. To that end, we support continued reporting of our expenditures to demonstrate compliance.

Grid and Infrastructure Investments

Transportation electrification cannot occur without the electric infrastructure necessary to support it. Accordingly, we support DEQ's proposal to allow "supporting the electric grid in ways that have a direct connection to enable additional EV charging" as a qualifying TE expenditure.

Examples of eligible expenditures should include transformer, service and wire upgrades necessary to accommodate EV charging, as well as non-wires alternatives that can avoid or defer infrastructure upgrades.

This flexibility is particularly important for COUs because the infrastructure needs associated with transportation electrification will vary considerably among communities. The cost of grid enhancements to support EVs should not be shifted to other non-EV owning ratepayers. This concern becomes more acute for COUs that are making costly Tier 2 power purchases from the Bonneville Power Administration (BPA). The rules should focus on whether there is a reasonable relationship between an investment and transportation electrification rather than prescribing particular technologies or program designs.

Threshold for Customer-Focused Incentives

We continue to have concerns about requiring utilities to dedicate a specified percentage of CFP revenues to a particular category of expenditures. Locally governed utilities are in the best position to determine how these revenues can most effectively advance transportation electrification and benefit our customers.

If DEQ nevertheless moves forward with a mandatory customer-focused spending requirement, we recommend increasing the proposed threshold from $500,000 to $1 million in revenue per year for two consecutive years before the 50 percent requirement applies. If the threshold is set at lower than $1 million, we recommend using a rolling three-year average.

Establishing and administering a significant incentive program requires staff time, program development, outreach, accounting, and ongoing administration. A higher threshold would better target utilities with sufficient CFP revenues and administrative capacity to operate these programs while avoiding disproportionate burdens on smaller COUs.

We also appreciate DEQ's clarification that the threshold would be based on monetized credits and

revenue received. Utilities should retain the ability to determine when to monetize credits so that revenues can be coordinated with planned projects and local needs.

Broadly Define Customer-Focused Expenditures

If DEQ retains a requirement that 50 percent of qualifying utilities' revenues be dedicated to customer-focused incentives, we support DEQ's proposal "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." Additionally, eligible expenditures should be broadly defined to recognize the different ways utilities can directly support customer-focused incentives in TE.

Eligible expenditures should include, among other things:

- EV incentives for both new and used vehicles;
- Residential, multifamily, business, and nonprofit charging incentives;
- Level 2 and DC fast charging;
- Publicly accessible charging infrastructure;
- Customer-side transformer, service, wire and other infrastructure upgrades directly associated with EV charging; and
- Other incentives or infrastructure that directly reduce the costs or barriers for utility customers to adopt electric transportation.

Avoid Artificial Distinctions Among Charging Technologies

All forms of EV charging should be eligible to count toward customer-focused spending when they serve utility customers or provide charging opportunities within the community.

Requiring utilities to separately categorize charging investments based on charger type or customer class would create additional administrative complexity without necessarily producing better transportation electrification outcomes. The focus should remain on whether an expenditure facilitates electric transportation.

Provide Flexibility in Meeting Any Percentage Requirement

If DEQ adopts a 50 percent customer-focused spending requirement, it should not be measured rigidly on a year-to-year basis.

EV purchases, charger installations, CFP credit values, and infrastructure projects fluctuate considerably. Larger projects may also require utilities to accumulate revenues over multiple years. A utility could therefore be making significant transportation electrification investments while falling below an annual percentage requirement simply because of project timing or market conditions. We recommend measuring compliance using a multi-year rolling average rather than a single calendar year.

DEQ should also establish a waiver or alternative-compliance process allowing a utility to explain circumstances that prevented it from meeting a budgeted percentage requirement. This would provide needed flexibility when project timing, EV adoption, credit values, or other circumstances outside the utility's control affect annual expenditures.

Opportunity to Cure Before Reassignment of Credits

We have significant concerns with any provision that could result in residential EV credit revenues being reassigned to a backstop aggregator because of a disputed expenditure or temporary failure to satisfy a spending requirement.

Utilities may invest substantial resources in developing programs, assigning staff, administering incentives and planning projects in reliance on CFP revenues. Ongoing reassignment should therefore be a last resort, not an immediate consequence of noncompliance.

The final rules should provide a reasonable opportunity to cure. For example, if DEQ determines that a particular expenditure does not qualify, the utility should be permitted to make up that amount through additional qualifying expenditures during the following calendar year.

Wholesale reassignment of revenues should occur only after notice, an opportunity to cure and a continued failure to comply.

Administrative Costs

We support DEQ's proposal to continue covering reasonable administrative expenses associated with CFP programs from credit revenues, subject to appropriate reporting requirements.

This is particularly important for smaller COUs. Developing programs, processing applications, providing customer education, managing vendors, reporting expenditures, and administering charging programs all require staff resources. New requirements should not create administrative costs that diminish the amount of CFP revenue ultimately available to benefit utility customers.

Conclusion

We appreciate DEQ's willingness to engage with COUs and consider the concerns raised throughout this rulemaking.

Our overarching request remains that DEQ preserve as much local flexibility as possible and avoid imposing unnecessary restrictions on CFP revenues. COUs are locally governed and directly accountable to the customers we serve. Our communities differ substantially, and the most effective use of CFP revenues will differ from one utility to another.

To the extent DEQ moves forward with additional requirements, the final rules should establish broad parameters rather than prescriptive spending mandates. They should recognize a wide range of transportation electrification investments, minimize administrative burdens, provide flexibility across

years, and allow utilities a reasonable opportunity to address compliance concerns before revenues are reassigned.
Maintaining that flexibility will allow COUs to continue adapting their programs to local conditions while using CFP revenues in ways that provide meaningful benefits to the customers and communities we serve.

Respectfully,

Danelle Romain & Mike Freese, *Oregon People's Utility District Association*

Jennifer Joly, *Oregon Municipal Electric Utilities Association*

Ted Case & Tucker Billman, *Oregon Rural Electric Cooperative Association*

Jason Heuser, *Eugene Water & Electric Board*

Farm Power

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

September 30, 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 digesters to produce methane from dairy manure. Farm Power uses methane-rich biogas to power on-site engine-generators, creating 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, serving five dairy farms between them. Both digesters signed fifteen-year contracts committing their Renewable Energy Certificates (RECs) to the utilities buying their electricity; these contracts expire in 2027. Since the value of wholesale electricity has dropped steadily in recent years, continuing to operate these community assets will require us to maximize the future value of the renewable biogas.

Across the industry, most biogas developers are choosing to produce electricity at fewer and fewer facilities; instead, by cleaning up their biogas and delivering the resulting Renewable Natural Gas (RNG) to trucking fleets, they can earn lucrative federal fuel-compliance credits (RINs)—and now federal production tax credits too. At the same time, if they deliver RNG in Oregon, they can also earn Clean Fuel Program credits, no matter when their projects entered service.

An observer might ask why Farm Power doesn't simply convert its digesters from producing electricity to RNG. The answer: the only economical way to transport RNG is through natural gas pipelines, and while many people are accustomed to ubiquitous natural-gas infrastructure in urban or suburban areas, there aren't any pipelines within thirty miles of our projects in rural Tillamook County. Thus, we would like to continue to use the existing electrical infrastructure, join the CFP, and provide our RECs to electric-vehicle charging. Unfortunately, this is not so simple: unlike RNG projects, current CFP rules make electricity-producing digesters lose their program eligibility after their fourteenth anniversary of operation—this present year for our projects. New proposed rules that disqualify any electricity project that began operation before 2016 are even worse.

DEQ has received requests to modify these expiration dates for biogas-to-electricity digesters and recently asked its advisory committee whether there is "a compelling reason to treat these projects differently from the other eligible forms of renewable electricity?" I think a more important question is why the CFP treats digesters that make

RNG better than those that make electricity. In both cases, biogas comes from swine or dairy manure; for projects that were unlucky enough to work with farms in rural areas without natural-gas infrastructure, RNG is impossible through geography--but the CFP makes electricity impossible through regulatory choice.

Manure biogas projects operate in very limited corners of the agricultural economy, have much larger construction costs than wind or solar, and have significant ongoing operating expenses. New digester projects are rare, and legacy projects shut down without strong markets for their output; a pioneering dairy digester at the Port of Tillamook Bay was just liquidated earlier this year. We ask DEQ to recognize the value of turning methane into vehicle fuel, granting ongoing eligibility to digesters regardless of what form their output takes. If our Tillamook 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 biogas projects like ours ten years of eligibility in its Clean Fuel Standard. Only Oregon cuts off project lifespans so early—under current rules, neither of our Tillamook projects will even have a chance to participate in the CFP at all.

When considering whether to extend expiration-date requirements for biogas-to-electricity projects, DEQ should remember that digesters—regardless of output type—must go through a rigorous pathway approval process before creating any CFP credits. Wind and solar projects do not. 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. Simply giving manure-to-electricity projects the same eligibility as RNG producers 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 better align with neighboring jurisdictions by determining an extended eligibility horizon for biogas-to-electricity projects. We recommend that an existing digester 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

September 30, 2026

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

RE: Joint Comments, Clean Fuels Program Rulemaking Advisory Committee #3 Electricity Topics

Thank you for the opportunity to comment on the Department of Environmental Quality's (DEQ) Clean Fuels Program (CFP) Rulemaking Advisory Committee #3 Discussion Paper Recommendations on Electricity Topics & the accompanying September workshop.[1] The Green Energy Institute at Lewis & Clark Law School (GEI), Neighbors for Clean Air (NCA), Climate Solutions, Forth, and Oregon Environmental Council submit this comment related to multiple recommendations outlined in DEQ's Discussion Paper. Specifically, we are providing feedback on the following sections of the discussion paper and workshop: equity considerations, renewable electricity, advance crediting, and consumer-focused incentives. This group generally supports other sections of DEQ's proposals for workshop 3, though reserve the right to offer feedback, critique, or edits in the future.

Our recommendations are summarized here:

- Equity Considerations:
    - DEQ clarify which utilities have service territories inclusive of areas that do not fall under HB 2165's broad definition of underserved communities
    - DEQ consider requiring, rather than recommending, that utilities spend revenue on underserved communities.
    - DEQ, in its list of equity-focused projects, replace investments in grid infrastructure for medium-and heavy duty charging, with investments in the charging infrastructure itself.
- Renewable Electricity: DEQ add provisions to its attestations to expressly prevent double counting of renewable, carbon-free electricity used to comply with Oregon's HB 2021 carbon-free electricity targets.
- Advance Crediting:
    - DEQ ensure private entities licensed to provide public services have similar availability of advance credits as those with franchise agreements.

[1] Or. Dep't of Env't Quality, Clean Fuels Rulemaking Advisory Committee #3 Discussion Paper at 5 (Sept. 2026), https://ormswd2.synergydcs.com/ORMSCMSearchDEQ/Search/RecordViewer.aspx?uri=7110570.

    - DEQ target diesel-impacted communities with advance credits for medium- and heavy-duty charging infrastructure.
- Customer-Focused Incentives: DEQ should continue to explore Oregon's Clean Vehicle Rebate Program as an avenue for all utilities to direct customer-focused incentives.

I. Equity Considerations: Providing Clear Utility Guidance

DEQ's proposal largely follows the equity and underserved components established by HB 2165.[2] For now, the broad definition of underserved communities used in HB 2165 provides helpful guidance to increase statewide access to electric vehicle technologies.[3] As discussed by DEQ, communities exposed to diesel exhaust should be included in this definition. **We believe that the "communities advesely harmed by environmental and health hazards" category in HB 2165 includes diesel-impacted communities, but ask DEQ to confirm this.** As electric vehicle deployment increases across the state, DEQ may revisit these definitions to more specifically target communities as data demonstrates an increased need.

Consistent with using the underserved definition from statute, we ask DEQ to follow HB 2165's directive to spend at least 50% of revenue on underserved communities. Especially while DEQ's rules are voluntary guidelines, HB 2165 provides helpful guidance on a spend percentage. Notably, and as highlighted during the September RAC meeting by DEQ, investor-owned utilities have far exceeded the 50% underserved community spend guideline in every year of reporting.[4]

Finally, before these rules are implemented, **we strongly encourage DEQ to clarify which utilities have service territories inclusive of areas that do not fall under HB 2165's broad definition of underserved communities.** In particular, which utilities serve areas not considered rural, frontier, or coastal? Answering this question should provide smaller utilities with more guidance on how to meet these guidelines; we suspect most utilities across the state will easily spend 100% of revenue on underserved communities by virtue of serving exclusively rural or coastal territories. We also strongly encourage DEQ to make a 50% underserved community-spend requirement mandatory, especially if DEQ concludes that most utilities exclusively serve underserved communities identified by HB 2165.

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[2] ORS 757.357 §2(6).

[3] ORS 757.357 §2(6). This definition includes:
- Residents of rental or multifamily housing
- Communities of color
- Communities experiencing lower incomes
- Tribal communities
- Rural, frontier, & coastal communities
- Communities harmed by environmental and health hazards

[4] *E.g.*, Portland General Electric, 2025 Transportation Electrification Plan Report at vi (May 2026), https://edocs.puc.state.or.us/efdocs/HAQ/um2033haq345941030.pdf.

Additionally, we would **recommend that DEQ modify its list of recommended investments to replace "Investments in grid-side distribution infrastructure necessary for medium- and heavy-duty EV charging" with "investments in medium- and heavy-duty vehicle EV *chargers*."** While grid resources are related to supporting electrifying the heavily polluting freight sector, we are concerned that grid-side infrastructure improvements are too attenuated to ensure that the benefits are passed on to the underserved communities that this list is meant to serve.

II. Advance Crediting: Expanding Access of Advance Credits

Advance Credits for Licensees

DEQ's proposed additions to the advance crediting framework, identified in this Discussion Paper, provide a helpful path forward to expand access to advance credits while continuing to ensure the benefits of such credits remain in Oregon. We support these additions and hope that DEQ can take lessons learned from this addition to potentially expand advance credits to an even greater number of private entities in the future.

We do, however, recommend a clarification or addition on credit availability to private entities providing public services. The Discussion Paper proposal discusses advance credits provided to private entities with franchise agreements, while the current rules identify "companies under contract to provide" public services.[5] **We recommend adding to or modifying this language to include companies or private entities licensed to provide public services**. Multiple Oregon jurisdictions are moving away from franchise agreements and instead licensing companies to operate in the public right-of-way.[6] A provision expanding access to advance credits to licensed companies or entities would continue to maintain benefits for Oregonians and Oregon companies.

Advance Credits for Private Medium- and Heavy-Duty Chargers

While we would, in the future, like to see advanced crediting for private medium and heavy-duty vehicles, we understand that it is difficult for DEQ to verify that they are operating in-state. Therefore, we appreciate DEQ proposing advanced crediting for private medium and heavy-duty chargers as a pragmatic way to support the electrification of private fleets, while also ensuring that the air pollution benefits of these funds are staying in Oregon.

Because the goal of these credits is to address the impact of diesel medium and heavy-duty vehicles on the road, **we recommend that DEQ give priority consideration to chargers**

[5] OAR 340-253-1100(2)(E).
[6] *E.g.*, City of Portland, *Franchises and ROW Code Licensees*, https://www.portland.gov/bps/com-tech/franchise-utility/franchisees-and-row-code-licensees (last visited Sept. 30, 2026).

located in, or serving, overburdened communities and areas with high concentrations of diesel emissions or otherwise poor air quality.

III. Customer-focused Incentives

We generally support DEQ's proposal related to spending on customer-focused incentives. The $500k threshold and 50% credit requirement provide a good starting point for new requirements, though we do see a path to increasing these in the future. DEQ should clarify, in rule or otherwise, that utilities can spend up to 100% of revenue on customer-focused incentives: the 50% spend is a minimum.

We support DEQ's continuing efforts to explore pathways allowing utilities to meet these obligations by directing money to Oregon's Clean Vehicle Rebate Program (OCVRP). Central administration should lower administrative burdens and costs, particularly for smaller utilities. If the OCVRP is established as a spending pathway, it should be available to all utilities, not just those above the identified $500k threshold.

IV. Renewable Electricity: Treatment of RECs & HB 2021

Below-signed GEI has a years-long history of providing feedback on the treatment of RECs associated with electricity used to meet HB 2021 greenhouse gas emissions reductions.[7] Oregon's Clean Fuels Program and HB 2021, Oregon's clean electricity law, were both passed by the Oregon legislature to provide meaningful carbon reductions for Oregonians. DEQ's proposal could allow for double counting of carbon-free electricity under these two laws and risks undermining the integrity of both the renewable electricity component of the CFP and the emissions reductions targets established by HB 2021.

Oregon's Clean Fuels program recognizes electricity as a low carbon fuel.[8] Meanwhile, Oregon's House Bill 2021 is a landmark law that sets greenhouse gas emissions reductions targets for Oregon's two largest electricity utilities.[9] These targets require utilities to procure carbon-free electricity generating resources to serve Oregon customers at an increasing percentage over the next few decades. The law's first milestone requires covered electricity companies to reduce greenhouse gas emissions 80 percent below baseline emissions by 2030. Oregon's HB 2021 requires electricity serving Oregon customers to be "non-emitting" but regulators—the Oregon Public Utility Commission (PUC)—declined to require electric companies to retire renewable electricity credits (RECs) tied to electricity procured to meet these targets.

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[7] Caroline Cilek & Carra Sahler, Green Energy Inst., Oregon Public Utility Commission Declines to Interpret Oregon's "100% Clean Energy for All" Law (HB 2021) as Requiring the Retirement of Renewable Energy Credits; Utilities Should Provide Disclosures (Feb. 1, 2024), https://law.lclark.edu/live/files/35549-geis-overview-of-puc-order-declining-to-require.
[8] ORS 468A.266(2)(c).
[9] ORS 469A.410.

At the time, GEI wrote that declining to require REC retirement under HB 2021 could undermine the integrity of RECs.[10] And sure enough, in the aftermath of the PUC's decisions regarding RECs and HB 2021, the Center for Resources Solutions, who administers the Green-e program, changed Green-e standards to maintain the integrity of its certified RECs[11]—certified RECs that the CFP formerly relied on to verify clean electricity as a fuel. These changes led to DEQ's current predicament and proposed rules.

DEQ's proposal to address the changes in RECs provides for third-party verification of RECs and renewable electricity claimed as a fuel under the CFP, a process we generally agree with. The proposed verification provides that "the carbon attributes of the REC must be maintained." And yet, the proposal, according to DEQ staff statements at the RAC meeting on September 10, could allow electricity used to comply with HB 2021 "nonemitting" greenhouse gas emission targets to also be claimed as "carbon-free" electricity under the CFP. The proposal would require attestations that the underlying electricity not be counted toward "any other state's clean electricity policy" and yet leave out Oregon's own clean electricity.

The proposal does provide that using Oregon electricity would be acceptable "so long as it does not result in multiple claims outside of the existing allowance for reporting requirements under Oregon's Greenhouse Gas Reporting Program in OAR 340-215." We are not sure whether this requirement fully assuages our fears without, at a minimum, more details on the specifics of the existing allowances. **We recommend that DEQ more clearly prevent double counting of RECs with HB 2021 by adding an attestation that RECs are not sourced from a resource that was or will be used for compliance with another Oregon utility's clean electricity obligations, including under HB 2021**. Such an addition will promote the integrity of Oregon's clean energy laws by expressly disallowing the double counting of renewable electricity when used as a carbon-free fuel source.

While we understand that DEQ needs a path forward to provide for carbon-free electricity as a fuel under the CFP after Green-e's decision regarding Oregon RECs, GEI supports a proposal that upholds both the CFP and HB 2021. Adding an attestation regarding use of the electricity for HB 2021 by another Oregon utility would achieve this.

Conclusion

We appreciate DEQ's work to put forth recommendations that achieve CFP statutory obligations while also working towards providing meaningful support to advance clean fuels and

[10] OPUC Docket No. UM 2273, *Reply Brief of the Green Energy Institute at Lewis & Clark Law School* (Aug. 21, 2026), https://edocs.puc.state.or.us/efdocs/HBC/um2273hbc15343.pdf.
[11] Center for Resource Solutions, *Market Advisory: Oregon House Bill 2021 and Green-e® Standard Change*, Green-e (Feb. 20, 2024), https://www.green-e.org/news/market-advisory-oregon-house-bill-2021-and-green-e-standard-change/.

transportation electrification, in line with EO 25-29. We hope these comments and suggestions provide helpful guidance to rules that advance state goals and help Oregon households and businesses.

Respectfully submitted,

/s/ Jamie Johnson
Jamie Johnson, Staff Attorney
The Green Energy Institute at Lewis & Clark Law School

/s/ Mackenzie Springer
Mackenzie Springer, Policy & Transportation Manager
Neighbors for Clean Air

/s/ Brett Morgan
Brett Morgan, Transportation Policy Director
Climate Solutions

/s/ Stu Green
Stu Green, Program Manager
Forth

/s/ Kristopher Fortin Grijalva
Kristopher Fortin Grijalva, Senior Transportation and Thriving Communities Director
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September 16, 2026

SUBMITTED VIA ELECTRONIC FILING

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

RE: Gevo, Inc.'s Comments on the Oregon Department of Environmental Quality 's Clean Fuel Program Rule Advisory Committee Meeting #3

Dear Mr. Peters and Rule Advisory Committee -

Gevo, Inc. (Gevo) appreciates this opportunity to comment on the Department of Environmental Quality's (DEQ) pending revisions to the Clean Fuels Program (CFP). Gevo is a next-generation diversified energy company committed to fueling America's future with cost-effective, drop-in low carbon fuels and chemicals that contribute to energy security and strengthen rural communities to drive economic growth. A mission aligned with the Oregon Clean Fuel Standard (CFS).

Gevo's innovative technology can be used to make a variety of cost-effective renewable products, including transportation fuels, chemicals, and other materials that provide U.S.-made solutions. Gevo either produces, or has plans to produce, fuels across the full range of CFP categories, including low-carbon conventional ethanol, corn kernel fiber cellulosic biofuel, renewable natural gas, renewable naphtha, and renewable jet fuel,[1] and Gevo's subsidiary, Net-Zero Richardton, LLC (formerly Red Trail Energy), which we colloquially refer to as "Gevo North Dakota," currently participates in the CFP with qualifying low-carbon ethanol, including the state's first Carbon Capture and Sequestration (CCS) pathway.

[1] Gevo's "renewable jet fuel" meets the definition of "alternative jet fuel" as set forth in the CFS regulations at WAC 173-424-110(8). Accordingly, Gevo's use of the term "alternative jet fuel" in this comment letter should be deemed to include what Gevo typically refers to as "renewable jet fuel."

Gevo North Dakota was referenced in the CFP Rule Advisory Committee (RAC) meeting # 3 on September 10, 2026, in relation to changes at the Federal level that will impact DEQ's ability to regulate CCS pathways.

Gevo recognizes the concern and impact potential changes at EPA to discontinue GHG reporting and MRV plans will have on DEQ's effort to oversee fuel pathways. We appreciate DEQ providing options for discussion within the RAC on this topic.

We would respectfully note there appears to be confusion regarding the scope of the potential federal changes, and we offer the following clarification for the Committee's benefit. The proposed action at EPA would discontinue greenhouse gas reporting under 40 CFR Part 98; it would not eliminate the monitoring, reporting, and verification (MRV) plans themselves. Subpart RR is the greenhouse gas accounting layer that sits on top of, and expressly builds upon, the Underground Injection Control (UIC) Class VI program established under the Safe Drinking Water Act at 40 CFR Part 146, Subpart H. The Class VI program is a separate regulatory authority that is not affected by the proposed rulemaking, and it remains in effect, with permits continuing to be issued, monitored, and enforced. Every Class VI permit requires an approved, site-specific testing and monitoring plan that exists independently of Subpart RR and is enforceable by the permitting authority. In other words, the dissolution of Subpart RR would remove a reporting obligation, not the underlying monitoring and verification of sequestered CO2.

As an ethanol producer in a state that has Class VI primacy, Gevo recommends two additional options for the Department's consideration. Both rely on existing, enforceable sources of project-specific monitoring and verification.

Additional Option A: Accept the EPA-approved Class VI Testing and Monitoring Plan.

Every Class VI permit issued by EPA carries a Director-approved Testing and Monitoring Plan under 40 CFR 146.90, which must be submitted with the permit application and which is directly enforceable whether or not it is restated as a permit condition. At a minimum it requires analysis of the CO2 stream; continuous recording of injection pressure, rate, and volume and of annulus pressure and fluid volume; quarterly corrosion monitoring; periodic groundwater quality and geochemical monitoring above the confining zone; mechanical integrity testing; and direct or indirect tracking of the CO2 plume and pressure front. These obligations are reinforced by area of review and corrective action, emergency and remedial response, and financial responsibility requirements; by semi-annual reporting of injection and monitoring data to the Director under 40 CFR 146.91; and by a post-injection site care and site closure plan under 40 CFR 146.93 that requires continued plume and pressure monitoring after injection

ceases. In short, an enforceable, site-specific monitoring and verification plan exists for every Class VI permit independent of Subpart RR.

Additional Option B: Accept the state-approved Class VI monitoring plan in states with Class VI primacy.

A monitoring plan is likewise developed and approved for each well located in a state that has been granted Class VI primary enforcement authority. Under Section 1422 of the Safe Drinking Water Act, a state program must be demonstrated to EPA to be at least as stringent as the federal Class VI requirements before primacy is granted, and EPA retains oversight of the state program. Six states now hold Class VI primacy - North Dakota (2018), Wyoming (2020), Louisiana (2023), West Virginia (2025), Arizona (2025), and Texas (2025) - and additional states are advancing through the application process.

Gevo North Dakota operates under a storage facility permit issued by the North Dakota Industrial Commission pursuant to N.D.C.C. ch. 38-22 and N.D.A.C. ch. 43-05-01, which requires a testing and monitoring plan, an area of review and corrective action plan, an emergency and remedial response plan, a plugging plan, a post-injection site care and facility closure plan, demonstration of financial responsibility, and ongoing reporting to and inspection by the Commission.

Under either option, DEQ would accept the Class VI permit and its approved testing and monitoring plan - whether issued by EPA or by a primacy state - as the basis for demonstrating sequestration, together with the annual reporting and third-party verification already required under the CFP. This approach relies on a program that is in place today, is federally enforceable, and produces a public administrative record, rather than on the California CCS protocol, which is still in rulemaking, or on the ISO 27914 and 27916 standards, which are voluntary, fee-based, and not tied to a permitting authority. It also preserves continuity for the CCS pathways DEQ has already certified as these MRV plans already exist.

Annual Reporting

Information maintained under the MRV plan is captured for the agency overseeing the Class VI program and will be summarized annually for OR CFP through the Annual Report submittal.

As more states acquire Class VI primacy, Gevo's proposed additional options A and B will be an important way to protect the integrity of the OR CFP and minimize excessive efforts by the Department in duplicating reporting and verification that exists in states with primacy.

For the reasons stated above, Gevo recommends adopting the MRV plans associated with the Class VI permits and overseen by the direct regulatory body, supported by the annual report as described above.

Thank you for the opportunity to comment on the Department of Environmental Quality's discussion of Carbon Capture and Sequestration in this Rule Advisory Committee. Please let us know if you have any questions regarding our comments. We look forward to continuing to work with you on this important program and topic.

Respectfully,



Kent Hartwig
Director of State Government Affairs
Gevo, Inc.



Karyn Jones
Director of Sustainability
Gevo, Inc.

MONTANA RENEWABLES™

1807 3rd Street NW
Great Falls, MT 59404

September 30, 2026

Sent by email to: CFP2026@deq.Oregon.gov

Mr. Bill Peters
Ms. Courtney Herboldsheimer
Oregon Department of Environmental Quality
700 NE Multnomah Street, Suite 600
Portland, OR 97232

Re: Comments on Clean Fuels Program –2026/2027 Rulemaking

Dear Clean Fuels Program Staff:

Thank you for the opportunity to comment on issues discussed in Rulemaking Advisory Committee Meeting #3, held on September 10, 2026. Montana Renewables, LLC (MRL) is a renewable fuel producer based in Great Falls, Montana. We provide consumers in Oregon with a reliable source of low-carbon fuels and products, including renewable diesel (RD), sustainable aviation fuel (SAF), and renewable naphtha (RN).

We commend Oregon for its leadership in advancing the Clean Fuels Program and establishing ambitious transportation emission reduction goals. These targets send clear and durable demand signals, providing the long-term regulatory certainty needed to support continued investment in low-carbon fuel production, infrastructure, and innovation.

Regarding the specific topics discussed during Rulemaking Advisory Committee Meeting #3, MRL supports DEQ's proposals to:

1. Expand the Margin of Safety process to more clearly allow additions outside of the certification process for fuel pathway applications and AFPRs.
2. Extend compliance and reporting deadlines due to outages of DEQ's IT systems.

MRL also encourages DEQ to maintain a technology-neutral Clean Fuels Program and to continue pursuing alignment with other low-carbon fuel programs wherever practical. Consistent carbon accounting and verification requirements help reduce compliance costs, provide regulatory certainty, and support continued investment in renewable fuel production.

MRL appreciates DEQ's continued efforts to implement and improve the Clean Fuels Program. Thank you for your consideration of these comments. If you have any questions or would like additional information, please do not hesitate to contact me or other members of our team.

Sincerely,



Bruce Fleming
Chief Executive Officer
Montana Renewables, LLC

September 30, 2026

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

RE: Neighbors for Clean Air's Comments, Clean Fuels Program RAC #3

In addition to GEI's comments that NCA signed onto, below is an additional comment specific to the transportation electrification definition and spending requirement introduced in the discussion paper for the September RAC meeting.

Residential Credit Revenue Spending Requirements - Definition of Transportation Electrification

We support requiring that 100 percent of residential credit revenue be spent on electrification, and appreciate DEQ's attempt to clarify the definition of what constitutes transportation electrification investments. However, we believe that there are a few elements that DEQ could improve to strengthen these requirements and ensure this credit revenue is spent to advance transportation electrification.

First, DEQ could strengthen its enforcement of the 100 percent spending requirement. As currently proposed, credits would move to the backstop aggregator after 2 years of noncompliant spending. We recommend that instead, after 1 year of noncompliant spending, the utility must submit a corrective action plan for DEQ, detailing how they plan on altering their spending to comply. If this does not resolve the problem, credits should then move to the backstop aggregator.

Additionally, DEQ should require a direct, demonstrated link for grid and efficiency projects. The discussion paper recommendations allow energy efficiency and other non-transmission measures when a "direct linkage" to EV charging capacity can be shown. DEQ should specify what specific documentation and information adequately demonstrates that direct linkage, both to provide clarity to utilities and to ensure this category does not become a catch-all for any grid improvement projects.

Finally, as was brought up in the third RAC meeting, DEQ should clarify whether the list of example transportation electrification projects beginning at the bottom of page 1 is an exclusive list of eligible projects or is simply a non-exhaustive list providing examples of eligible projects. The list is introduced as "some example projects that meet the above four categories are:" but item 10 ("Other transportation electrification projects approved by DEQ") suggests that the list is exclusive, and that projects not on the list are assumed non-compliant spending unless approved

by DEQ. We recommend that DEQ make this list an exclusive list, with item 10 providing utilities with additional flexibility they may need for innovative spending projects. If this path is pursued, we also recommend that DEQ publish reports of annual residential credit revenue transportation electrification spending, highlighting any projects not on the original exclusive list but subsequently approved by DEQ.

Respectfully submitted,

/s/ Mackenzie Springer
Mackenzie Springer, Transportation & Advocacy Manager
Neighbors for Clean Air

September 25, 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 – Draft UC Davis Modeling

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 #3 on September 10, 2026. These comments are in addition to the comments submitted by Neste on January 9, 2026 and April 1, 2026, 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. DEQ needs to evaluate the cost implications of proposals that deviate from technology neutrality such as adjusting electric vehicle (EV) EERs and using the fossil gasoline baseline to credit EVs. 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.

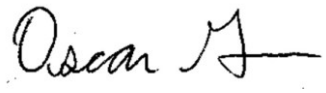
Neste reviewed UC Davis' modeling of Oregon's vehicle fleet and believes the "ACC2 Delayed" scenario most aligns with Bloomberg's estimates for EV adoption in the US[2]. Bloomberg estimates an EV adoption in the US of 24% by 2040, well within the margin of "ACC2 Delayed". In fact, the US Pacific Coast states will probably be on the higher end of that average, making "ACC2 Delayed" very plausible. Neste therefore encourages DEQ to be ambitious when setting the CI reduction goals during this rulemaking and go beyond the 50% CI reduction allowed by Executive Order (EO) 25-29. This will ensure that the CFP is not in this perpetual mode of catch-up that has resulted in many missed GHG reductions and artificially low credit prices in the past.

In light of DEQs concerns of EV adoption not growing as quickly as expected, Neste encourages DEQ and UC Davis to model a "High Liquid Biofuel" scenario that evaluates faster adoption of renewable diesel, biodiesel and SAF. With further state incentives, liquid biofuels can certainly grow quickly in the short to medium term in Oregon as seen in other states with new liquid biofuel incentives. Neste highly encourages modeling of this scenario because the Diesel Technology Forum (now known as Engine Technology Forum) found that medium/heavy duty trucks using liquid biofuels delivered more GHG reductions than EV trucks[3]. The Oregon CFP is still early on in its life that similar results could potentially be achieved with the right incentives. Neste therefore requests that such a modeling scenario be included in your analysis for this rulemaking since this scenario aligns with EO 25-29 directive to "Increase Supply and Use of Low Carbon Fuels".

[1] https://ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf, slide 31-32
[2] https://about.bnef.com/insights/clean-transport/bloombergnefs-electric-vehicle-outlook-2026-global-ev-sales-set-for-another-record-breaking-year-but-growth-in-some-major-markets-slows/?utm_source=chatgpt.com
[3] https://enginetechforum.org/press-releases/posts/research-finds-more-emissions-benefits-at-lower-cost-from-accelerated-fleet-turnover

Lastly, Neste 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.

PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

September 30, 2026

Submitted via email to cfp2026@deq.oregon.gov

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

PacifiCorp's Comments on Oregon Department of Environmental Quality Clean Fuels Program Rulemaking - RAC #3 Discussion Paper

PacifiCorp appreciates the opportunity to provide comments to the Oregon Department of Environmental Quality (DEQ) on topics discussed during the September 10, 2026, Clean Fuels Program (CFP) Rulemaking Advisory Committee (RAC) meeting and in the accompanying RAC #3 Discussion Paper and other posted material. As stated in previous comments, PacifiCorp supports the CFP objectives to reduce greenhouse gas emissions and increase electric vehicle adoption. In addition, as one of the larger investor-owned utilities in the state, PacifiCorp is well-positioned to continue to deliver on transportation electrification for Oregonians.

I. Spending Requirements for Revenue from Residential Charging Credits

Defining Transportation Electrification

PacifiCorp generally supports DEQ's proposal to require electric utilities to apply all revenue from the sale of residential credits towards transportation electrification. PacifiCorp also supports DEQ's broad definition of qualifying transportation electrification projects, as it provides utilities with the flexibility needed to pursue a diverse range of investments. However, PacifiCorp requests that DEQ clarify that the twelve examples of qualifying transportation electrification projects included in the RAC #3 Discussion Paper are intended solely as guidance and will not be incorporated into rule language. PacifiCorp further requests confirmation that these examples are illustrative rather than exhaustive, and that utilities may pursue other transportation electrification projects that are consistent with broad definition.

Customer Focused Incentives

PacifiCorp generally supports DEQ's proposal to require utilities that receive more than $500,000 in annual residential credit revenue for two consecutive years to invest at least 50 percent of that revenue in direct customer-focused incentives. PacifiCorp also supports DEQ's proposed definition of customer-focused incentives, provided it includes incentives available to a variety of customers including residential, small business, small commercial and nonprofit customers.

While PacifiCorp supports the policy objective of directing a meaningful portion of credit revenues to customers, DEQ should provide flexibility in administering the proposed 50 percent

spending threshold. A utility may make a good-faith effort to meet the requirement but nonetheless fall short due to circumstances beyond its control, such as unexpected changes in credit prices, lower-than-anticipated customer participation, or implementation challenges. It is important to recognize that customer-focused incentives are voluntary, or "opt-in," programs. As a result, utilities cannot control all of the factors that influence a customer's decision to participate. In addition, a utility's final credit generation may not be known at the time of annual reporting because incremental credits may be issued after a report is submitted. Therefore, a utility that reasonably anticipated meeting the 50 percent threshold could subsequently appear noncompliant due to changes in credit generation that occur after the reporting period closes.

To address these challenges, PacifiCorp recommends that DEQ allow utilities to cure a prior-year shortfall through qualifying investments made during the first quarter of the following year and evaluate compliance with the 50 percent spending threshold over a multi-year period rather than a single calendar year. These approaches would preserve the intent of the proposal while providing reasonable flexibility for circumstances outside a utility's control.

PacifiCorp also supports DEQ's objective of ensuring that residential credit revenues are invested in a timely manner. However, rigid annual spending deadlines could create operational and market inefficiencies by discouraging utilities from optimizing program design and investment timing. In previous iterations of the proposal, DEQ suggested requiring utilities to spend at least 50 percent of credit revenues within one year of receiving those funds. It was unclear from the recent workshop discussion whether this requirement remains under consideration. PacifiCorp therefore requests that DEQ clarify whether it intends to pursue this proposal and, if so, consider providing flexibility similar to the approaches recommended above.

Finally, PacifiCorp recommends that DEQ maintain and regularly update a publicly available list of qualifying transportation electrification projects and customer-focused incentives. Clear guidance regarding eligible expenditures would promote consistent program implementation, reduce administrative burden, and minimize the need for project-specific eligibility inquiries. PacifiCorp further requests that DEQ establish an optional pre-approval process through program guidance, allowing utilities to obtain DEQ's confirmation that a proposed investment qualifies as either a customer-focused incentive or an eligible transportation electrification project before funds are committed.

II. Reporting Requirements and Reporting Template

PacifiCorp supports DEQ’s standardized reporting template for utility residential credit revenues and the addition of OAR 340-253-0640(e) to match the proposed additional customer focused incentive spending requirement discussed above. Establishing a template improves transparency, comparability, and administrative efficiency. DEQ’s template is straightforward and simple, follows the administrative rules and provides sufficient information for the agency and stakeholders.

However, PacifiCorp recommends that DEQ further consider streamlining the differing reporting requirements for programs funded by revenue from base and incremental credits under OAR 340-253-0640(11)(c) and (d). In practice, funds from both credit categories may be combined

and applied to the same qualifying project. However, the rules currently require disaggregation and separate reporting of programs funded by revenue from both base and incremental credit generation. This adds some additional administrative burden without any significant benefit.

III. PacifiCorp Supports DEQ's Proposed Updates to Electricity Crediting

PacifiCorp supports DEQ's proposed updates to electricity crediting, including refinements to the energy economy ratio and baseline crediting structure. Aligning crediting methodologies with real-world vehicle efficiency and updated carbon intensity assumptions will improve the program's ability to appropriately value transportation electrification and support continued investment in cost-effective emissions reductions.

PacifiCorp supports DEQ's proposal to expand advance crediting opportunities to private entities. However, PacifiCorp recommends that DEQ extend eligibility to charging infrastructure located in Oregon and serving all vehicle classes and fleets, rather than limiting advance crediting to medium- and heavy-duty charging infrastructure. This limitation in DEQ's proposal appears arbitrary and expanding advance crediting for all charging infrastructure would encourage additional investment, increase charging access and accelerate transportation electrification across Oregon. For utilities, advance credits would provide greater funding certainty and support increased near-term investment in transportation electrification. Additionally, because utilities may be subject to CFP spending requirements, stakeholders can be confident that the value of advance credits will be reinvested to advance Oregon's transportation electrification goals.

IV. PacifiCorp Supports Additional Flexibility in Eligible REC Purchases for the Generation of Incremental Credits

PacifiCorp supports DEQ's proposed alternative verification pathway for renewable energy certificates (RECs) used to generate incremental clean fuel credits. Providing an alternative verification pathway gives electricity providers greater flexibility and may reduce the administrative costs associated with generating incremental credits, resulting in additional funds available to support transportation electrification. PacifiCorp also appreciates DEQ's clarification that RECs associated with renewable energy reported under Oregon's greenhouse gas reporting program (OAR 340, Division 215) remain eligible to generate incremental credits, provided the underlying renewable attributes are not claimed elsewhere.

PacifiCorp recommends several modifications to the proposal. First, DEQ should clarify that the term "neighboring state" includes states within a multijurisdictional utility's service territory. PacifiCorp's Oregon customers fund a significant share of renewable generation located in Utah and Wyoming through the Company's integrated, multi-state portfolio. Therefore, Oregon customers receive their share of the associated benefits of those resources, including RECs. Although these states do not border Oregon, RECs from these facilities should remain eligible for incremental credit generation because Oregon customers bear their allocated share of the costs and benefits.

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Second, DEQ should provide greater flexibility in demonstrating compliance with the prohibition on double counting. In many cases, utilities purchasing RECs through brokers may not have complete visibility into a REC's ownership history and therefore may be unable to provide a direct attestation. DEQ should allow reporting entities to demonstrate compliance through one of several methods, including: (1) an attestation from the reporting entity, (2) an attestation from a broker or prior REC owner, or (3) contractual provisions or other transaction documentation demonstrating that the renewable attributes have not been double counted. Providing multiple compliance options would increase flexibility while maintaining appropriate safeguards against double counting.

Finally, PacifiCorp recommends that attestations and supporting documentation be maintained by the reporting entity and made available to DEQ upon request, rather than routinely submitted each year. However, the company would support requiring documentation to be submitted during the first year a utility generates incremental credits under the new provisions. This approach would allow DEQ to verify initial compliance while avoiding the ongoing administrative burden of collecting, reviewing, and retaining documentation that may not be necessary for annual program administration.

V. DEQ should revise the affiliation rules that trigger third-party verification for nonresidential credit generation

Beginning in 2026, for reporting year 2025, DEQ's rules require third-party verification of EV charging credit generation, not including residential charging credit generation. Persons generating fewer than 6,000 program credits or deficits during the previous calendar year are exempt from the third-party verification requirements. However, any credits or deficits generated by persons that are related entities or share full or partial common ownership or operational control must be aggregated to determine whether the 6,000 credit or deficit exemption applies. OAR 340-272-0110(4).

Although PacifiCorp generated fewer than 6,000 non-residential charging credits in 2025, it is subject to the new third-party verification requirement because of its shared ownership with a large fuel supplier in Oregon. Therefore, PacifiCorp has spent – and will continue to spend each year - program funds and staff time to ensure a very low quantity of simple non-residential charging credits are verified by a third party in compliance with this new requirement.

The purpose of the low, 6,000 credit or deficit generation threshold exemption is to ensure that small generators are not swept into lengthy verification procedures that impose an outsized burden for a relatively small impact on program integrity. While the purpose of the related entity provision ensures that larger generators do not reorganize as smaller entities to avoid meaningful verification that is necessary to ensure program integrity. PacifiCorp and its affiliate are part of a much larger organization, and neither company has direct control over the other's reporting, credit or deficit generation, or business operations. Given the administrative costs associated with verifying PacifiCorp's relatively small amount of credit generation, the company recommends that DEQ revisit the third-party verification rules to ensure that the intent of the generation threshold exemption applies to PacifiCorp's operations, while maintaining an effective related entity provision.

PacifiCorp recommends the following rule change options that would align the intent of the third-party verification requirements and exemption with PacifiCorp's operations:

- DEQ should exempt electricity suppliers from the related entity credit and deficit aggregation requirement. Electricity suppliers generally do not generate deficits, and the generation of non-residential low carbon fuel credits is an exceptionally small part of an electricity supplier's commercial operations. There is no incentive, nor would it be feasible, possible, or realistic for an electricity supplier to reorganize into smaller entities to avoid third party verification of non-residential credit generation. Therefore, the risk to the program's integrity from exempting electricity suppliers from the related entity credit and deficit aggregation requirement is infinitesimally small.

  OAR 340-272-0110(4)(b)(A) Persons that do not generate 6,000 or more total credits and deficits (not counting residential charging credits), in the aggregate, during the previous calendar year. For the purposes of this rule, any credits or deficits generated by persons, <u>except for electricity suppliers as defined by OAR 340-215-0020(22),</u> that are related entities or share full or partial common ownership or operational control must be aggregated together to determine whether or not the exemption applies;

- DEQ could draft a rule that would allow a person to petition the agency for an exemption to the related entity provision for up to five years, if the petitioner provides sufficient information about itself and its related entities to demonstrate that there is no shared operational control between the entities.

- DEQ could add a lower numeric generation threshold to avoid the credit and deficit aggregation requirement altogether. For example, any person that generates less than 1,000 credits or deficits should not be subject to the related entity requirement.

  OAR 340-272-0110(4)(b)(A) Persons that do not generate 6,000 or more total credits and deficits (not counting residential charging credits), in the aggregate, during the previous calendar year. For the purposes of this rule, any credits or deficits generated by persons, <u>except for persons generating less than 1,000 total credits and deficits (not counting residential charging credits) during the previous calendar year,</u> that are related entities or share full or partial common ownership or operational control must be aggregated together to determine whether or not the exemption applies;

While this topic has not been raised during the rulemaking to date, PacifiCorp respectfully requests that DEQ consider a modest and targeted revision to its third-party verification requirements. Eliminating unnecessary verification costs would allow the company to direct additional resources toward transportation electrification projects, thereby advancing the policy objectives of the CFP.

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VI. Conclusion

PacifiCorp appreciates DEQ's thoughtful consideration of these issues and looks forward to continued engagement in this important rulemaking.

Sincerely,

/s/ Kieran O'Donnell

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HERBOLSHEIMER Courtney * DEQ

From: Ventura, Marc V <Marc.V.Ventura@p66.com>
Sent: Friday, September 25, 2026 2:53 PM
To: CFP2026 * DEQ
Subject: Comment on September 10, 2026, CFP RAC #3 - Modeling Assumptions

Dear Oregon DEQ CFP Staff,

I appreciate the efforts in modeling various scenarios to evaluate compliance with the proposed 50% CI reduction by 2040.

Please consider adding a scenario (or adjusting one of the four scenarios) that would show a credit bank remaining relatively flat through 2040 as the first three scenarios show a credit bank going negative, which is infeasible, and the ACC2 Delayed scenario shows a strong build of the credit bank, which would lead to low or zero value CFP credits, indicating a non-realistic scenario. A well-functioning CFP should have a balanced bank of credits throughout the duration of the program.

Feel free to reach out to discuss.

Thank you for your consideration.

Marc Ventura
Sr Advisor, Fuels Strategy
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Marc Ventura
Sr Advisor, Fuels Strategy

PROVIDING ENERGY. IMPROVING LIVES.

September 30, 2026

To Oregon DEQ Clean Fuels Program (CFP) Staff

Submitted electronically at CFP2026@deq.oregon.gov

Comments on the September 10, 2026, CFP RAC Meeting

Phillips 66 Company (Phillips 66) appreciates the opportunity to comment on the Oregon 2026 Clean Fuels Program (CFP) Rulemaking Advisory Committee (RAC) Meeting #3 that was held on September 10, 2026.

Phillips 66 is a producer of conventional fuels and renewable fuels and operates a fuels terminal in Portland, Oregon. Phillips 66 markets fuels under the 76® brand on the U.S. West Coast. Phillips 66 looks forward to a continued feasible CFP in the years to come.

EV Residential Crediting at Gasoline Baseline

As we commented at the prior RAC #2 meeting, DEQ should not enable "baseline CI crediting" for EV charging as doing so undermines the integrity and principal design of the program. Baseline CI crediting would compare the CI of the electricity – adjusted with the energy economy ratio or EER – to the baseline CI of 96.50 gCO2e/MJ for light-duty vehicle applications, rather than the CI standard of 82.99 gCO2e/MJ in 2027, and a declining CI score in future years. Baseline CI crediting defeats the purpose of the CFP and Low Carbon Fuel Programs (LCFS) in general by artificially inflating the number of credits generated by EV charging, without any incremental greenhouse gas reduction. This concept infringes on the requirements of the CFP to only account for real carbon emission reductions, as this scheme would not constitute real carbon reduction from the CI standards. DEQ should continue to set the same CI reduction standards for all fuels covered in the program. In the event DEQ wants to increase incentives for EVs it should consider other options that are not at odds with the fundamental integrity principles upon which the CFP is designed. However, if DEQ decides to implement baseline CI crediting, then the baseline CI crediting concept should be applied to all low carbon fuels covered under the program, including biofuels such as ethanol, renewable diesel and biodiesel, and not just EV charging.

I am available to discuss our comments and can be reached at the contact information provided below.

Sincerely,

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September 25, 2026

Mr. Bill Peters
Oregon Department of Environmental Quality
700 NE Multnomah 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 PROGRAM RULEMAKING – RULEMAKING ADVISORY COMMITTEE MEETING #3

Dear Mr. Peters:

POET appreciates the opportunity to participate in Oregon's Department of Environmental Quality's ("DEQ") Clean Fuel Program ("CFP") Rulemaking and to provide comments on the third Rulemaking Advisory Committee meeting, held September 10, 2026 ("RAC #3").[1] POET has participated actively in this and prior rulemakings through written comments and engagement with DEQ staff, and looks forward to continuing its positive relationship with DEQ as this rulemaking proceeds. These comments address both the preliminary modeling presented by UC Davis and additional proposals discussed at RAC #3. POET submits them together for the convenience of DEQ staff.

I. Comments on the preliminary modeling and target-setting

DEQ has asked stakeholders whether the assumptions underlying the preliminary modeling conducted by UC Davis are "overly cautious or aggressive," and what should be modified as the scenarios are finalized.[2] POET requests DEQ and UC Davis consider the following information in the next round of modeling.

[1] Rulemaking Advisory Committee Meeting #3, Clean Fuels Program – 2026/2027 Rulemaking (Sept. 10, 2026) ("RAC #3 Slides"), available at https://www.oregon.gov/deq/rulemaking/pages/cfp2026.aspx.
[2] RAC #3 Slides at slide 18.

A. The assumed rate of CCS adoption at ethanol facilities is overly optimistic and should be reevaluated.

The UC Davis Fuel Portfolio Scenario Model ("FPSM") assumes that corn-starch ethanol produced with carbon capture and sequestration ("CCS") reaches 60 million gallons by 2030—less than four years from now[3]—described in the presentation as roughly 40% of the ethanol supplied to Oregon.[4] POET respectfully submits that UC Davis and DEQ have not scrutinized this assumption as closely as other portions of the fuel portfolio and have likely overestimated the volume of pathway-approved CCS ethanol that will supplied to Oregon within the next four years.

The constraints on CCS deployment are both physical and administrative, and they compound one another. Physically, a facility must either be located near suitable geology for on-site injection and sequestration or have access to CO2 transport infrastructure. For the facilities relying on large-scale CO2 transport, political factors outside of the facilities' control can affect if and when those facilities are able to access the necessary infrastructure. In South Dakota, for example, the major CO2 pipeline project faced significant political backlash and ultimately dropped the state from its proposed route. As a result, ethanol plants in South Dakota do not have access to CO2 transportation infrastructure. Even where physical plant locations are conducive to CCS, the administrative approval process is long and sequential: EPA Class VI authorization, CCS infrastructure construction and commissioning, accumulation of operational data, CFP pathway application, certification, and verification. These various requirements create a lengthy and uncertain process for CCS approval.

Despite the physical and administrative challenges, certification in Oregon is achievable. For example, DEQ has approved a CCS-inclusive pathway for the Red Trail Energy facility in Richardton, North Dakota.[5] Yet POET is not aware of any other approved CCS ethanol pathways in Oregon or California, even with functioning CCS frameworks and federal tax credits available to support these projects. The limiting factor has not been the absence of a framework; it is that satisfying the physical and administrative requirements together takes time. Moreover, DEQ reports that if the EPA revises the Monitoring, Verification and Reporting ("MRV") plan requirements for CCS it may lose the foundation on which its CCS pathway approvals rest, and

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[3] POET notes that the model assumes this aggressive timeline for adoption of CCS ethanol while simultaneously assuming the state would need five years to move from E10 to E15. Moving to E15 requires no new production assets, no new permits, no new pipelines, and no new subsurface authorization. Every element necessary to deliver it exists today. If UC Davis assumes E15 adoption will nonetheless take five years, that alone should be a sign that it's 40% CCS ethanol by 2030 assumption should be reconsidered.

[4] Colin Murphy, Modeling Alternative Fuel Deployment Scenarios for Oregon's Clean Fuels Program (Sept. 10, 2026) ("UC Davis Presentation"), at slide 10; *see also* RAC #3 Slides at slide 12.

[5] See Oregon DEQ, Approval of Proposed Red Trail Energy LLC's Tier 2 Fuel Pathway Applications, available at https://www.oregon.gov/deq/ghgp/Documents/cfpRedTrailCCSdecision.pdf; *see also* Clean Fuels Program Rulemaking Advisory Committee #3 Discussion Paper – Additional Proposals for Consideration ("Additional Proposals Paper") at p. 1.

that it lacks the staff resources to review or develop replacement plans.[6] Unless a more streamlined process for CCS ethanol pathway approval is implemented, achieving 40% CCS ethanol in Oregon is unlikely, particularly within the next four years.

Even if DEQ approves CCS ethanol pathways, the model cannot account for where low-CI gallons are ultimately delivered. As UC Davis acknowledges, FPSM does not simulate market response and does not estimate credit prices.[7] Producers that do install CCS will direct those gallons to the markets that value them most highly, which may include California, Canada, or other markets. The FPSM assumes that Oregon will receive the estimated 60 million gallons at an assumed carbon intensity without testing whether competition with other jurisdictions would affect that volume. In reality, the volume of CCS ethanol imported into Oregon could be much lower if the economics make sense for producers to ship elsewhere.

POET asks that DEQ and UC Davis re-evaluate its 40% CCS ethanol assumption, re-run the model assuming a lower percentage, and carry that case into target-setting.

B. The model contains no mechanism to reflect climate-smart agriculture.

Although CCS is being implemented where possible, the FPSM fails to account for one of the most promising and ongoing decarbonization innovations, climate-smart agricultural ("CSA"), which represents carbon-intensity reduction practices that can be and are being put into practice across the country regardless of geographical, administrative, and political limitations. POET has described CSA's decarbonization potential in detail in prior comments and incorporates those discussions by reference into this comment.[8] Importantly, since POET's previous comments, the federal government released the final framework for quantifying and verifying CSA reductions. What has changed since those comments were filed is significant: the federal framework for quantifying and verifying CSA reductions is now final and operational. USDA published its final Technical Guidelines and Feedstock Carbon Intensity Calculator ("FD-CIC") on June 29, 2026.[9] The FD-CIC has since been incorporated into the September 2026 version of the 45ZCF-GREET model, enabling producers to claim reductions associated with cover crops, tillage practices, nitrification inhibitors, and manure application for corn, sorghum, soybeans, and canola.[10]

This development dramatically reduces the administrative burden of incorporating CSA into a clean fuels program, resolving the objection most frequently raised against crediting CSA emissions reductions into a clean fuels program. DEQ need not build a quantification or

[6] Additional Proposals Paper at p. 1.
[7] UC Davis Presentation at slide 12.
[8] POET April 6, 2026 comments to DEQ ("April 2026 Comments").
[9] U.S. Department of Agriculture, Technical Guidelines for the Production of Regenerative Agricultural Biofuel Feedstocks, 91 Fed. Reg. 39334 (June 29, 2026) (codified at 7 C.F.R. pt. 2100).
[10] The USDA Feedstock Carbon Intensity Calculator has been incorporated into the September 2026 version of the 45ZCF-GREET model. *See also* I.R.S. Notice 2026-53 (Sept. 8, 2026).

verification system of its own. It may adopt, by reference, a tool developed across two federal administrations of both political parties, maintained by the federal government, and in operation today. The USDA regulations include thorough recordkeeping and auditing requirements, ensuring monitoring and verification of on-farm emissions reductions. Despite the release of the FD-CIC and its incorporation into the 45ZCF-GREET model, the FPSM fails to include any variable through which reductions attributable to CSA practices could be represented. The FPSM thus fails to incorporate one of the best and most practical ways for producers to lower the CI of their biofuels over the coming years. POET thus asks DEQ to direct UC Davis to include a CSA-enabled CI sensitivity in the next round of modeling and to consider incorporating CSA into the OR-GREET model in this rulemaking.

C. Implications for target-setting.

Among the factors DEQ identified for target-setting is achieving near-term emissions reductions from the existing vehicle fleet through greater use of biofuels.[11] POET urges DEQ to weigh that factor heavily and consider the emissions reductions achievable through practices like CSA. The roughly 3.6 million light-duty vehicles already registered in Oregon will realize emissions reductions delivered by low-carbon liquid fuels.[12] These emissions reductions do not depend on consumer vehicle purchasing decisions, on charging infrastructure build-out, or on the trajectory of federal vehicle policy.

That consideration bears directly on how DEQ should judge the risk of setting targets too high or too low. Targets calibrated to optimistic near-term credit generation—whether from overly generous assumptions about CCS ethanol or electric vehicle adoption—increase the likelihood that the program will not meet its goals. More practical assumptions will lead to achievable targets that will also lead to noticeable and sustainable reductions in emissions. As POET explained in April, Oregon's transportation market differs from California's and Washington's in ways that counsel caution before projecting either trajectory onto Oregon.[13] POET urges Oregon to keep those differences in mind as it continues with the rulemaking.

II. DEQ's focus on electricity continues to disadvantage other clean fuels

A. The discussion paper's characterization of ethanol fails to recognize recent decarbonization innovations in the industry.

The electricity discussion paper justifies preferential crediting for residential charging in part on the ground that there are "few other clear options" for decarbonizing the light-duty fleet affordably, observing that ethanol is limited to 15% of the gallon in most vehicles and that flex fuel vehicles

[11] RAC #3 Slides at slide 17.
[12] See UC Davis Presentation at slide 15.
[13] April 2026 Comments.

are not being manufactured in significant quantities.[14] Rather than recognize the carbon-reduction benefits of ethanol, the electricity discussion paper essentially writes off ethanol's CI-reduction potential over the long-term while taking into account some benefits associated with CCS. POET urges DEQ to reevaluate the benefits ethanol offers.

To the extent there is a volumetric ceiling, that is a reason to maximize the carbon intensity reduction achieved beneath that ceiling, not a reason to discount the reduction. Across an Oregon gasoline pool of roughly 1.3 billion gallons, the difference between conventional ethanol and deeply decarbonized ethanol represents meaningful volumes. Despite the difficulty associated with CCS projects, POET is committed to decarbonization. Between CSA, CCS, and other innovations, ethanol has the potential to become a net-zero CI product on an LCA basis. Yet the rulemaking ignores most of the industry's innovations and treats ethanol's contribution as generally fixed while permitting electricity's contribution to grow by assumption. That is the technology-neutrality concern POET raised in June, now appearing as program rationale.[15] The concern is compounded by the modeling gap described in Part II. An argument that ethanol's contribution is capped carries considerably more weight when the model contains no mechanism capable of representing the CI reductions that would occur beneath that cap. Recognizing the CI-reduction benefits of ethanol is thus not only appropriate from a technology neutrality standpoint but also to ensure the FPSM fairly and accurately evaluates all clean fuels.

B. Residential crediting at the gasoline baseline goes against the program's technology neutrality.

DEQ once again raises its proposal to calculate credits for residential charging against the gasoline baseline of 96.50 gCO2e/MJ from 2027 through 2031, rather than against the declining standard, and now estimates the effect at slightly more than 1.5 million additional credits.[16]

POET objected to this proposal in June and respectfully renews that objection now that its magnitude has been quantified.[17] The proposal generates credits for a single technology by holding its baseline static for five years, while every other clean fuel in the program is credited against a standard that declines from across the same period. This unquestionably violates the technology neutrality of the CFP. Moreover, as DEQ has recognized, other policies are better suited to controlling the carbon intensity of electricity. Oregon should rely on those policies to support electrification, rather than on the CFP's crediting mechanism.

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[14] Clean Fuels Program Rulemaking Advisory Committee #3 Discussion Paper – Electricity Topics ("Electricity Discussion Paper") at p. 4.
[15] POET June 26, 2026 comments to DEQ ("June 2026 Comments").
[16] RAC #3 Slides at slide 32; Electricity Discussion Paper at p. 4.
[17] June 2026 Comments; see also Rulemaking Advisory Committee Meeting #2, Clean Fuels Program – 2026/2027 Rulemaking (June 10, 2026) at slide 36.

III. Carbon capture and sequestration monitoring, reporting, and verification

POET appreciates DEQ raising the potential consequences of changes to the U.S. EPA Greenhouse Gas Reporting Program and agrees that DEQ must adopt durable CCS monitoring and reporting requirements.[18] DEQ should allow credit generators to certify CCS projects against ISO 27914 or the existing Subpart RR.

POET supports DEQ's recognition of ISO 27914 for geologic storage, subject to annual review and certification by an independent state-licensed professional engineer or geologist—an approach consistent with what DEQ notes Treasury and the Internal Revenue Service accepts for purposes of the section 45Q credit. POET also supports recognition of Class VI permits issued by states exercising primacy, which rest on a well-developed regulatory foundation and avoid duplicative review by DEQ staff. POET further urges DEQ to grandfather MRV plans it has already approved and to provide a workable mechanism for updating them, so that projects DEQ has already reviewed are not stranded by a change in the underlying federal program. Given the complexity in adopting CCS, DEQ should provide credit generators flexibility and allow them to certify CCS projects against either ISO 27914 or the existing Subpart RR.

Finally, POET encourages DEQ to avoid adopting an Oregon-specific regime more demanding than those applicable in neighboring jurisdictions. Requirements materially more burdensome than California's or Washington's would compound the administrative constraint described in Part II and further reduce the likelihood that CCS ethanol is delivered into Oregon.

IV. 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,



Paul W. Townsend
Regulatory Counsel

[18] Additional Proposals Paper at pp. 1–2.

PGE Comments on Oregon DEQ Clean Fuels Program Rulemaking Advisory Committee Meeting #3

September 30, 2026

Portland General Electric (PGE) appreciates the opportunity to comment on the Oregon Department of Environmental Quality's (DEQ) Clean Fuels Program (CFP) 2026 Rulemaking Discussion Papers following the third Rulemaking Advisory Committee meeting on September 10, 2026. PGE shares DEQ's vision for reinvesting the value generated by residential EV charging in programs and incentives that accelerate EV adoption, broaden customer benefits, and advance equitable access for underserved communities.

As DEQ finalizes the proposed rule language, PGE encourages DEQ to preserve flexibility for utility investments, align new requirements with existing Oregon Public Utility Commission (OPUC)-approved planning and budgeting cycles, and ensure reporting and compliance obligations are practical to administer.

PGE supports DEQ's definition of transportation electrification

PGE commends DEQ for pursuing a broad and flexible approach in defining eligible investments for utilities to directly support transportation electrification. Utilities continue to play a critical role in addressing the barriers to widespread EV adoption by making strategic and community-informed investments. These investments span the transportation electrification market and are sequenced to maximize community benefit and prevent upward pressure on customer rates. In addition to on-road technologies, there are several off-road vehicle technologies that are well-suited for electrification today such as forklifts and agricultural equipment which PGE customers are adopting with the support of the CFP-funded Drive Change Fund. PGE recommends that DEQ consider this an eligible use in its final rule language.

PGE also recommends that DEQ withhold the non-exhaustive list of example projects provided in the discussion paper from the final rule language, pulling it instead into a guidance document. Specific to that list, PGE cautions against offering free public charging as it can lead to the overuse of public charging infrastructure and limits charger availability for those without access to home charging. Subsidized charging can be effective at making charging access more equitable, especially for customers that live in multifamily properties or do not have the ability to charge at home. PGE is supportive of the other items on the list and is already making investments in most of these areas today. PGE would like to emphasize the importance of technology and utility demonstrations such as those to inform targeted grid capacity upgrades and non-wires solutions.

Customer-focused incentive spending requirements should minimize administrative costs and complement utility program planning and budgeting cycles

PGE reiterates its support for customer-focused incentives as an important tool to accelerate EV adoption. PGE also appreciates that the proposed customer-focused incentive spending requirement is framed flexibly, allowing utilities to meet the requirement in ways that reflect varied customer needs, such as contributing to a state-managed EV rebate or other incentive program.

As previously shared, PGE plans CFP expenditures consistent with Order No 18-376[1] in Docket No. UM 1826[2] through its OPUC-approved and publicly informed Transportation Electrification Plan (TEP), which is approved through 2028. Substantive changes to spending requirements during the current TEP cycle could put planned expenditures and programs designed to address current market and customer needs at risk. PGE recommends that any new spending requirements effective during the current TEP cycle apply only to revenues received above the planned and approved expenditures included in the TEP. Alternatively, DEQ could consider applying the gasoline baseline crediting mechanism to 2026 credit generation to provide additional revenue opportunity.

The latest discussion paper did not describe any time constraints by which utilities must demonstrate having met the spending requirement or how DEQ will assess compliance. PGE recommends that the final rule, at minimum, recognize obligated funds as satisfying the spending requirement, rather than only funds cleared through a utility's accounts by December 31. DEQ should remain flexible in determining how utilities have met the spending requirement should funds be committed but under-subscribed in a given year. Importantly, when determining what the spending allocation should be, DEQ should also consider the delay between credit monetization and when revenues are expended in programs: credits monetized in 2027 will be directed into programs in 2028.

PGE appreciates DEQ's proposed definition of eligible customer classes for the customer-focused incentive requirement. Beyond residential customers, PGE would operationalize "small business and small commercial" to include customers enrolled in Small Nonresidential Standard Service, Schedule 32, or Large Nonresidential Optional Time-of-day Standard Service, Schedule 38. Nonprofit customers would be identified using Publication 78 maintained by the Internal Revenue Service, which lists organizations eligible to receive tax-deductible charitable donations. PGE believes these classifications best align with the customer classes DEQ seeks to serve through these incentives.

Finally, PGE recommends that DEQ regularly evaluate the additional residential EV crediting mechanisms introduced through this rulemaking. A review after two years of implementation, and every two years thereafter, would help ensure the changes are achieving the state's intended outcomes.

[1] Order No 18-376. Available online: https://apps.puc.state.or.us/orders/2018ords/18-376.pdf
[2] Docket No UM 1826. Available online: https://apps.puc.state.or.us/edockets/docket.asp?DocketID=20725

PGE supports directing revenues toward underserved communities using established definitions

PGE reiterates its support for utilizing transportation electrification investments to benefit underserved communities. To maintain consistency across utility programs and reporting, PGE supports the choice to rely on established state definitions, including those in HB 2165[3].

PGE recommends adding clarity and timing considerations to reporting

PGE appreciates the opportunity to review the reporting template for utilities. Based on the timing of programs and associated spending, the following details are included for consideration:

1. Additional detail should be added related to the 50% spending requirement, acknowledging the delay between monetizing credits and spending.
2. Some investments such as grants are disbursed out across multiple calendar years due to customer timelines, procurement requirements, construction schedules, or program launch delays; the reporting template should allow for utilities to specify which project investments are fully realized in the reporting year and which are obligated to be spent in future years. Similarly, it is recommended to include space to report on expenditures associated with projects or investments committed in prior years.
3. DEQ may consider including a section within the reporting template for additional context and narrative alongside project descriptions.
4. DEQ should consider combining 9(c) and 9(d) in OAR 340-253-0640 as base credit and incremental credit revenues support CFP portfolios taken together rather than as separate funding streams. The reporting template provided requests revenues to be reported collectively. It follows that program expenditures should also be reported collectively.

PGE supports a workable pathway for Renewable Energy Certificates (RECs)

PGE supports DEQ's efforts to preserve the existing Green-e® Energy Certification pathway while establishing an additional option for Renewable Energy Certificates (RECs) to generate CFP value. PGE appreciates DEQ's focus on maintaining program integrity while balancing implementation and verification workload considerations.

PGE's primary recommendation is that DEQ provide additional specificity regarding the attestation and verification process. In particular, PGE requests additional clarification regarding the requirement that the underlying electricity not be counted under another state's clean electricity policy. As currently drafted, market participants may reasonably interpret this requirement differently, creating uncertainty regarding which RECs qualify under the alternative pathway.

Additional clarification regarding what constitutes a prohibited claim would improve transparency and allow market participants to assess REC eligibility with greater confidence before procurement and retirement. Because DEQ is seeking to establish a viable alternative pathway, PGE recommends further clarifying the specific circumstances that would render a REC ineligible so that suppliers can confidently attest to eligibility and reporting entities can evaluate compliance requirements at the time of procurement.

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[3] "Oregon House Bill 2165," 81st Oregon Legislative Assembly–2021 Regular Session, n.d., https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/HB2165/Enrolled

PGE also recommends that DEQ clarify:

- Whether attestations must be provided by the generator, seller, or both;
- What documentation, if any, is required beyond WREGIS records and attestations;
- The timing of verification, reporting, and documentation requirements;
- Whether third-party verification costs are expected and who is responsible for obtaining it;
- How portfolios containing both Green-e-certified and alternatively verified RECs should be treated; and
- The process and recourse if a prohibited claim or other issue is identified after reporting.

PGE also encourages DEQ to preserve flexibility within the geographic eligibility provisions. While PGE understands DEQ's interest in managing agency and verifier workload, the proposed criteria may limit the pool of RECs that can practically utilize the alternative pathway. To provide flexibility while maintaining DEQ oversight, PGE recommends allowing RECs from "additional states within the Western Interconnection identified by DEQ" or similar language that would permit DEQ to expand eligibility over time without requiring a future rulemaking.

Overall, PGE believes the proposal provides a reasonable foundation for an alternative compliance pathway and recommends additional implementation clarity to support efficient participation and verification.

Conclusion

PGE appreciates DEQ's thoughtful approach to strengthening the Clean Fuels Program and supports the most recent proposed updates, with the additional considerations included above.

As DEQ finalizes the rule language, PGE encourages DEQ to design the framework in a way that expands total investment in transportation electrification while preserving the flexibility utilities need to meet customer, community, infrastructure, and grid-readiness needs. This includes recognizing approved utility planning and budgeting cycles, allowing practical pathways for customer-focused incentives, maintaining workable reporting requirements, and ensuring renewable electricity and REC eligibility standards are clear, verifiable, and commercially feasible.

Utility investments through CFP should support both near-term EV adoption and the long-term infrastructure needed to serve Oregon's transportation electrification market. PGE recommends that DEQ regularly evaluate new crediting mechanisms, monitor market impacts, and make adjustments as needed to ensure the program continues to increase customer benefits without unintentionally reducing the value available for transportation electrification investments.

PGE looks forward to continuing to work with DEQ to advance a Clean Fuels Program that accelerates EV adoption, expands equitable access to clean transportation, and supports the infrastructure and grid readiness Oregon will need for the future.

Contact: Sarah Buchwalter, Government Affairs Manager, sarah.buchwalter@pgn.com

RIVIAN



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

September 30, 2026

SUBMITTED ELECTRONICALLY TO: cfp2026@deq.oregon.gov

Re: Comments in Response to the September 10, 2026, Rulemaking Advisory Committee Meeting Regarding Proposed Amendments to the Clean Fuels Program (CFP)

Thank you for the opportunity to provide comments in response to the most recent Clean Fuels Program (CFP) Regulatory Advisory Committee meeting. As a member of the RAC, this letter follows up on several points of discussion from the meeting, with reflections on the following topics:

- the importance of strong guardrails on the use of residential charging credits in support of impactful transportation electrification spending, with a focus on EV purchase incentives;
- spurring accelerated investment in public charging infrastructure with strategic regulatory provisions such as time-limited baseline crediting;
- thoughtful revisions to requirements affecting REC eligibility in the CFP; and,
- ensuring that low-impact, in-conduit hydrokinetic projects qualify as renewable energy.

Invest Residential Charging Credits for Maximum Impact

As modeling presented at the RAC showed, vehicle electrification is critical for meeting CFP targets and broader climate goals. That means that growing EV sales should be the top objective of the CFP's electricity credit provisions.

Purchase incentives, such as rebates, are the most effective and efficient market accelerator. DEQ should therefore prioritize a regulatory design that uses credit proceeds for direct EV sales incentives rather than less direct initiatives like funding home charging hardware or broader grid spending.

We continue to believe that the best approach is to allow EV manufacturers to earn a share of residential charging credits–an approach with precedent in peer regulations in California and New Mexico. Evolving the residential credit framework to include EV manufacturers as joint priority credit generators will incentivize automakers to build and sell more electric vehicles in the state. Unlike utilities, automakers are also far better positioned to nimbly and effectively deploy credit proceeds to incentivize new sales.

If DEQ elects to maintain utilities as the primary residential charging credit generator, it is vital that robust requirements govern their spending of proceeds. This source of CFP value is too important and should be put to work in support of transportation electrification in the most impactful ways possible.

This means prioritizing spending on EV purchase incentives above other initiatives. We suggest establishing guardrails on utility spending with the following definition:

For the purposes of utility residential credit revenue spending, transportation electrification projects are defined as any project that directly supports the electrification of the Oregon transportation sector. Eligible investments include the following:

1. Increasing the number of electric vehicles on the road through providing incentives to customers;
2. Providing and/or supporting EV charging equipment and access;
3. Supporting the capacity of the electric grid in ways that offset the new load already added by EV charging, subject to an annual cap determined by DEQ;
4. Providing incentives that encourage off-peak or managed EV charging to reduce strain on the electric grid during peak demand periods; or,
5. Engaging and educating communities about electric vehicles.

Because of the relative impact on sales and market growth, we strongly recommend requiring all utilities to justify in annual reporting why credit proceeds were spent on

initiatives and projects *other* than EV purchase incentives. DEQ and stakeholders should understand why a utility cannot prioritize and support the highest impact investment. We also support establishing a requirement for utilities to deploy at least 50 percent of credit revenues within one year to ensure funds are put to work rapidly.

Strengthen Utility Credit Revenue Spending Requirements

For utilities generating a particularly large number of residential charging credits, we support yet stronger requirements as proposed by DEQ. However, to maximize impact, we respectfully urge DEQ to require qualifying utilities to dedicate at least 67% of net residential credit proceeds to customer-focused incentives. We also urge DEQ to require at least half of those funds be allocated to an EV purchase incentive. If participating utilities use a third-party administrator to operate a rebate, as they do in California, this should be a straightforward requirement to simply transfer the prescribed credit proceeds into the relevant account. Perhaps the simplest approach would be for participating utilities to harness the existing OCVRP. For example, utilities could pay directly into the OCVRP account to bolster funding for the existing rebate, or establish a parallel and stackable rebate that shares administrative infrastructure, including a common application, with that program.

We also support allowing participating utilities to earn credit against the gasoline baseline. In these cases, we recommend requiring that all credits earned incrementally against the baseline, as opposed to the CI standard, be deposited into the EV incentive account. This would not only clearly tie the time-limited allowance for baseline crediting to a clear policy objective consistent with the Governor's directives, but will also ensure a minimum funding level for rebates that contributes towards the utilities' overall funding requirement as proposed above.

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Supporting Light-Duty Fast Charging with Baseline or Advance Credits

Deploying more charging infrastructure remains important. To that end, Rivian supports DEQ's proposal to allow medium- and heavy-duty (MHD) charging sites to apply for advance credits.

However, DEQ should extend this solution to public light-duty fast-charging (DCFC) infrastructure as well. We heard concerns from DEQ staff at the RAC meeting about limited staff capacity. Processing advance credit applications could be time consuming. Yet the potential benefits are significant and merit further thinking on how to make this work. Possible solutions include:

- Partnering with the backstop aggregator or another third-party to receive and vet applications for advance credits; and,
- limiting advance credit applications to priority geographies, such as rural locations or urban communities with a high density of apartment dwellers.

We also believe that the relative maturity of the light-duty charging business means that light-duty infrastructure applications will be easier to evaluate.

Finally, as an additional policy support for a low-margin but critical industry, we recommend allowing public light-duty DCFC sites to temporarily earn credits relative to the gasoline baseline, as DEQ has proposed for certain qualifying utilities, on a time-limited basis. Specifically, we recommend allowing networks to earn “baseline credits” for the first five years of operation at a site. This would accelerate investment in charging networks in the state and support the operation of newly deployed sites..

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Refining the CFP's Renewable Electricity Provisions

Rivian appreciates DEQ's efforts to address the limitations of Green-e certification in certain jurisdictions and to create an alternative pathway for renewable electricity claims under the Clean Fuels Program. We recommend that DEQ make this pathway as simple and administrable as possible, relying on existing REC tracking infrastructure and avoiding requirements that duplicate information already available through the registry.

An Alternative Approach to REC Requirements and Verification

A REC is the standard way to track the renewable attributes of one megawatt-hour of eligible generation. WREGIS and successor tracking systems track issuance, serial number, transfer, ownership, and retirement. Once a REC is retired for a CFP claim, it cannot be retired again. Those registry controls should be the foundation of the alternative pathway.

The proposed attestation appears intended to help DEQ and verifiers avoid reviewing e-tags, WREGIS records, and other transaction documentation in every case. We understand the administrative objective. However, administrative convenience should not become a new eligibility requirement or shift disproportionate legal risk to generators and sellers. WREGIS provides the registry record of issuance, transfer, account ownership, and retirement, but it cannot show whether someone made a separate claim outside the registry. Participants should not be required to recreate those registry facts through a separate attestation.

Rivian recommends the following middle-ground approach:

1. Require the WREGIS retirement record identifying the RECs retired for CFP.

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2. Use a standardized attestation only for a specific, documented risk that someone else made a claim about the same renewable attributes outside WREGIS.
3. Allow the attestation to be provided by the seller or reporting entity with direct knowledge of the relevant claim, rather than automatically requiring the generator to certify facts outside its control.
4. Accept equivalent documentation, including contracts or other evidence of exclusive ownership of the REC's environmental attributes, where it provides the same assurance.
5. Use targeted, risk-based audits or sampling rather than transaction-by-transaction review of e-tags and other records.

Rivian's preferred position remains that WREGIS records should be sufficient for ordinary REC ownership, transfer, and retirement requirements. Any attestation should be a narrow fallback for a specific, documented claim that is not recorded in WREGIS, not a parallel certification requirement. It should be limited to information that is not visible in WREGIS. It should not require a generator to investigate every possible claim involving the underlying electricity or certify that the power was not sold into another jurisdiction when the relevant issue is actually whether environmental attributes were conveyed or claimed. E-tags should be requested only when a specific deliverability or external-claim question cannot be resolved through the REC registry and ordinary commercial records.

DEQ should keep routine attestations simple and practical. Participants should be expected to make a reasonable check of their records, not guarantee that no issue could ever arise or face severe consequences for an honest mistake. DEQ should provide a clear form, allow participants to keep supporting records, and use targeted audits when needed instead of reviewing every transaction. This would help identify real claims made outside WREGIS without adding unnecessary burden or treating properly tracked RECs as suspect.

The alternative pathway should be available on equal terms to qualifying generators throughout the Western grid region covered by WECC. DEQ should also preserve the existing 21-month REC-generation window and avoid imposing a future new-build

requirement. These criteria provide meaningful integrity controls while maintaining the regional liquidity and market access that make book-and-claim accounting workable.

Include low-impact, in-conduit hydrokinetic generation as qualifying renewable energy

DEQ should expressly include qualifying low-impact, in-conduit hydrokinetic generation as an eligible resource. The current proposal identifies technologies such as solar, wind, geothermal, biomass, hydrogen fuel cells, and tidal or wave energy, but does not clearly include hydrokinetic generation. Low-impact hydro should not be excluded based solely on the label "hydro." The relevant distinction is the project's physical design and environmental profile.

In support of our impact-driven renewable energy goals, Rivian has partnered with Emrgy and has direct experience evaluating its modular hydrokinetic technology. Emrgy systems are designed for existing irrigation canals and other water-conveyance infrastructure, using energy from water that is already moving through the canal for its original purpose. Unlike conventional impoundment hydropower, these systems do not require a new dam, reservoir, or diversion structure. They can be deployed as modular units with limited civil works, preserve the productive use of the canal, and provide predictable, distributed renewable generation near agricultural and rural loads.

This technology is materially different from conventional hydroelectric projects that may involve inundation, altered river flows, major fish passage barriers, or extensive new infrastructure. In-conduit hydrokinetic systems use existing man-made channels rather than creating new impoundments or changing the fundamental operation of a natural river. Rivian recognizes that site-specific review remains appropriate, including review of fish interaction, water rights, canal operations, and interconnection. But those safeguards should support eligibility, rather than justify categorical exclusion.

DEQ could define eligible low-impact hydrokinetic resources using objective criteria, including:

- generation in an existing canal, conduit, or other man-made water conveyance;

- no new dam, reservoir, or impoundment;
- does not interfere with the canal's existing water use;
- applicable environmental, water-rights, and interconnection approvals;
- WREGIS registration and CFP retirement; and
- compliance with the same vintage and exclusive-attribute requirements applicable to other eligible resources.

Including this category would advance the CFP's objectives by recognizing reliable renewable generation, supporting rural and agricultural communities, making productive use of existing infrastructure, and encouraging innovation beyond conventional solar and wind deployment. Rivian therefore recommends that DEQ expressly include qualifying low-impact, in-conduit hydrokinetic generation as an eligible resource.

Once again, thank you for the opportunity to comment and for considering our recommendations.

Sincerely,

Tom Van Heeke
Senior Policy Advisor
Rivian

RPMG
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September 30, 2026

Clean Fuels Program
Oregon Clean Fuels Program
Department of Environmental Quality

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

RE: RPMG Informal Comment Letter for Oregon DEQ's CFP RAC Meeting #3 Fleet Turnover Scenarios and Illustrative Compliance Scenarios

Dear Mr. Bill Peters,

RPMG Inc. (RPMG) appreciates the opportunity to comment on the discussion paper and illustrative scenarios presented for the 2026 Oregon Clean Fuels Program Rule Advisory Committee (RAC) on September 10th.

RPMG is a biofuel marketing company representing our owner and marketing partner bioethanol facilities located throughout the Midwest. RPMG markets renewable fuel in Oregon and across the greater United States and Canada. RPMG looks forward to the continued success of reducing carbon emissions through the continued use of biofuels as a critical CFP foundation for years to come.

Upon evaluating the four illustrative compliance scenarios presented (Business as Usual, DEQ Low, DEQ High, and ACC2 Delay) we must reiterate our prior comments concerning the "baseline CI crediting" proposal for electric vehicle (EV) charging. DEQ should not implement the "baseline CI crediting" proposal. This concept would award an inflated credit generation mechanism to a single fuel type without demonstration of real additional emission reductions at the expense of all others.

However, if DEQ decides it is compelled to integrate such a concept as the proposed "baseline CI crediting", then the mechanism should be made available equitably to all low-carbon fuels accepted by the CFP. Maintaining fuel neutrality has been the key to incentivizing all sources of lower carbon fuels to keep reducing their CI scores. These CI reduction efforts, and investments, are necessary for the success of the program. It is these demonstrated reduction efforts in all fuel types that maximize near-term and ultimate long-term health and environmental benefits. And plainly, it is these demonstrated reduction in CI efforts in all fuel types that are imperative to the integrity of all low carbon fuel programs.

Upon further evaluation of the four illustrative compliance scenarios presented alongside the discussion at the RAC meeting, it is clear that staff believe the best way to balance credit and deficit generation is by assuming the additional incentive the CFP EV credits provide will result in proportional EV growth. We respectfully disagree. The connection between DEQ CFP credit generation levels and the availability and purchase of a private party EV is tangential at best. There are much larger macro policy, political and

economic factors at play. The connection is especially thin given residential EV credits, the exact ones being proposed to be inflated, are assigned to the utility provider and not the EV user. There is no direct connection the same way there is for fuel producers supplying lower CI fuels.

Electricity certainly will play a prominent role in the transportation models of the future. However, energy from all feasible, diverse and abundant sources should be allowed to compete and serve the populous as well. That is the beauty of a low-carbon fuel standard. It creates the environment to incent producers of a wide variety of fuel types to all lower CI scores.

Oregon DEQ should consider the following mechanisms to further unlock measurable and verifiable CI reductions and reduce administrative burden across all fuel types:

- Renewable Energy Certificate (REC) use
- Renewable Natural Gas (RNG) as process heat book and claim
- Allow for crediting of regenerative agricultural practices
- Create flexibility in the Tier 1 CI calculators and Validation process to efficiently integrate commercially available process improvements
- Add Conservative Temporary Fuel Pathway Codes for conventional fuels that adopt new practices as a bridge to full pathway certification in a time scale the agency can manage

With respect to the issue of CCS Monitoring, Reporting and Verification (MRV), RPMG is working to prepare more comprehensive thoughts and recommendations for agency consideration. We are aware of additional resources that merit review and exploration beyond the timeline available for this informal comment period.

RPMG strongly believes continued consideration and acceptance of CCS project crediting in Oregon's CFP is critical. We thank Oregon DEQ for their leadership in this area. There are many innovative and well-prepared projects in operation now or planned for the immediate future that will benefit the environment and the fuel supply objectives of the program.

RPMG wishes to see Oregon DEQ retain their leadership role in this arena. It is not acceptable for pathway applicants nor the agency to have any implied, conditional or explicit direct mandate requiring California approval before DEQ pathway issuance. It is acceptable, and makes logical sense, for DEQ to honor reciprocity and accept a California (or other jurisdiction) permanence certificate found to be sufficient for Oregon's requirements. But it is concerning to see a proposal that would further limit access to pathways including this essential technology due to limited policy optionality.

Sincerely,



Jessica Hoffmann
Chief Compliance Officer
RPMG Inc.

WSPA

Antonio Machado
Director, Northwest Regulatory Affairs and Fuels

September 30, 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 Transportation Electrification and Electricity-Crediting Policy Proposals – Oregon Clean Fuels Program 2026–2027 Rulemaking, RAC Meeting #3

Dear Mr. Peters,

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide additional comments regarding the policy proposals discussed during the September 10, 2026, Clean Fuels Program (CFP) Rulemaking Advisory Committee meeting. DEQ requested comments regarding the preliminary modeling assumptions by September 25th and comments regarding the remaining policy topics by September 30th. These comments supplement WSPA's September 25th modeling comments and focus specifically on the transportation-electrification and electricity-crediting policy proposals under consideration.

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 recognizes that transportation electrification is a focus of the current rulemaking. DEQ's rulemaking scope includes both opportunities to increase strategic transportation electrification and consideration of alignment with neighboring low-carbon fuel programs.[1] Those objectives make it especially important that changes to CFP credit generation be evaluated transparently and consistently across competing transportation-fuel pathways.

As WSPA discussed in its September 25th comments, DEQ has presented several policy changes that would increase or accelerate electricity credit generation, including changes to the light-duty electric vehicle Energy Economy Ratio (EER), residential baseline crediting, renewable electricity eligibility, and advance crediting. WSPA previously raised concerns following RAC #2 that these proposals may appear limited when considered separately but could collectively have a more significant effect on credit generation, compliance strategies and the relative value assigned to competing fuel pathways.

The issue raised by these proposals is broader than whether the CFP market can absorb a particular number of additional electricity credits. WSPA objects to holding the crediting benchmark constant for a single transportation-energy pathway while every other credit-generating fuel, and every deficit, continues to be measured against the declining annual carbon-intensity standard. That is not a technology-neutral program design. It sets the relative compliance value of competing pathways by rule rather than by verified lifecycle performance.

[1] Oregon DEQ - Clean Fuels Program 2026

The consequence falls on fuels reducing emissions in Oregon's existing fleet today. Renewable diesel, biodiesel, ethanol and renewable natural gas must continue to improve against a tightening standard to retain their compliance value, and they deliver reductions now, without requiring vehicle replacement, new infrastructure or changes in consumer behavior. WSPA requests that DEQ address this concern.

Future target-setting should preserve competition among pathways and account for both near-term and long-term emissions reductions.

DEQ has asked stakeholders how future CFP targets should balance greenhouse-gas reductions, commercialization of fuels and vehicles needed for deeper decarbonization, infrastructure investment, and near-term reductions from the existing vehicle fleet. WSPA believes those objectives should be considered together. Target-setting should continue to preserve competition among compliant pathways and allow the market to identify the combination of fuels and technologies that can deliver meaningful lifecycle emissions reductions at a reasonable cost.

DEQ's own prior target-setting work recognized this balance. In the RAC #1 discussion paper for the current rulemaking, DEQ explained that the targets adopted in 2022 were intended to support additional zero-emission vehicle deployment while also continuing to support biofuels used in the existing fleet to maximize near-term carbon reductions. DEQ also noted that its earlier analysis showed that, under lower targets, additional electricity credits could largely crowd out biofuel deployment.[2]

As DEQ considers additional mechanisms that would increase or accelerate electricity credit generation, WSPA believes it is important to evaluate how those changes affect the balance among competing pathways. If future target feasibility increasingly depends on credits created through changes in crediting methodology rather than additional physical deployment, the program could shift value away from fuels that are capable of reducing emissions from vehicles already operating in Oregon today. Renewable diesel, biodiesel, ethanol, renewable natural gas, and other lower-carbon fuels can provide near-term reductions from the existing fleet while electrification, charging infrastructure, and other longer-term technologies continue to develop. Those pathways should continue to compete on the basis of their verified lifecycle performance rather than being disadvantaged by changes in crediting methodology that increase the relative compliance value of another pathway.

WSPA therefore requests that DEQ evaluate future target scenarios in a way that accounts for both near-term and long-term reductions. At a minimum, the analysis should show how each target and related crediting policy affects emissions reductions from the existing fleet, investment in longer-term fuels and technologies, and whether additional electricity-crediting mechanisms materially reduce otherwise available deployment of lower-carbon fuels.

Residential baseline crediting would change the reference point used to determine the compliance value of residential electricity.

At RAC #3, DEQ proposed allowing utilities that provide qualifying customer-focused incentives to calculate residential EV credits against the gasoline baseline from 2027 through 2031 rather than against the otherwise applicable declining annual gasoline standard. DEQ stated that the proposal is intended to award the "full environmental benefit" of EVs during this period and estimated that, under the DEQ High vehicle scenario, it would add slightly more than 1.5 million credits over five

[2] Oregon Department of Environmental Quality, CFP 2026 Rulemaking: Rulemaking Advisory Committee Meeting #1 Discussion Paper, pp. 4–5 (Mar. 2026).

years.[3] This is more than an administrative change in how an existing quantity of credits is distributed. It changes the benchmark used to calculate the credits themselves. Under the existing approach, the credit value attributable to a given amount of residential electricity declines as the gasoline standard becomes more stringent, just as the compliance margin available to other low-carbon fuel pathways generally narrows as the annual standard declines. Under the proposed approach, residential electricity would instead be compared to a fixed gasoline baseline during 2027–2031.

DEQ's own example illustrates the significance of the distinction. For a fixed population of 25,000 EVs, DEQ's materials show credit generation declining under the existing provisions as the annual standard tightens, while the policy option produces a substantially higher and relatively constant level of credits. The physical amount of electricity used by that illustrative vehicle population does not change simply because the crediting reference changes. The additional credits result from the change in program methodology.

That distinction is important. WSPA does not question whether electrification can reduce transportation emissions or that EV adoption is relevant to Oregon's long-term transportation strategy. The issue is whether the CFP should assign additional compliance value to residential electricity by holding its crediting reference constant while the benchmark applied to other fuel pathways continues to decline. A core feature of a carbon-intensity program is the continuing incentive for lower-carbon pathways to improve as the standard becomes more stringent. Renewable diesel, biodiesel, ethanol, renewable natural gas and other fuels must continue to compete against that tightening standard. A fixed residential electricity baseline changes that relationship for one pathway during the five-year period.

WSPA therefore requests that DEQ explain the policy basis for providing this different treatment and identify the incremental emissions reduction attributable specifically to the additional credits generated by the benchmark change, as distinguished from emissions reductions attributable to additional EVs or additional electricity actually used as transportation fuel.

The fixed baseline should be distinguished from advance crediting because the two approaches treat future performance differently.

DEQ has also proposed expanding its existing advance-crediting program to additional private medium- and heavy-duty charging infrastructure. WSPA believes the distinction between advance crediting and the proposed residential baseline is important.

Advance crediting is expressly structured to provide credit value before all of the associated transportation-energy use has occurred. Existing advance credits are subsequently reconciled against credits actually generated by the project, and underperformance can create a repayment obligation. In that sense, advance crediting brings expected future credit generation forward while retaining a connection between the amount advanced and subsequent performance.

The proposed residential baseline operates differently. It would increase the credits associated with residential electricity consumed during 2027–2031 by changing the benchmark against which that electricity is measured. There is no corresponding future reconciliation against the declining annual standard and no later reduction in credits if the additional credit value does not produce the expected increase in EV adoption.

[3] Oregon DEQ Clean Fuels Program 2026–2027 Rulemaking – RAC Meeting #3 slide 32

This distinction deserves a direct policy explanation. If the purpose of baseline crediting is to provide additional value today in anticipation of emissions reductions from greater EV adoption in future years, DEQ should explain why that time-shifting of value does not include a reconciliation mechanism comparable to the one applied under advance crediting. Conversely, if DEQ's rationale is that residential electricity should receive credits based on its full displacement value regardless of the annual standard, DEQ should explain why that principle is appropriate for this specific pathway while deficits and ordinary credit generation elsewhere in the program remain tied to the applicable annual standard.

DEQ should identify the statutory basis for using a different crediting benchmark for residential electricity.

The statutory framework also warrants further explanation. ORS 468A.265 defines a CFP credit as a unit generated when a fuel has a carbon intensity below the applicable low carbon fuel standard. ORS 468A.266 authorizes the Environmental Quality Commission to adopt the CFP and allows adjustments to greenhouse-gas emissions assigned to fuels for combustion and drivetrain efficiency. The statute also directs the Commission to evaluate feasibility, net greenhouse-gas reductions, cost-effectiveness, flexible implementation approaches to minimize compliance costs, and comparable measures implemented in other states.[4]

WSPA requests that DEQ identify the statutory authority it believes supports calculating residential electricity credits against a fixed baseline instead of the applicable annual standard and explain how that approach fits within the statutory definition and design of the CFP.

That explanation should also address the relationship between the proposed credit treatment and the utility-spending condition attached to eligibility. Under the proposal, the amount of credit value available to a fuel pathway would depend in part on whether the utility offers specified customer incentives. DEQ should explain the basis for linking the benchmark used to calculate credits to the manner in which a credit generator budgets or spends proceeds.

The same statutory analysis should consider the cumulative operation of the electricity provisions under consideration. The issue is not that the statute excludes electricity; it expressly contemplates electricity as a low-carbon transportation fuel. The question is how mechanisms that alter the quantity, timing or reference point for electricity credit generation operate together within a program built around reductions in transportation-fuel carbon intensity.

The proposed Oregon approach should be compared directly with Washington and California.

Regional consistency is also relevant because alignment with neighboring low-carbon fuel programs is part of DEQ's stated rulemaking scope. Washington's current Clean Fuel Standard rules calculate the carbon-intensity difference using the applicable gasoline or diesel carbon-intensity standard, and Washington applies that general calculation method to residential EV credits.[5]

California likewise applies the applicable annual CI benchmark to LCFS credit-generation calculations. CARB's residential EV methodology describes base credits by reference to the gasoline standard for the applicable year, and CARB has confirmed that amended annual benchmarks apply to credit calculations under section 95486.1.[6]

[4] Oregon Revised Statutes Chapter 468A - Air Quality 2025 Edition
[5] Washington State Legislature WAC 173-424-540
[6] California Air Resources Board - Low Carbon Fuel Standard Methodology Document

Oregon is not required to duplicate every feature of either neighboring program. However, if Oregon elects to use a fixed residential charging baseline when both neighboring programs continue to reference annual benchmarks, DEQ should clearly explain the technical and policy reason for that difference. That comparison is particularly relevant given ORS 468A.266(5)(d), which directs the Commission to evaluate technical and economic studies of comparable measures implemented in other states.

The four electricity-crediting policies should be considered as a package rather than as isolated proposals.

Finally, WSPA continues to believe the electricity proposals should be evaluated cumulatively. The proposed EER revision, fixed residential baseline, expanded renewable-electricity treatment, and expanded advance-crediting eligibility operate differently, but each can increase or accelerate electricity credit generation.

WSPA's June comments noted that DEQ's materials indicated the proposed EER revision alone could increase electricity credit generation by more than 30 percent and that the combined effect of the EER and baseline-crediting concepts could be substantially greater. WSPA requested at that time that DEQ examine the cumulative effect of the proposals. The policy record should therefore distinguish between credits resulting from additional physical transportation-energy use or lower lifecycle emissions and credits resulting from changes in the calculation, eligibility or timing rules. Both may be policy choices available to DEQ, but they are not analytically the same.

This is particularly important when DEQ characterizes an individual measure by comparing its additional credits with gross program deficits. Whether an individual increment appears modest does not answer the underlying program-design question: how the combined changes alter relative compliance value among pathways, the credit bank, and the economic signals the CFP sends to competing lower-carbon fuels. ORS 468A.266 requires the Commission to evaluate cost-effectiveness and flexible implementation approaches that minimize compliance costs.

WSPA therefore requests that DEQ's rulemaking record address the combined effect of these policies, rather than evaluating cost and market implications only one provision at a time.

Conclusion

WSPA appreciates DEQ's continued engagement with stakeholders and recognizes the agency's objective of considering transportation-electrification opportunities as part of this rulemaking.

The principal concern raised in these comments is one of program design and consistency.

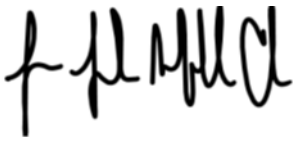
The proposed residential baseline would give residential electricity a different crediting reference during 2027–2031 while other credit and deficit calculations continue to respond to the declining annual standard. In combination with the other electricity-crediting changes under consideration, that approach could materially bias the relative compliance value assigned to electricity.

Before moving forward with that policy, WSPA requests that DEQ clearly explain why residential electricity warrants a fixed crediting benchmark; identify the statutory basis for that treatment; explain why the additional credit value does not require reconciliation comparable to advance crediting; compare the approach with Washington and California; and evaluate the cumulative cost, credit-supply and market implications of the four electricity-crediting mechanisms.

Providing that analysis would give DEQ, the Environmental Quality Commission and stakeholders a clearer record for evaluating whether the proposed electricity provisions operate consistently with the structure, objectives and statutory requirements of Oregon's Clean Fuels Program.

WSPA appreciates DEQ's consideration of these comments and its continued engagement with stakeholders throughout this rulemaking. We look forward to reviewing the next iteration of the modeling and participating in the continued development of the Clean Fuels Program. Please do not hesitate to contact me directly at (360) 594-1415 or via email at amachado@wspa.org.

Sincerely,



Cc: Jessica Spiegel - WSPA

WSPA
Antonio Machado
Director, Northwest Regulatory Affairs and Fuels

September 25, 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 Preliminary UC Davis Modeling – Oregon Clean Fuels Program 2026–2027 Rulemaking, RAC Meeting #3

Dear Mr. Peters,

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide comments regarding the preliminary modeling presented by the University of California, Davis (UC Davis) during the September 10, 2026, Clean Fuels Program (CFP) Rulemaking Advisory Committee 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 appreciates DEQ's continued use of stakeholder engagement and analytical modeling to inform this rulemaking. As WSPA stated in its June 26th comments, modeling can provide useful information regarding future compliance pathways, but the assumptions and sensitivities used in that modeling are especially important when the results may inform future policy decisions regarding carbon intensity standards and significant changes to program credit generation that affect regulated stakeholders and the Oregon economy.

WSPA agrees that the composition of the vehicle fleet through 2040 is a principal modeled uncertainty for target-setting. As UC Davis showed, the scenarios can result in dramatically different credit-bank outcomes. The DEQ_Low results indicate a cumulative credit shortage of approximately 11 million credits, while the ACC2_Delay results indicate a cumulative credit surplus of approximately 26 million credits, a difference of roughly 37 million credits.[1] To illustrate the significance of this difference, CFP reference data cited in the modeling review indicate that the program has generated approximately 18 million credits from the first quarter of 2016 through the first quarter of 2026[2] or roughly half of what the modeling suggests is the difference between the two scenarios.

DEQ's modeling and the assumptions underlying implementation of EO 25-29 therefore highlight the significant challenge facing DEQ as it considers future targets and alignment with California and Washington. For example, if future target-setting relies on vehicle-turnover assumptions resembling ACC2_Delay but actual vehicle turnover is ultimately closer to the DEQ_Low scenario, DEQ must

[1] UC Davis Preliminary Modeling Results for CFP 2026–2027 Rulemaking – Modeling Alternative Fuel Deployment Scenarios for Oregon's Clean Fuels Program
[2] Oregon DEQ Clean Fuels Program – Quarterly Data Summaries

reconcile how it would address the resulting change in credit demand, compliance strategies, investment decisions, and potential stranded costs to the Oregon economy tied to the evolving electric vehicle future.

The magnitude of the scenario spread also illustrates why assumptions matter. At an illustrative credit value of $100 per credit, a 37 million-credit difference corresponds arithmetically to approximately $3.7 billion in credit value. WSPA does not present that calculation as a forecast of actual CFP compliance cost; FPSM does not itself project credit prices or market responses. Rather, the calculation illustrates the potential economic scale associated with materially different modeled credit-bank outcomes. WSPA appreciates DEQ's willingness to illustrate how sensitive the results can be to assumptions and believes that sensitivity should be central to the Department's policy decisions moving forward.

WSPA agrees that scenario modeling and ultimate target-setting should be treated with appropriate recognition of these uncertainties. Precisely because target-setting will require judgment across multiple uncertain variables, the modeling record should test the major policy changes under consideration and provide sufficient sensitivity analysis to distinguish a feasible compliance pathway from one that is principally the result of selected model assumptions.

General Modeling Comments

Proposed electricity-credit expansions should be incorporated into the modeling before conclusions are drawn regarding future CFP targets.

Across the RAC #2 and RAC #3 materials, DEQ has presented several separate changes that would increase or accelerate electricity credit generation, including the proposed increase in the light-duty electric vehicle Energy Economy Ratio, the proposed residential baseline-crediting methodology, expansion of renewable electricity eligibility, and expansion of advance crediting. [3] WSPA identifies four mechanisms that operate in the same direction, additional or accelerated electricity credit generation, but are not collectively represented in the four UC Davis compliance scenarios currently before stakeholders.

This omission is important because the policy proposals and the modeling are not independent of one another. If additional credits are introduced into the market through policy changes while the modeled credit supply assumes the existing treatment of electricity, the resulting modeled credit balance does not represent the program DEQ is simultaneously considering adopting.

As WSPA noted following RAC #2, DEQ's materials indicated that increasing the light-duty EER from 3.4 to 4.6 could increase electricity credit generation by more than 30 percent and that, when combined with baseline-crediting concepts, the increase could be substantially greater. WSPA specifically requested that DEQ evaluate the individual and cumulative impacts of these proposals because measures that may appear limited when considered separately could collectively have significant implications for credit supply, compliance strategies, investment decisions, and CFP market dynamics.

WSPA also encourages DEQ to distinguish between additional credits created through changes in crediting methodology and additional credits resulting from incremental physical emissions reductions. Changes to an EER, crediting baseline, renewable electricity eligibility, or the timing of credit issuance can increase the quantity of credits available for compliance without necessarily

[3] Oregon DEQ Clean Fuels Program 2026–2027 Rulemaking – RAC Meeting #2 Electricity Discussion Paper

producing a proportionate increase in EV penetration, electricity consumption, fuel displacement, or lifecycle carbon-intensity reductions. The next modeling iteration should separately identify these effects so that future target-setting does not rely primarily on increases in modeled credit supply attributable to changes in crediting methodology that have the effect of increasing the credit bank and supporting electrification without a corresponding increase in physical emissions reductions.

WSPA therefore requests that the next modeling iteration quantify each proposed electricity-crediting change individually and then model the measures cumulatively under each principal scenario. Results should show the incremental credits attributable to each measure, annual net credit or deficit balance, and resulting year-end credit bank. This would directly respond to the concern WSPA raised following RAC #2 that proposals which may appear limited when examined individually could have materially different consequences when considered together. [4]

The next modeling round should include a balanced compliance scenario rather than relying principally on scenarios that produce sustained imbalances.

The purpose of scenario analysis in this rulemaking should be to help DEQ and stakeholders understand what combinations of fuel deployment, vehicle adoption, carbon intensity improvement, and other market conditions could plausibly satisfy a proposed standard over time. Accordingly, where a scenario produces a materially increasing surplus or deficit, the analysis should identify what would need to change to restore balance. For example, that may include changes in renewable diesel supply, biofuel carbon intensity, EV penetration, electricity credit generation, or the target trajectory itself.

WSPA recommends that the next iteration include at least one balanced-compliance pathway for each target trajectory under serious consideration. Such scenarios should incorporate the electricity-crediting provisions DEQ is considering so that stakeholders can evaluate the complete proposed program rather than separate pieces of it. In particular, a balanced-compliance scenario should incorporate the four pending electricity-crediting mechanisms rather than assuming current electricity-credit treatment while DEQ simultaneously considers changes that would materially increase or accelerate credit generation.

Scenarios with deeply negative cumulative banks do not, standing alone, demonstrate a feasible compliance path. Similarly, scenarios that develop large and rapidly growing surpluses may materially alter credit-market incentives and the relative deployment of competing fuels. A balanced scenario would provide stakeholders with a clearer understanding of the combinations of physical fuel supply, vehicle turnover, carbon-intensity performance, and crediting assumptions necessary to achieve year-over-year compliance.

Fuel-supply assumptions should be modeled independently from vehicle-fleet assumptions.

The September modeling places substantial emphasis on alternative vehicle-demand scenarios. At the same time, key fuel-deployment assumptions, including renewable diesel, biodiesel, ethanol and sustainable aviation fuel parameters, appear substantially fixed across the scenarios. The UC Davis control tables demonstrate that assumptions concerning blend rates, growth rates, timing, carbon intensity improvement and feedstock availability are central inputs to FPSM. UC Davis also notes that certain distillate-capacity limits were carried over from California LCFS analysis and are currently set sufficiently high that they do not bind in the scenarios presented.

[4] WSPA Comments on Oregon Clean Fuels Program Rulemaking – Rulemaking Advisory Committee Meeting #2, June 26, 2026

That structure makes fuel availability a particularly important sensitivity. A scenario can show mathematical compliance only if the volumes and carbon intensities assumed by the model are commercially available to Oregon at the modeled time and scale. This is not a minor modeling variable. UC Davis states that its current renewable diesel projection assumes renewable diesel reaches 75 percent of liquid diesel by 2040 and that accelerating this transition to 2035 increases the 2040 net bank by more than 10 million metric tons. [5] That magnitude reinforces the need to test fuel-supply assumptions independently rather than treating differences in vehicle deployment as the principal source of scenario variation.

The next modeling round should therefore model fuel supply independently from the vehicle-fleet scenarios. At minimum, DEQ and UC Davis should test lower and higher availability and deployment rates for the principal liquid renewable fuels and explain the basis for the assumed Oregon share of fuels that will also be demanded in California, Washington, British Columbia, and other markets. A scenario matrix separating vehicle-adoption uncertainty from fuel-availability uncertainty would provide a more useful picture of the range of potential compliance outcomes than changing vehicle assumptions while substantially holding fuel assumptions constant.

Oregon-specific assumptions and retained California assumptions should be identified and tested transparently.

UC Davis expressly states that where Oregon-specific information was unavailable or could not be inferred, assumptions or projections from California LCFS modeling were retained. This could be a reasonable modeling starting point, but it is also an important source of uncertainty for Oregon-specific target-setting, particularly if these items are not fully disclosed. WSPA requests that UC Davis provide a consolidated table identifying each material assumption imported from the California modeling, the basis for applying it to Oregon, and whether the modeled credit balance is sensitive to a reasonable alternative value.

That disclosure is particularly important for assumptions involving fuel availability, feedstock mix, deployment timing, carbon intensity improvements, renewable electricity, and market constraints. Oregon's fuel distribution system, vehicle fleet, electricity system and competitive position for low-carbon fuels are not identical to California's. Stakeholders should be able to distinguish results driven by Oregon data from results that depend upon assumptions transferred from another market.

The treatment of exported and exempt fuel warrants sensitivity analysis.

UC Davis explains that the FPSM begins with total fuel volumes, projects feedstock/fuel pairs, and then subtracts exempt and exported volumes. The presentation states that exempt and exported fuels are subtracted assuming the highest-carbon-intensity fuels first unless a lookup table is used.

Because the allocation of exported and exempt volumes can affect the carbon intensity and credit-generating characteristics of the fuel remaining in the regulated Oregon pool, WSPA requests that UC Davis quantify the effect of this assumption. A sensitivity using alternative reasonable export/exemption allocation methods would demonstrate whether this methodological choice materially changes the modeled credit balance or target feasibility.

Calibration and validation information should accompany the next results.

UC Davis indicates that TTM fuel consumption is calibrated to Oregon CFP data for 2023–2025,

[5] UC Davis Preliminary Modeling Results for CFP 2026–2027 Rulemaking – Modeling Alternative Fuel Deployment Scenarios for Oregon's Clean Fuels Program

adjusted for below-rack exports, and that VMT may be varied to yield net fuel consumption. WSPA requests that UC Davis publish sufficient calibration information for stakeholders to assess model performance, including historical modeled versus actual fuel volumes by major fuel category and any material adjustments necessary to achieve alignment. Providing that information would help stakeholders understand whether future differences among scenarios reflect modeled changes in the transportation system or calibration choices embedded in the baseline.

Electricity Crediting and Market Effects

DEQ should evaluate the cumulative electricity proposals against the net CFP credit balance and credit bank, not solely against gross program activity.

The relevant question for market balance is not simply whether an increment of additional credits is small compared with total annual credit or deficit generation. The more informative comparison is the incremental credit supply relative to the annual net balance and the available credit bank.

Accordingly, the next modeling results should show the credits attributable to each proposed electricity mechanism and to all mechanisms combined as a percentage of annual net balance and year-end bank under each scenario. This presentation would allow stakeholders to assess whether the changes are immaterial to compliance conditions or whether they could materially alter market balance, compliance decisions and fuel deployment. This is especially relevant because UC Davis itself explains that credit-price stability depends on the balance between credit supply and demand. An increment of credits that appears modest when compared with gross program turnover may be material when compared with the annual net balance that determines whether the bank is growing or declining.

Any DEQ estimate of the credit impact of baseline crediting should be published with its assumptions.

During the September 10th discussion, DEQ reportedly referenced an estimate of slightly more than 1.5 million additional credits during 2027–2031 under one modeling case as support for the view that the additional credits could be absorbed by the market. WSPA notes that this calculation is not included in the published UC Davis presentation or the materials currently available to stakeholders.

If DEQ intends to rely on that estimate in evaluating the proposal, WSPA requests that DEQ publish the calculation, including whether it represents baseline credits alone or additional effects from the proposed EER; whether it incorporates the proposed EER of 4.6; the underlying EV population and charging assumptions; the annual credit quantities; and the modeled impact on the credit bank.

DEQ's own prior materials characterize the baseline-crediting proposal as increasing residential electricity credits by meaningful percentages, particularly when combined with the proposed EER change. Providing the full calculation would allow stakeholders to evaluate the 1.5 million-credit estimate against those published figures and against annual net program balances rather than against gross program activity.

Market-response conclusions should remain within the capabilities of the model being used.

The distinction between an accounting model and a market-response model is important. FPSM is designed to determine credit and deficit generation under specified assumptions; it does not itself establish how credit prices, fuel suppliers or regulated parties will respond to a surplus or shortage.

UC Davis expressly stated in its September 10, 2026 presentation that FPSM projects credit and deficit generation under specified assumptions and can be used to estimate credit balance, but "does not attempt to simulate market response to credit balance or other LCFS parameters" and does not estimate credit prices. UC Davis further indicated that a separate model intended to project credit prices is under development. At the same time, UC Davis annotated the ACC2_Delay scenario by stating that the rapidly growing bank "would likely lead to lower credit prices and less RD." The observation is directionally reasonable, but it illustrates precisely why market interpretations should be treated consistently across scenarios and clearly distinguished from FPSM outputs.

Accordingly, conclusions regarding how additional credits would affect credit prices, renewable fuel deployment, or market behavior should either be supported by separate analysis or clearly identified as qualitative judgments outside the capabilities of the current FPSM. If qualitative market implications are provided for one scenario, WSPA requests that comparable implications be presented for the other scenarios, or that DEQ clearly state where FPSM itself cannot support such conclusions.

Electricity Demand and Carbon Intensity Assumptions

Increased electricity crediting should be tested together with electricity carbon-intensity uncertainty.

The FPSM electricity assumptions rely on substantial improvement in the carbon intensity of Oregon electricity over time. At the same time, the proposals under consideration are specifically intended to encourage additional transportation electrification and, therefore, additional electricity demand.

These assumptions should not be evaluated entirely independently. Higher EV deployment and expanded charging infrastructure can increase load at the same time that Oregon's electricity system is accommodating other sources of load growth. UC Davis itself recognizes this issue in its modeling assumptions, noting increasing difficulty obtaining low-CI electricity as total electricity demand increases. The cumulative electricity-crediting changes under consideration could further increase the importance of that assumption.

WSPA therefore requests a sensitivity case in which electricity carbon-intensity improvement occurs more slowly than the principal case. The purpose would not be to predict a particular grid outcome, but to determine how dependent the modeled CFP credit balance is on the assumed timing of electricity-sector decarbonization. The four electricity-crediting mechanisms should also be modeled under that sensitivity so that additional credit generation is evaluated together with the electricity-supply assumptions necessary to support increased transportation load.

Statutory Framework and Regional Program Comparison

DEQ should identify the statutory basis for crediting mechanisms that use a benchmark other than the applicable annual standard.

Oregon law currently defines a CFP credit as a unit generated when a fuel has a carbon intensity less than the applicable low carbon fuel standard. ORS 468A.266 separately authorizes the Commission to make adjustments to assigned greenhouse-gas emissions for combustion and drivetrain efficiency.[6] The proposed residential baseline-crediting approach raises a distinct

[6] Oregon Revised Statutes Chapter 468A-Air Quality 2025 Edition

question because it would calculate certain electricity credits for a period of time against a fixed reference value rather than the otherwise applicable declining annual standard.

WSPA is not attempting in these comments to resolve the legal question. Rather, WSPA requests that DEQ identify the statutory authority it believes supports each component of that methodology and explain how the proposal fits within the statutory credit definition and program design requirements.

The same analysis should be provided for each of the four electricity-crediting mechanisms under consideration, including the proposed EER revision, residential baseline crediting, expanded renewable electricity eligibility, and expanded advance crediting. DEQ should also explain how the cumulative operation of these provisions fits within the statutory structure of a program designed to reduce the carbon intensity of transportation fuels. This issue is particularly appropriate for the rulemaking record because ORS 468A.266 requires the Commission, in adopting these rules, to evaluate feasibility, net greenhouse-gas reduction and cost-effectiveness; flexible implementation approaches to minimize compliance costs; and technical and economic studies of comparable measures in other states.

DEQ should explain material differences between the proposed Oregon approach and neighboring LCFS programs.

Regional alignment has been identified as a consideration in this rulemaking. Current Washington regulations calculate CFP credits using the applicable gasoline or diesel carbon-intensity standard for the particular year, including residential EV charging.[7] California's LCFS credit equation likewise uses the applicable average carbon-intensity requirement for the relevant year; CARB's published residential EV methodology describes base credits as the difference between the gasoline standard for the year and the reported electricity CI.

If Oregon adopts a fixed crediting reference for residential charging, WSPA requests that DEQ explain the policy and technical basis for that difference and include the comparison in the evaluation required by ORS 468A.266(5)(d). This request does not presume that Oregon must adopt every feature of another jurisdiction's program. Rather, where a proposal materially departs from neighboring programs while regional alignment is an express rulemaking consideration, the basis and expected effects of that departure should be transparent.

Advance crediting should be evaluated based on both timing and reconciliation of credits.

Oregon's existing advance-crediting program can issue up to six years of projected credits in advance, but the program includes reconciliation: actual quarterly credits generated by the vehicles are subsequently applied against the advance balance, and advance-credit agreements address repayment if performance falls short.[8]

Any proposal to expand eligibility should therefore be modeled not only as an increase in potential electrification but also as a change in the timing of credit supply. Credits issued today based on future expected charging can affect the near-term credit bank differently from credits generated contemporaneously with fuel use. The next analysis should quantify the amount and timing of advance credits expected under the proposed expansion, the assumptions used for future charging, and the treatment of repayment or underperformance risk.

[7] Washington State Legislature WAC 173-424-540 Calculating Credits and Deficits
[8] Oregon DEQ Clean Fuels Program - Accelerating the Adoption of Electric Vehicles: Advance Crediting

This distinction is also relevant to the proposed residential baseline-crediting mechanism. Advance crediting expressly pulls future credit value forward subject to reconciliation. By contrast, the proposed fixed residential baseline would increase the number of credits assigned to the same electricity consumption during the applicable period without a comparable subsequent reconciliation against the declining annual standard. The modeling should distinguish these mechanisms and quantify their different effects on the credit bank.

Cost and Compliance Implications

The rulemaking record should include a directional analysis of compliance-cost and market implications.

WSPA recognizes that a complete credit-price model may not be available during the current rulemaking schedule. However, the absence of such a model increases the importance of transparent sensitivity analysis rather than eliminating the need to consider economic effects. ORS 468A.266(5) directs the Commission to evaluate cost-effectiveness and flexible implementation approaches to minimize compliance costs.

At a minimum, WSPA requests a bounded sensitivity using a reasonable range of credit-market conditions to describe the directional implications of the proposed changes for renewable fuel deployment, the credit bank, and compliance costs. Because renewable diesel and other low-carbon fuels compete across multiple West Coast clean-fuel markets, this analysis should also consider whether a materially different Oregon credit balance could affect the amount and timing of those fuels supplied to Oregon. The objective is not to predict a single future credit price. It is to understand whether proposed changes could materially change the economic signals that the CFP relies upon to attract competing lower-carbon fuels.

The magnitude of the preliminary scenario spread reinforces the need for this analysis. As discussed above, the difference between the DEQ_Low and ACC2_Delay outcomes is approximately 37 million credits. Even without treating that spread as an actual compliance-cost forecast, the result demonstrates that materially different modeling assumptions can produce economic exposure at a scale that warrants careful evaluation before those assumptions are used to inform future standards.

The economic analysis should also consider the interaction between the CFP and Oregon's Climate Protection Program.

The CFP does not operate in isolation. Oregon's Climate Protection Program (CPP) separately covers qualifying fuel suppliers, including suppliers of liquid fossil fuels, and the first CPP compliance period covers 2025 through 2027. [9]

WSPA recognizes that the CFP and CPP are separate programs with different compliance structures and that their obligations should not simply be added together as though they were identical. However, the same transportation-fuel market can be affected by both programs. For covered suppliers, CFP compliance decisions therefore occur within a broader regulatory environment that also includes CPP obligations.

As DEQ evaluates cost-effectiveness, compliance flexibility, and potential market impacts of future CFP targets, WSPA requests that the Department consider those cumulative economic signals. The analysis should examine whether the interaction of CFP credit-market requirements and CPP

[9] Oregon DEQ Climate Protection Program - Covered Fuel Supplier List

compliance obligations could affect fuel-supply decisions, investment, compliance strategies, or costs in Oregon rather than evaluating the CFP as though no other Oregon greenhouse-gas requirements apply to the same regulated fuel market.

Conclusion

The preliminary modeling presented at RAC #3 is useful in identifying variables that could materially affect future compliance. At the same time, significant uncertainties remain regarding vehicle adoption, fuel availability, fuel carbon intensity, electricity carbon intensity, the treatment of exports and exempt fuel, California-derived assumptions, and proposed changes to electricity credit generation.

The modeling also demonstrates the consequences of those uncertainties. The difference between the modeled DEQ_Low and ACC2_Delay outcomes is substantial, and UC Davis has separately shown that changing renewable-diesel timing alone can alter the 2040 net bank by more than 10 million metric tons. Those results reinforce the importance of evaluating more than one dimension of uncertainty before relying on the preliminary scenarios to inform target-setting.

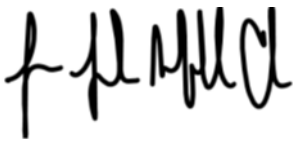
Before conclusions are reached regarding revisions to the existing 2030 or 2035 standards or the trajectory through 2040, WSPA respectfully requests that the modeling record include at least one balanced, feasible year-over-year compliance pathway incorporating the principal policy changes being considered, including all four proposed electricity-crediting mechanisms, along with appropriate sensitivities for fuel supply, vehicle adoption, electricity demand and carbon intensity, and other material model assumptions.

The next modeling round should also make clear which results reflect changes in physical fuel use and emissions performance and which reflect changes in the quantity or timing of credits generated through program methodology. This distinction is central to understanding whether a modeled compliance pathway reflects plausible physical deployment of lower-carbon transportation fuels or is primarily dependent on changes in crediting assumptions.

Providing these analyses would give DEQ, the Environmental Quality Commission, and stakeholders a clearer basis for evaluating compliance feasibility, market balance, cost implications, and the robustness of future CFP targets under a range of plausible real-world conditions.

WSPA appreciates DEQ's consideration of these comments and its continued engagement with stakeholders throughout this rulemaking. We look forward to reviewing the next iteration of the modeling and participating in the continued development of the Clean Fuels Program. Please do not hesitate to contact me directly at (360) 594-1415 or via email at amachado@wspa.org.

Sincerely,



Cc: Jessica Spiegel - WSPA

Submitted via email to CFP2026@deq.oregon.gov

September 17, 2026

Bill Peters
Clean Fuels Program Manager
Oregon Department of Environmental Quality

Re: Request for Input on Oregon Clean Fuels Program 2026 Rulemaking on 9.10.2026

Dear Mr. Peters,

SRECTrade, Inc. (dba Xpansiv Managed Solutions) appreciates the opportunity to provide comments on the Oregon Department of Environmental Quality's (DEQ) 2026 Clean Fuels Program rulemaking, including the concepts discussed during the 3rd Rulemaking Advisory Committee (RAC) meeting held on September 10, 2026.

Renewable Energy Certificates (RECs) / Green-e Certification
We appreciate and support DEQ's consideration of removing the requirement that RECs used for book-and-claim reporting be Green-e certified, and permitting non-Green-e RECs if they undergo third-party verification and are accompanied by an attestation.

As we attested in a prior letter, the Green-e requirement adds substantial cost and administrative complexity to book-and-claim participation. These costs are typically passed on to fuel supply equipment owners and operators, reducing the net value created by the program to promote clean fuels.

We would welcome the opportunity to provide further comment as this proposal develops.

Verification Rules
Xpansiv supports DEQ's proposed update to the verification rules that would allow qualifying understatements of credit-generating fuel volumes, specifically, underreporting of greater than 5%, to receive a qualified positive verification statement rather than an adverse statement. We believe this is a reasonable change that reduces unnecessary adverse findings without compromising the integrity of the verification process.

Reporting Deadlines During DEQ System Outages
Xpansiv supports DEQ's proposal to allow quarterly reporting deadlines to be extended when issues with DEQ's IT systems prevent timely submission. This change provides needed flexibility for reporting entities in circumstances outside of their control and helps ensure that compliance obligations are not compromised by system issues.

Charger Registration Requirements
Xpansiv supports DEQ's proposal to explicitly clarify that charger registrations must use manufacturer-issued hardware serial numbers. Requiring standardized, manufacturer-issued identifiers will improve the quality and consistency of registration data and help prevent registration ambiguity and duplication issues.

Thank you very much for your time and consideration as you review these comments. We appreciate DEQ's dedication to managing a program that promotes a sustainable transportation system for Oregon.

Sincerely,

Becca Teigen
Director, Clean Transportation

About Xpansiv Managed Solutions
Xpansiv Managed Solutions (formerly SRECTrade) is one of the largest managers of environmental commodity programs in the United States. By simplifying participation in complex regulatory programs for homeowners, businesses, and installers, we make it easy for them to benefit from environmental markets, while accelerating the deployment of clean energy and clean transportation assets. With roughly 2 GW of renewable energy assets on our platform and over $1 billion distributed to customers and partners, Xpansiv Managed Solutions is renowned for our market expertise, broad geographic coverage, and superior customer service.

Xpansiv is the leading infrastructure provider for the energy transition markets. The company's comprehensive platform includes registries, online marketplaces, market execution services, wholesale power solutions, and market data for energy and environmental commodity markets. Xpansiv provides solutions that enable stakeholders to deliver transparent, credible, and auditable environmental claims to address the growing global demand for assurance and accountability on climate action and sustainability performance. We are trusted by over 125,000 customers and partners, from Fortune 500 companies and government agencies to project developers and homeowners.