OR DEQ's Climate Protection Program

NEBC Panel

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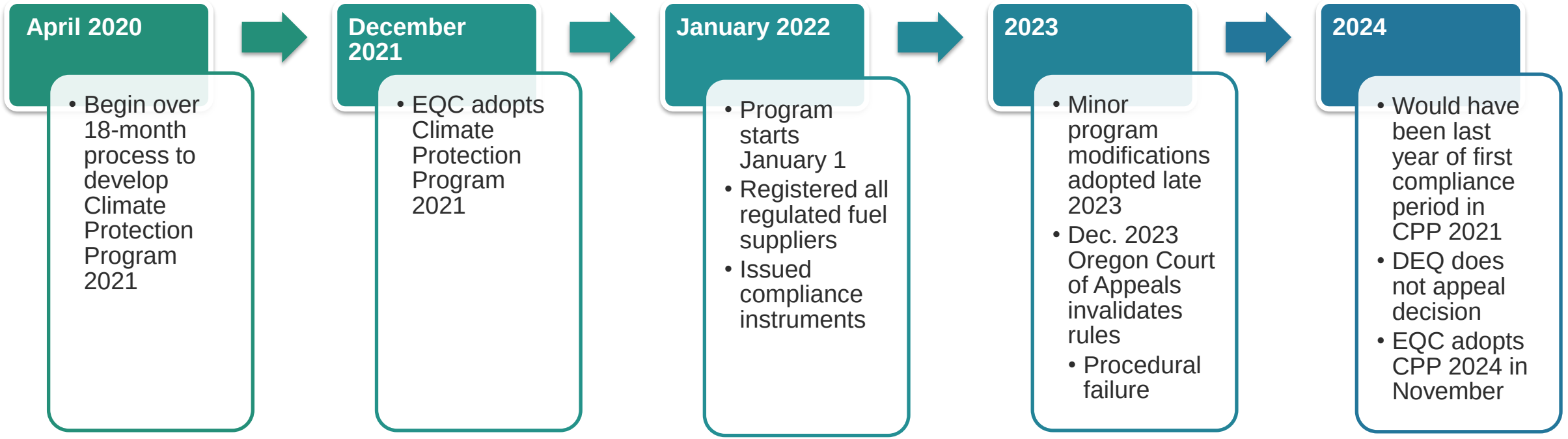
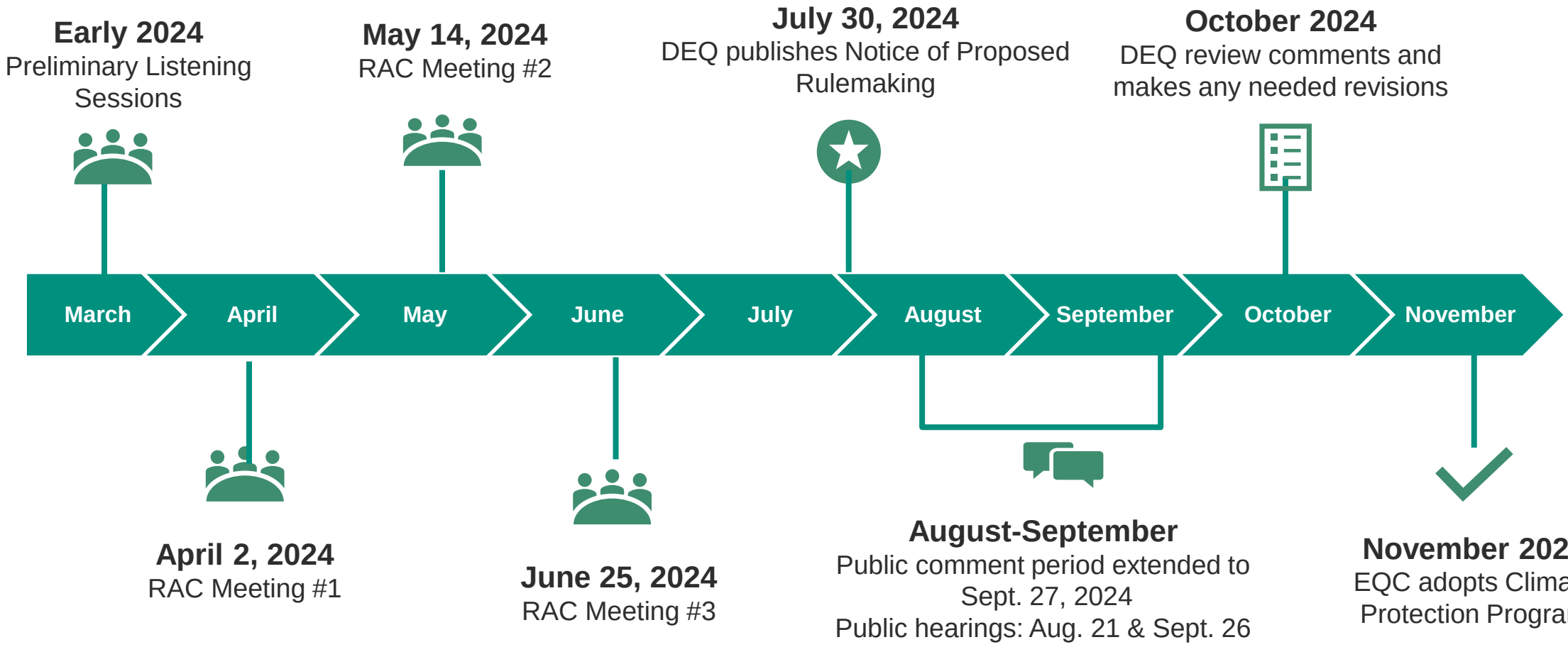
What is the Climate Protection Program?

- A central policy at decarbonizing Oregon's economy
- Buttresses many other climate programs
- Complemented by other programs
- Designed to hasten an equitable clean energy transition

Background on Climate Protection Program



Climate Protection Program 2024



Early 2024
Preliminary Listening Sessions

April 2, 2024
RAC Meeting #1

May 14, 2024
RAC Meeting #2

June 25, 2024
RAC Meeting #3

July 30, 2024
DEQ publishes Notice of Proposed Rulemaking

August-September
Public comment period extended to Sept. 27, 2024
Public hearings: Aug. 21 & Sept. 26

October 2024
DEQ review comments and makes any needed revisions

November 2024
EQC adopts Climate Protection Program

Similar elements in current program

Maintaining significant emission reduction trajectory

Community Climate Investments as voluntary flexibility mechanism

Prioritizing benefits and reducing burdens for Oregon's environmental justice communities

Different elements in current program

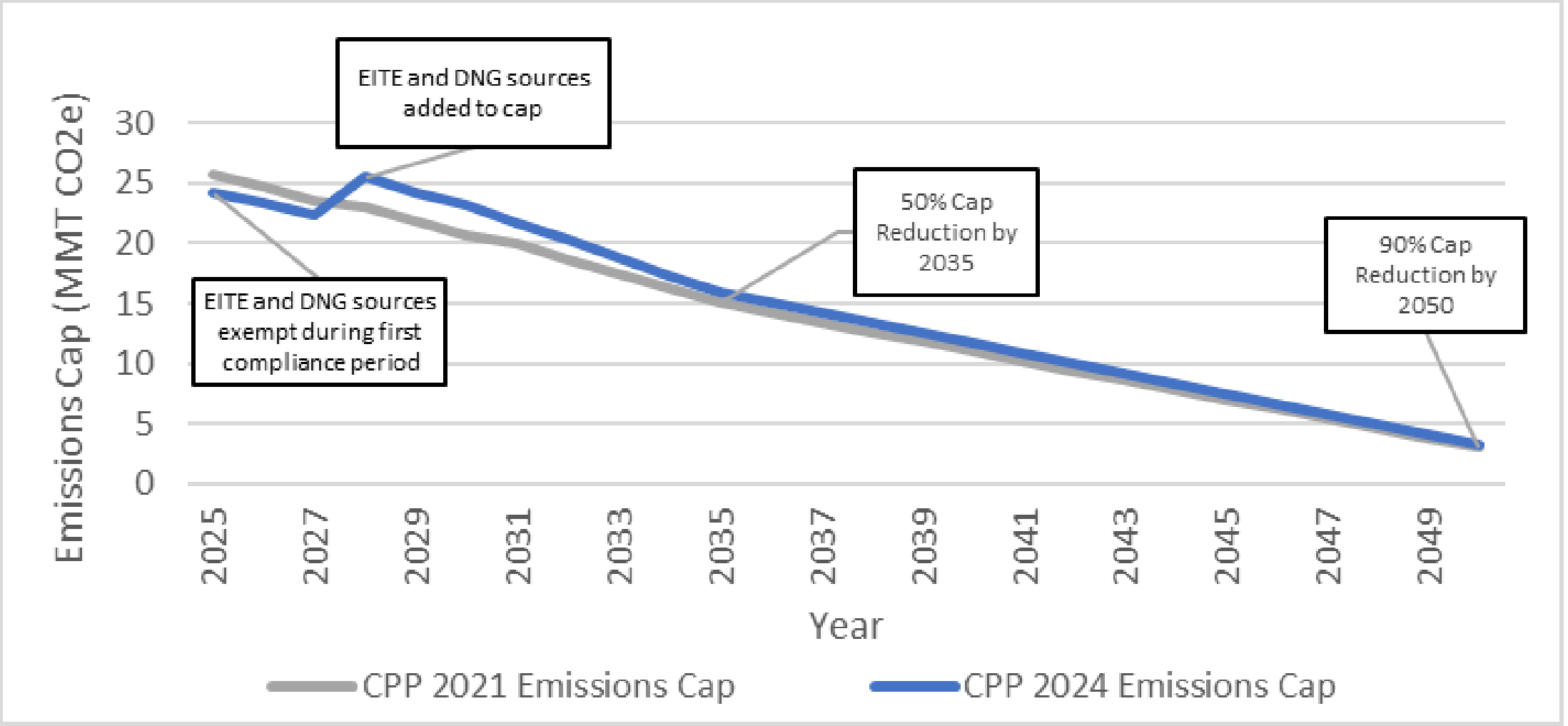
Addressing potential industrial leakage: Emission Intensive Trade Exposed sources

Compliance periods

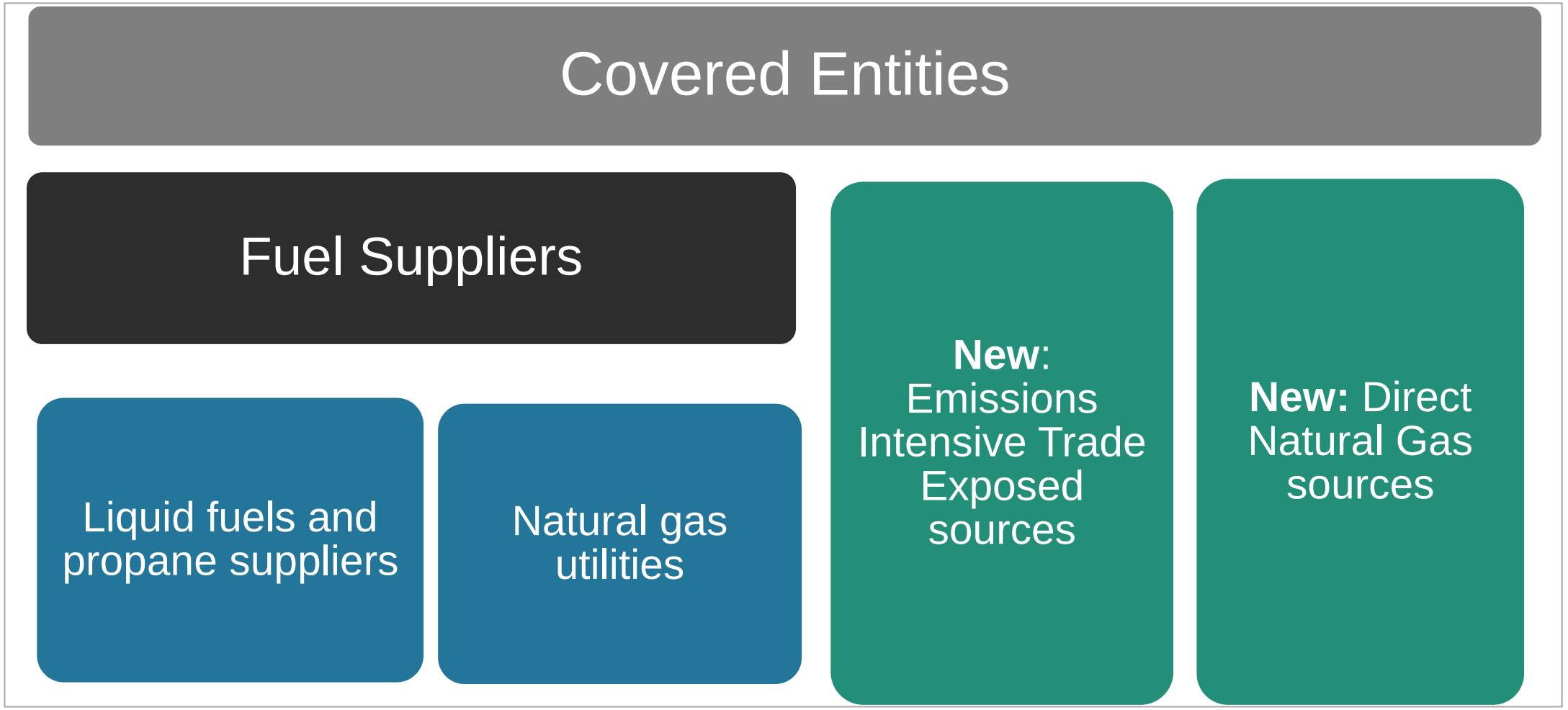
Cost containment for gas utility ratepayers

Improved Community Climate Investment oversight and accountability

Emissions cap



Regulated entities



Covered emissions or point of regulation

Covered entity	Covered emissions	Applicability
Natural gas utilities	Natural gas supplied, except to EITE sources Excludes: • Gas used at power plants • Biomass-derived fuels	No emissions threshold
Liquid fuels and propane suppliers	Liquid fuels and propane Excludes: • Aviation fuels • Biomass-derived fuels	Declining emissions threshold Start at 100,000 tons Declines to 25,000 tons in 2030

Covered emissions or point of regulation

Covered entity	Covered emissions	Applicability
Emission Intensive Trade Exposed sources	All uses of natural gas (utility or other), solid fuels, and industrial processes Excludes: • Biomass-derived fuels • Liquid fuels or propane	Emissions threshold 15,000 NAICs code
Direct Natural Gas sources	Natural gas supplied by an entity other than a utility, solid fuels, and industrial processes Excludes: • Biomass-derived fuels • Liquid fuels or propane	Emissions threshold 15,000

Regulating EITE sources

Why regulate EITEs?

- More resources
- More options for reductions when directly regulated
- DEQ better develop program elements to prevent potential leakage
  - Slower emissions reduction trajectory for these sources
  - Intensity targets better able to accommodate production demand
  - Intensity targets specific to source's manufacturing processes and industry

What about BAER?

- No longer applicable
- All emissions regulated under the emissions cap

Regulating EITE sources

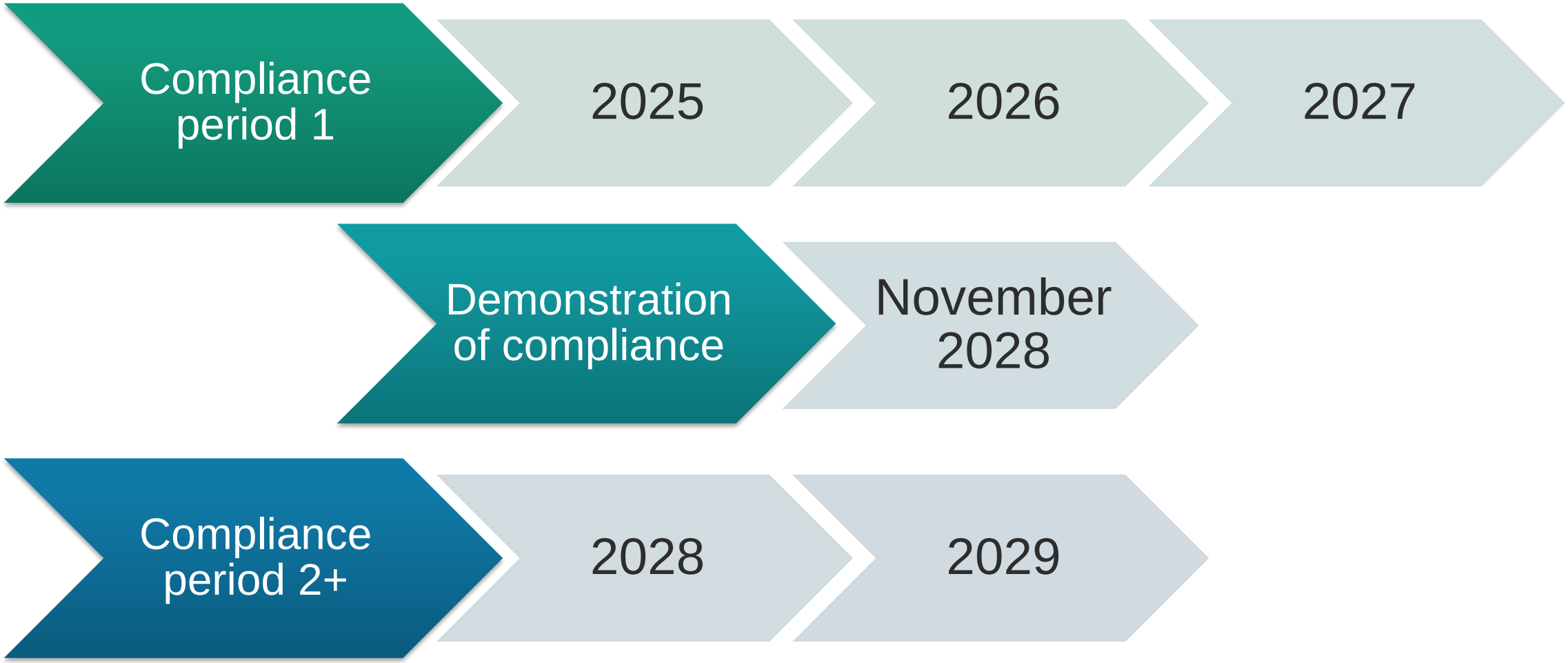
When do compliance obligations begin?

- No compliance obligations in the first compliance period
- Compliance obligations begin in the second compliance period

How will compliance instruments be distributed?

- Proposing to develop intensity targets (MT CO2e/per unit produced) in an upcoming rulemaking

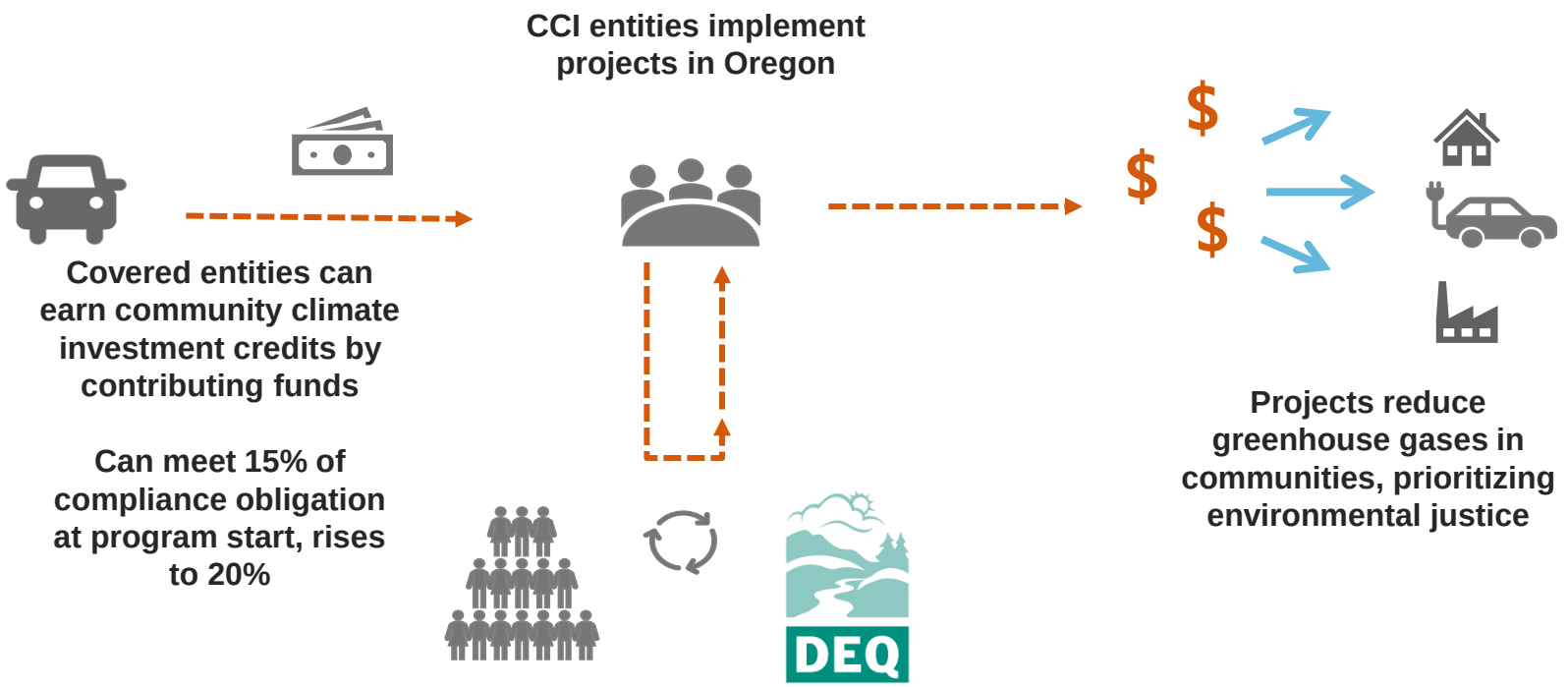
Compliance periods



Cost containment for natural gas

- Energy costs a key consideration as transition to cleaner fuels
- DEQ will request information from PUC to determine changes in utilities' rates that may be attributable to projected or actual costs of compliance with the program
- Request information at least once per compliance period

Community Climate Investments



Equity Advisory Committee works in partnership with DEQ to ensure CCI investments benefit Oregon's environmental justice communities

- Reduce anthropogenic greenhouse gas emissions
- Projects in residential, industrial, commercial transportation, sectors
- 15% of funds benefit tribes and tribal communities in Oregon

CCI entity oversight and monitoring

- Fee on CCI third-parties as directed by Legislature
- Ensure agency oversight, administration, implementation
- Allow for greater transparency on investments and impacts
- Funds internal and external audits