

# House Bill 2005

Sponsored by Representatives GILLIAM, SCHAUFLEER; Representatives BARKER, BEYER, KENNEMER, KRIEGER, SHEEHAN, THOMPSON

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that Environmental Quality Commission may not adopt by rule low carbon fuel standards. Provides that commission may submit report to Legislative Assembly with recommendations for legislation related to low carbon fuel standards.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to low carbon fuel standards; amending sections 6, 8 and 9, chapter 754, Oregon Laws 2009;  
3 repealing section 7, chapter 754, Oregon Laws 2009; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Section 6, chapter 754, Oregon Laws 2009, is amended to read:

6 **Sec. 6.** (1) As used in this section:

7 (a) "Greenhouse gas" has the meaning given that term in ORS 468A.210.

8 (b) "Low carbon fuel standards" means standards for the reduction of greenhouse gas emissions,  
9 on average, per unit of fuel energy.

10 (c) "Motor vehicle" has the meaning given that term in ORS 801.360.

11 (d) "PADD 5 region" means the Petroleum Administration for Defense District 5 states of  
12 Arizona, Nevada, Oregon and Washington.

13 (2)(a) The Environmental Quality Commission may **not** adopt by rule low carbon fuel standards  
14 for gasoline, diesel and fuels used as substitutes for gasoline or diesel.

15 (b) The commission may [*adopt the following related to the standards, including but not limited*  
16 *to:*] **report to the Seventy-eighth Legislative Assembly not later than the date of convening**  
17 **of the 2015 regular session of the Legislative Assembly as specified in ORS 171.010. A report**  
18 **submitted under this section shall contain recommendations for legislation related to low**  
19 **carbon fuel standards for gasoline, diesel and fuels used as substitutes for gasoline or diesel.**  
20 **The recommendations may include, but are not limited to:**

21 (A) A schedule to phase in implementation of [*the*] **low carbon fuel** standards in a manner that  
22 reduces the average amount of greenhouse gas emissions per unit of fuel energy of the fuels by 10  
23 percent below 2010 levels by the year [*2020*] **2022;**

24 (B) Standards for greenhouse gas emissions attributable to the fuels throughout their lifecycles,  
25 including but not limited to emissions from the production, storage, transportation and combustion  
26 of the fuels and from changes in land use associated with the fuels;

27 (C) Provisions [*allowing*] **that would allow** the use of all types of low carbon fuels to meet  
28 [*the*] low carbon fuel standards, including but not limited to biofuels, biogas, compressed natural gas,  
29 gasoline, diesel, hydrogen and electricity;

30 (D) Standards for the issuance of deferrals, established with adequate lead time, as necessary

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 to ensure adequate fuel supplies;

2 (E) Exemptions for liquefied petroleum gas and other alternative fuels that are used in volumes  
3 below **certain** thresholds [*established by the commission*];

4 (F) Standards, specifications, testing requirements and other measures as needed to ensure the  
5 quality of fuels produced in accordance with [*the*] **any** low carbon fuel standards, including but not  
6 limited to the requirements of ORS 646.910 to 646.923 and administrative rules adopted by the State  
7 Department of Agriculture for motor fuel quality; and

8 (G) Adjustments to the amounts of greenhouse gas emissions per unit of fuel energy assigned to  
9 fuels for combustion and drive train efficiency.

10 (c) Before [*adopting*] **recommending any** standards under this section, the commission shall  
11 consider the low carbon fuel standards of other states, including but not limited to Washington, for  
12 the purpose of determining **recommended** schedules and goals for the reduction of the average  
13 amount of greenhouse gas emissions per unit of fuel energy and the default values for these re-  
14 ductions for applicable fuels.

15 (d) **If the commission submits a report as described in this subsection**, the commission  
16 shall [*provide*] **recommend** exemptions and deferrals as necessary to mitigate the costs of complying  
17 with [*the*] low carbon fuel standards upon a finding by the commission that the 12-month rolling  
18 weighted average price of gasoline or diesel in Oregon is not competitive with the 12-month rolling  
19 weighted average price in the PADD 5 region.

20 (3) In [*adopting rules*] **recommending any standards** under this section, the Environmental  
21 Quality Commission shall evaluate:

22 (a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

23 (b) Potential adverse impacts to public health and the environment, including but not limited to  
24 air quality, water quality and the generation and disposal of waste in this state;

25 (c) Flexible implementation approaches to minimize compliance costs; and

26 (d) Technical and economic studies of comparable greenhouse gas emissions reduction measures  
27 implemented in other states and any other studies as determined by the commission.

28 (4) The [*provisions of this section do not apply to*] **commission may not make recommen-**  
29 **dations for legislation related to low carbon fuel standards for:**

30 (a) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

31 (b) Farm tractors, as defined in ORS 801.265.

32 (c) Implements of husbandry, as defined in ORS 801.310.

33 (d) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

34 **SECTION 2. Section 7, chapter 754, Oregon Laws 2009, is repealed.**

35 **SECTION 3.** Section 8, chapter 754, Oregon Laws 2009, is amended to read:

36 **Sec. 8.** [*Sections 6 and 7 of this 2009 Act are*] **Section 6, chapter 754, Oregon Laws 2009, is**  
37 **repealed on December 31, 2015.**

38 **SECTION 4.** Section 9, chapter 754, Oregon Laws 2009, is amended to read:

39 **Sec. 9.** (1) The Department of Environmental Quality shall report on the implementation of  
40 [*sections 3 and 6 of this 2009 Act*] **ORS 468A.270** to[:]

41 [*(a) The interim legislative committees on environment and natural resources on or before Decem-*  
42 *ber 31, 2010; and*]

43 [*(b)*] the Seventy-sixth, Seventy-seventh and Seventy-eighth Legislative Assemblies in the manner  
44 provided by ORS 192.245.

45 (2) The reports required under subsection (1) of this section must contain a description of:

1 (a) Rules adopted under [sections 3 and 6 of this 2009 Act] **ORS 468A.270**;

2 (b) The manner in which the Environmental Quality Commission complied with the requirements  
3 of [sections 3 and 6 of this 2009 Act] **ORS 468A.270** in adopting the rules; **and**

4 (c) Significant policy decisions made by the commission in adopting rules under [section 3 of this  
5 2009 Act; and] **ORS 468A.270**.

6 [(d) *The anticipated effects of the December 31, 2015, repeal of sections 6 and 7 of this 2009 Act*  
7 *on the availability of low carbon fuels and the development of biofuels production facilities and electric*  
8 *vehicle infrastructure in Oregon.*]

9 **SECTION 5. This 2011 Act being necessary for the immediate preservation of the public**  
10 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**  
11 **on its passage.**

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