



March 18, 2013

The Honorable Jackie Dingfelder
Chair, Senate Environment and Natural Resources Committee
Oregon State Capitol, Room 347
900 Court St., NE
Salem, OR 97301

Dear Chair Dingfelder:

The Port of Portland supports Senate Bill 488 and the removal of the sunset provision in Oregon's Clean Fuels Program so the state can continue the momentum toward providing cleaner fuels to help reduce greenhouse gas (GHG) emissions from Oregon's transportation fuels.

In 2009, the Oregon Legislature adopted House Bill (HB) 2186 and authorized the Environmental Quality Commission (EQC) to adopt a low carbon fuel standard. The two-phased structure, an initial reporting phase, and later reduction phase is designed to defer the requirement to meet fuel standards until the Department of Environmental Quality (DEQ) has sufficient information and experience to implement the program. Phase Two is deferred until the EQC triggers its applicability through a future rulemaking. In addition, Phase Two can only be implemented if the Oregon Legislature adopts a bill to remove the statutory 2015 sunset that currently applies to the Oregon Clean fuels program.

Clean fuels, while not suitable for all applications at this time, have the greatest potential to reduce greenhouse gasses over a broad portion of the transportation sector. Authorizing the clean fuels program to continue will help provide the clean fuels industry with certainty that encourages equity and financial investment in clean fuels projects; allowing its ability to grow. The program still needs improvement and continued stakeholder involvement to make it work.

The world is heading toward a low carbon fuel future. The Port's experience working with GHG reduction programs over the last decade has informed our perspective. These efforts working on a variety of alternative fuel programs only enhance our knowledge and understanding of what works and what doesn't. For example:

- The Port began use of B20 biodiesel at PDX in 2002, purchasing 80,000 gallons of biodiesel and helping to create a biodiesel market in Portland.
- The Port is a co-founder and steering team member of the Sustainable Aviation Fuels Northwest (SAFN) program that is actively working to scale up a sustainable, financially viable renewable aviation fuel industry in Oregon, Washington, Idaho, and Western Montana.

Clean fuels are a necessary component to help Oregon reach its greenhouse gas reduction goals. This is true regardless of what is happening with other technological improvement components including engine efficiency and design.

While the federal Renewable Fuel Standard mandates that a minimum amount of renewable fuels be produced in any given year on a national level, nothing in the federal standard mandates that fuels shall be proportionally available for each state. To get biofuels scaled up in Oregon, there needs to be some regulatory certainty that there is a fuel standard. Allowing the program to continue will do that.

Clean fuel standards:

- 1) Provide the incentive for stakeholders in Oregon to keep working to address the challenging issues necessary to guarantee cleaner, low- carbon fuels are widely available and
- 2) Give a boost to the biofuel industry which is supported by SAFN and its stakeholders. SAFN identified several key policy priorities needed to spur creation of sustainable fuels for aviation:
 - *"SAFN stakeholders urge decision makers to recognize the critical importance of catalyzing the development of safe, sustainable and commercially viable fuels for aviation. Support for aviation biofuels should at a minimum be equal to policies supporting other transport and energy sectors."*
 - *"Stable, long-term government policies are needed in order for a sustainable aviation fuels industry to grow and thrive. Well-integrated, consistent policies will help mitigate critical risks for feedstock growers and producers when undertaking a new feedstock or technology."*

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Continuation of the clean fuel standards will provide the same kind of public support to the biofuels industry in Oregon that other energy produces already have through the Renewable Portfolio Standard (RPS).

Clean fuels have been incorporated as a key component of Oregon's greenhouse gas reduction initiatives designed to help the state meet its greenhouse gas reduction goals, such as the Oregon Global Warming Commission's Roadmap to 2020 and Oregon's 10 year Energy Action Plan. Clean fuels are now also being considered for incorporation into the Statewide Transportation Strategy. In addition, clean fuels will help achieve other important objectives, such as reducing toxic air pollutants from transportation, a priority of the Portland Air Toxics Solutions project.

We are available to work with the Governor's Office, DEQ and other key stakeholders as Oregon proceeds with its Clean Fuels program on issues like timing and implementation as well as how the economic safeguards/off-ramps are developed. Finally, the state must watch closely the implementation of low carbon fuels programs in both California and Washington.

Sincerely,

David J. Breen
Air Quality Environmental Program Manager