

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**Senate Committee On Environment and Natural Resources**

**MEASURE: SB 324 A**  
**CARRIER: Sen. Beyer**

**Fiscal:** Fiscal impact issued

**Revenue:** No revenue impact, statement issued (Indeterminate Impact)

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**Action Date:** 02/04/15

**Action:** Do Pass With Amendments. (Printed A-Eng.)

**Meeting Dates:** 02/02, 02/04

**Senate**

**Yeas:** 3 - Dembrow, Edwards, Prozanski

**Nays:** 2 - Thomsen, Olsen

**Prepared By:** Beth Reiley, Committee Administrator

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**WHAT THE MEASURE DOES:**

Repeals sunset on provisions related to low carbon fuel standards. Makes adoption of rules by Environmental Quality Commission (Commission) on low carbon fuel standards mandatory. Requires standards to reduce average amount of greenhouse gas emissions per unit of fuel energy of fuels by 10 percent below 2010 levels by year 2025 or later date if Commission determines extension is appropriate. Authorizes use of liquefied petroleum gas to meet low carbon fuel standard. Removes requirement for Commission to issue exemptions and deferrals to mitigate cost of complying with low carbon fuel standards based on comparisons with PADD 5 region. Requires Commission to adopt rules for managing and containing costs of compliance with standards, including but not limited to ensuring people may obtain and trade credits for fuels used as gasoline or diesel substitutes. Requires Commission to exempt person who imports less than 500,000 gallons of gasoline and diesel in a year. Establishes standards for biodiesel to be considered an alternative fuel. Exempts fuel that is demonstrated to be used in motor vehicles used primarily for construction, watercraft and railroad locomotives. Requires Department of Environmental Quality to report to Seventy-eighth Legislative Assembly. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Environmental Quality Commission's public process for development of Clean Fuels Program
- Availability and cost of fuels
- Comparison to California's low carbon fuel standard
- Cost containment mechanism

**EFFECT OF COMMITTEE AMENDMENT:**

Replaces measure.

**BACKGROUND:**

In 2009 the Oregon Legislature passed House Bill 2186 which authorized the Oregon Environmental Quality Commission (Commission) to adopt rules to reduce the average amount greenhouse gas emissions per unit of fuel energy of the fuels by 10 percent below 2010 levels by 2020. In December, 2012 the Commission completed Phase I of the rulemaking process requiring that Oregon fuel producers and importers register, keep records and report the volumes and carbon intensities of the transportation fuels they provide in Oregon. In January, 2015 the Commission completed Phase II of the rulemaking process requiring suppliers and importers to report the carbon intensity of their fuels this year, and then meet carbon intensity reduction targets starting at 0.25 percent in 2016 and rising to 10 percent by 2025.

Senate Bill 324A would repeal the sunset provision on the low carbon fuel standard. The Act would also revise the implementation schedule to require a reduction in the average amount of greenhouse gas emissions per unit of fuel energy of transportation fuels by 10 percent below 2010 levels by 2025 and require the Commission to adopt rules to manage and contain the cost of compliance with the low carbon fuel standard.