

**Seventy-Eighth Oregon Legislative Assembly - 2015 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee On Energy and Environment**

**MEASURE: SB 324 A**  
**CARRIER: Rep. Vega Pederson**

**Fiscal:** Fiscal impact issued  
**Revenue:** Revenue impact issued

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**Action Date:** 02/26/15

**Action:** Do Pass.

**Meeting Dates:** 02/24, 02/26

**Vote:**

Yeas: 5 - Boone, Helm, Holvey, Reardon, Vega Pederson

Nays: 4 - Bentz, Heard, Johnson, Weidner

**Prepared By:** Beth Patrino, 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. Extends date by which standards to reduce average amount of greenhouse gas emissions per unit of fuel energy of fuels by 10 percent below 2010 levels to 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 of fuel costs with Petroleum Administration for Defense District (PADD) 5 region costs. 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 total of 500,000 gallons of gasoline and diesel in calendar year. Directs Commission to prohibit fuels containing biodiesel from being considered alternative fuel unless biodiesel meets specified standards. Exempts fuel that is demonstrated to have been used in certain motor vehicles used primarily for construction, watercraft, and railroad locomotives. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- History of low carbon fuel standards legislation and program
- Whether standards are effective approach to carbon reduction
- California low carbon fuel standard
- How much standard implementation will affect the price of transportation fuels for consumers
- Other approaches to carbon reduction
- Credit system as cost containment mechanism
- Consideration of land use changes
- Availability of alternative fuels

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

In 2009, the Oregon Legislature passed House Bill 2186 authorizing the Oregon Environmental Quality Commission (Commission) to adopt rules to reduce the average amount greenhouse gas emissions per unit of fuel energy of gasoline, diesel and substitutes for those fuels by 10 percent below 2010 levels by 2020. In December, 2012 the Commission completed Phase 1 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 2 of the rulemaking process requiring suppliers and importers to reduce the average carbon intensity of the fuels they provide to meet the annual clean fuel standards.

Senate Bill 324A would remove the December 31, 2015 sunset on the statutes requiring the adoption of clean fuel standards. The measure would also extend the target date for standard compliance from the year 2020 to 2025, direct the Commission to adopt provisions to manage and contain costs, and add exemptions for fuels used for specified purposes.