

House Committee On Energy and Environment

Fiscal: Fiscal impact issued
Revenue: Revenue impact issued

Action Date: 02/26/15

Action: Do Pass With Amendments And Be Printed B-Engrossed.

Meeting Dates: 02/24, 02/26

Signers of the Report: Rep. Cliff Bentz, Rep. Mark Johnson

Prepared By: Beth Patrino, Committee Administrator

WHAT THE MEASURE DOES:

Makes legislative findings on state policy to reduce carbon emissions. By June 30 each year, directs Oregon Department of Agriculture (ODA) to determine commercial availability of ethanol in Oregon, adopt standard for quality and percentage of ethanol by volume that must be blended with gasoline to be sold or offered in state during next calendar year, and notify dealers. Requires annual standard to ensure compliance with existing statutory standards and prioritize use of commercially available ethanol with lowest greenhouse gas emissions attributable to ethanol throughout its lifecycle and at level that maximizes use of commercially available ethanol in Oregon for calendar year. Prohibits sale or offer for sale of gasoline that does not meet standard. By June 30 each year, directs ODA to determine commercial availability of biodiesel and other renewable diesel in Oregon, adopt standard for quality and percentage of biodiesel and other renewable diesel by volume that diesel fuel must contain to be sold or offered for sale in state during next calendar year, and notify dealers. Requires annual standard to ensure compliance with existing statutory standards and prioritize use of commercially available biodiesel and other renewable fuels with lowest greenhouse gas emissions attributable to fuels throughout their lifecycle and at level that maximizes use of commercially available biodiesel and other renewable diesels in Oregon for calendar year. Prohibits sale or offer for sale of diesel fuel that does not meet standard. Directs ODA to adopt labeling standards for biodiesel and other renewable diesel. Exempts from standard motor vehicles not designed primarily to transport persons or property that are operated on highways only incidentally and used primarily for construction work. Authorizes Public Utility Commission (PUC) to require payment of public purpose charge funds into Carbon Reduction Technology Research and Development Fund (Fund). Stipulates if PUC requires funds to be paid to non-governmental entity and into Fund, payments must be equal. Directs Higher Education Coordinating Commission to develop, maintain and manage consortium created for purpose of promoting and advancing research and development of carbon reduction technologies related to transportation fuels. Requires consortium to include representatives of University of Oregon, Portland State University and Oregon State University. Directs consortium to establish grant program and facilitate programs at member universities.

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

MINORITY REPORT

EFFECT OF MINORITY AMENDMENT:

Replaces measure.

BACKGROUND:

Oregon adopted a Renewable Fuels Standard (RFS) in 2007 for ethanol, biodiesel, and other renewable diesel. The Oregon RFS requires all motor gasoline (with some exceptions) to be E10 (10 percent ethanol, 90 percent gasoline) as soon as Oregon's production capacity for ethanol reached 40 million gallons per year. This capacity was met in September 2007. The diesel portion of the standard was implemented in two phases. By 2009, all diesel sold in Oregon had to be B2 (two percent biodiesel, 98 percent diesel), with a few exceptions. Once Oregon production capacity reached 15 million gallons, the standard increased to B5 (five percent biodiesel, 95 percent diesel). This production capacity was reached in August 2010 and the B5 standard was implemented in April 2011.

Senate Bill 1149 (2002) established a public purpose charge that requires certain utility customers to pay a percentage charge on their energy bills for energy conservation, renewable resource, and low-income energy programs. The non-profit Energy Trust of Oregon administers the majority of these funds for conservation and renewable energy projects; the remainder goes to schools, low-income weatherization and low-income housing.

Senate Bill 324 B (Minority) would revise the state's renewable fuel standard and authorize the Public Utility Commission to direct public purpose funds into a new Carbon Reduction Technology Research and Development Fund.