

Requested by HOUSE COMMITTEE ON ENERGY AND ENVIRONMENT

**PROPOSED AMENDMENTS TO
HOUSE BILL 2135**

1 On page 2 of the printed bill, delete lines 38 through 45 and delete pages
2 3 through 29 and insert:

3 **“SECTION 1. Sections 4 and 6 to 19 of this 2017 Act shall be known
4 and may be cited as the Healthy Climate Act of 2017.**

5

6 **“STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS**

7

8 **“SECTION 2. ORS 468A.205 is repealed.**

9 **“SECTION 3. Section 4 of this 2017 Act is added to and made a part
10 of ORS chapter 468A.**

11 **“SECTION 4. (1) As used in this section, ‘statewide greenhouse gas
12 emissions’ means:**

13 **“(a) The total annual emissions of greenhouse gases in this state;
14 and**

15 **“(b) All emissions of greenhouse gases from outside this state that
16 are attributable to the generation of electricity that is delivered to and
17 consumed in this state, accounting for transmission and distribution
18 line losses.**

19 **“(2) The Environmental Quality Commission shall adopt by rule:**

20 **“(a) A statewide greenhouse gas emissions goal for the year 2025 to
21 limit greenhouse gas emissions to levels that are at least 20 percent**

1 below 1990 levels;

2 “(b) A statewide greenhouse gas emissions limit for the year 2035
3 that limits greenhouse gas emissions to levels that are at least 45
4 percent below 1990 levels; and

5 “(c) A statewide greenhouse gas emissions limit for the year 2050
6 that limits greenhouse gas emissions to levels that are at least 75
7 percent below 1990 levels.

8

9 “GREENHOUSE GAS CAP AND INVESTMENT PROGRAM

10 “(Statement of Purposes)

11

12 “SECTION 5. Sections 6 to 11, 14 and 15 of this 2017 Act and ORS
13 468A.200 to 468A.260 are added to and made a part of ORS chapter 468A.

14 “SECTION 6. (1) The Legislative Assembly finds and declares that
15 the purposes of sections 6 to 19 of this 2017 Act are to reduce
16 greenhouse gas emissions consistent with the statewide greenhouse
17 gas emissions levels established under section 4 of this 2017 Act and
18 to promote adaptation and resilience by this state’s communities and
19 economy in the face of climate change.

20 “(2) Sections 6 to 19 of this 2017 Act and the rules adopted pursuant
21 to sections 6 to 19 of this 2017 Act:

22 “(a) May not be interpreted to limit the authority of any state
23 agency to adopt and implement measures to reduce greenhouse gas
24 emissions; and

25 “(b) Shall be interpreted in a manner consistent with federal law.

26

27 “(Rules Adoption and Implementation Oversight Advisory
28 Committees)

29

30 “SECTION 7. (1) In adopting rules as required by sections 9, 10, 11

1 and 15 of this 2017 Act, the Environmental Quality Commission shall
2 consult with the Environmental Justice Task Force, Indian tribes, the
3 Public Utility Commission, the State Department of Energy, the De-
4 partment of Transportation and other interested state and federal
5 agencies, and shall be advised by an advisory committee appointed by
6 the Governor.

7 “(2) The advisory committee required by subsection (1) of this sec-
8 tion shall be composed of:

9 “(a) One member appointed by the Commission on Asian and
10 Pacific Islander Affairs;

11 “(b) One member appointed by the Commission on Black Affairs;

12 “(c) One member appointed by the Commission on Hispanic Affairs;

13 “(d) One member appointed by the Commission on Indian Services;
14 and

15 “(e) Five members appointed by the Governor who reflect the ge-
16 ographic and demographic diversity of this state, and who have the
17 qualifications deemed necessary by the Governor to advise the Envi-
18 ronmental Quality Commission on the diversity of interests relating
19 to efforts by the state to limit greenhouse gas emissions consistent
20 with section 4 of this 2017 Act, with a preference in making appoint-
21 ments given to individuals who can represent the interests of multiple
22 constituencies.

23 **“SECTION 7a. (1) The Greenhouse Gas Cap and Investment Pro-
24 gram Oversight Committee is created. The committee consists of nine
25 members as follows:**

26 “(a) The President of the Senate shall appoint one member from
27 among the members of the Senate.

28 “(b) The Speaker of the House of Representatives shall appoint one
29 member from among the members of the House of Representatives.

30 “(c) The Governor shall appoint:

- 1 **“(A) One member who represents the office of the Governor;**
2 **“(B) One member who represents disadvantaged communities;**
3 **“(C) One member who represents the interests of labor organiza-**
4 **tions;**
5 **“(D) One member who represents environmental organizations;**
6 **“(E) One member who represents covered entities;**
7 **“(F) One member with expertise in climate science; and**
8 **“(G) One member who represents the interests of business sectors**
9 **impacted by climate change.**

10 **“(2) The term of a legislative member of the committee shall be two**
11 **years. If a person appointed by the President of the Senate or by the**
12 **Speaker of the House ceases to be a Senator or Representative during**
13 **the person’s term on the committee, the person may continue to serve**
14 **as a member of the committee for the balance of the member’s term**
15 **on the committee. The term of all other appointed members shall be**
16 **four years. Appointed members of the committee may be reappointed.**
17 **If a vacancy occurs in one of the appointed positions for any reason**
18 **during the term of membership, the official who appointed the mem-**
19 **ber to the vacated position shall appoint a new member to serve the**
20 **remainder of the term. An appointed member of the committee may**
21 **be removed from the committee at any time by the official who ap-**
22 **pointed the member.**

23 **“(3)(a) The members of the committee shall select from among**
24 **themselves a chairperson and a vice chairperson.**

25 **“(b) The committee shall meet at such times and places as deter-**
26 **mined by the chairperson.**

27 **“(4) Notwithstanding ORS 171.072, members of the committee who**
28 **are members of the Legislative Assembly are not entitled to mileage**
29 **expenses or a per diem and serve as volunteers on the committee.**
30 **Other members of the committee are not entitled to compensation or**

1 reimbursement for expenses and serve as volunteers on the committee.

2 “(5) The committee shall:

3 “(a) Study the implementation of sections 6 to 19 of this 2017 Act,
4 with particular focus on:

5 “(A) How moneys received by the state as auction proceeds pursu-
6 ant to section 10 of this 2017 Act are spent;

7 “(B) The greenhouse gas reductions that have resulted from the
8 state’s expenditure of auction proceeds;

9 “(C) The geographic distribution of activities that have benefitted
10 from the expenditure of auction proceeds; and

11 “(D) How disadvantaged communities and economically distressed
12 areas have benefitted from the expenditure of auction proceeds;

13 “(b) Make any recommendations to the Environmental Quality
14 Commission, the Governor and the Legislative Assembly that the
15 committee deems necessary to increase the effectiveness of the im-
16 plementation of sections 6 to 19 of this 2017 Act;

17 “(c) Make any recommendations for additional legislation governing
18 the adoption and implementation of the carbon pollution market; and

19 “(d) Conduct such other studies as necessary to provide oversight
20 to the implementation of sections 6 to 19 of this 2017 Act.

21 “(6) The Department of Environmental Quality shall provide the
22 committee with staff, subject to availability of funding for that pur-
23 pose.

24

25 “(Definitions)

26

27 “SECTION 8. As used in ORS 468A.200 to 468A.260 and sections 6 to
28 19 of this 2017 Act:

29 “(1) ‘Allowance’ means a tradable authorization to emit up to:

30 “(a) One metric ton of carbon dioxide; or

1 **“(b) One unit of carbon dioxide equivalent.**

2 **“(2) ‘Annual allowance budget’ means the total number of allow-**
3 **ances allocated by the Environmental Quality Commission for auction**
4 **or distribution in one calendar year.**

5 **“(3) ‘Carbon dioxide equivalent’ means the potential contribution**
6 **of a greenhouse gas to anthropogenic climate change expressed such**
7 **that the potential contribution of one unit of carbon dioxide equivalent**
8 **is equal to the potential contribution of one metric ton of carbon**
9 **dioxide.**

10 **“(4) ‘Carbon pollution market’ means the system for regulating**
11 **greenhouse gas emissions established by the Environmental Quality**
12 **Commission by rule under section 9 of this 2017 Act.**

13 **“(5) ‘Compliance instrument’ means an allowance or an offset credit**
14 **that may be used to fulfill a compliance obligation.**

15 **“(6) ‘Compliance obligation’ means the quantity of compliance in-**
16 **struments that an entity is required to surrender to the Department**
17 **of Environmental Quality during a compliance period under the car-**
18 **bon pollution market.**

19 **“(7) ‘Covered entity’ means a source that is required by the Envi-**
20 **ronmental Quality Commission to participate in the carbon pollution**
21 **market.**

22 **“(8) ‘Disadvantaged communities’ includes, but is not limited to:**

23 **“(a) Communities with a high percentage of people of color, low-**
24 **income households, immigrants or refugees relative to other commu-**
25 **nities;**

26 **“(b) Linguistically isolated communities;**

27 **“(c) Communities with high exposures to pollution or toxics relative**
28 **to other communities; and**

29 **“(d) Rural communities with unemployment rates that are above**
30 **this state’s mean statewide unemployment rate.**

1 “(9) ‘Economically distressed area’ means an area designated as
2 distressed by the Oregon Business Development Department under
3 ORS 285A.020 and 285A.075.

4 “(10) ‘Electric utility’ has the meaning given that term in ORS
5 757.600.

6 “(11) ‘General market participant’ means a person that:

7 “(a) Is a registered entity;

8 “(b) Is not a covered entity or an opt-in entity; and

9 “(c) Intends to purchase, hold, sell or voluntarily retire compliance
10 instruments in the carbon pollution market.

11 “(12) ‘Greenhouse gas’ means any gas that contributes to
12 anthropogenic climate change, including but not limited to carbon
13 dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons
14 and sulfur hexafluoride.

15 “(13) ‘High road agreement’ means an agreement among multiple
16 stakeholders that specifies goals for a project or program that are re-
17 lated to the quality and accessibility of economic opportunities pro-
18 vided by that project or program, and that includes:

19 “(a) Strategies for advancing the specified goals based on metrics
20 that may include but are not limited to:

21 “(A) Requirements for wages and benefits;

22 “(B) Workforce and business diversity;

23 “(C) Training and career development; and

24 “(D) Environmental benefits;

25 “(b) A mechanism for implementing the agreement; and

26 “(c) A process for evaluating the progress of a project or program
27 toward achieving the goals specified in the agreement.

28 “(14) ‘Leakage’ means a reduction in greenhouse gas emissions
29 within this state that is offset by an increase in greenhouse gas
30 emissions outside this state.

1 **“(15) ‘Natural gas utility’ means a natural gas utility regulated by**
2 **the Public Utility Commission under ORS chapter 757.**

3 **“(16) ‘Offset credit’ means a tradable compliance instrument that**
4 **is generated by an offset project. One offset credit equals one allow-**
5 **ance.**

6 **“(17) ‘Offset project’ means a project, implemented by a person that**
7 **is not a covered entity, that reduces or removes greenhouse gas**
8 **emissions that are attributable to persons that are not covered enti-**
9 **ties.**

10 **“(18) ‘Opt-in entity’ means a source that is not required to partic-**
11 **ipate in the carbon pollution market and that voluntarily chooses to**
12 **participate in the carbon pollution market as if it were a covered en-**
13 **tity.**

14 **“(19) ‘Project labor agreement’ means a collective bargaining**
15 **agreement with one or more labor organizations that establishes the**
16 **terms and conditions of employment for a specific construction project**
17 **and that, at a minimum:**

18 **“(a) Binds all contractors and subcontractors on the construction**
19 **project through the inclusion of appropriate specifications in all rele-**
20 **vant solicitation provisions and contract documents;**

21 **“(b) Allows all contractors and subcontractors to compete for con-**
22 **tracts and subcontracts without regard to whether they are parties to**
23 **any other collective bargaining agreement;**

24 **“(c) Contains guarantees against strikes, lockouts and similar job**
25 **disruptions; and**

26 **“(d) Sets forth effective, prompt and mutually binding procedures**
27 **for resolving labor disputes that arise during the term of the project**
28 **labor agreement.**

29 **“(20) ‘Registered entity’ means a covered entity, opt-in entity, or**
30 **general market participant that has successfully registered to partic-**

1 **ipate in the carbon pollution market.**

2 **“(21) ‘Retire’ means to permanently remove a compliance instru-**
3 **ment from the carbon pollution market such that the compliance in-**
4 **strument may not be sold, traded or otherwise used again.**

5 **“(22) ‘Source’ means:**

6 **“(a) An air contamination source as defined in ORS 468A.005;**

7 **“(b) Any person that imports, sells, allocates or distributes for use**
8 **in this state electricity, the generation of which emits greenhouse**
9 **gases; or**

10 **“(c) Any person that imports, sells or distributes for use in this**
11 **state fossil fuel that generates greenhouse gases when combusted.**

12 **“(23) ‘Surrender’ means to transfer a compliance instrument to the**
13 **Department of Environmental Quality:**

14 **“(a) To meet a compliance obligation;**

15 **“(b) To satisfy a penalty imposed; or**

16 **“(c) On a voluntary basis.**

17

18 **“(Carbon Pollution Market)**

19

20 **“SECTION 9. (1) The Environmental Quality Commission shall**
21 **adopt a carbon pollution market by rule. Rules adopted under this**
22 **subsection must, at a minimum:**

23 **“(a) Identify sources subject to the carbon pollution market. In**
24 **adopting rules under this subsection, the commission may not require**
25 **a source to be subject to the carbon pollution market unless or until**
26 **the annual verified greenhouse gas emissions reported under ORS**
27 **468A.050 or 468A.280 attributable to that source meet or exceed 25,000**
28 **metric tons of carbon dioxide or carbon dioxide equivalent.**

29 **“(b) Set a cap on the total combined greenhouse gas emissions al-**
30 **lowed from covered entities during the calendar year 2021, and a**

1 schedule for the cap to decrease by a predetermined amount each
2 calendar year until 2050. The cap and schedule shall reflect the total
3 greenhouse gas emissions from covered entities, as a proportionate
4 share of statewide greenhouse gas emissions as defined in section 4 of
5 this 2017 Act, that must be reduced in order to prevent exceedance of
6 the statewide greenhouse gas emissions levels established by section 4
7 of this 2017 Act.

8 “(c) Establish an annual allowance budget for the calendar year
9 2021, and a schedule for the annual allowance budget to decrease by a
10 predetermined amount each calendar year until 2050, consistent with
11 the cap set under paragraph (b) of this subsection and taking into ac-
12 count the effect of offset projects.

13 “(d) Establish a market for allowances and criteria for the distrib-
14 ution of allowances either directly at no cost or through an auction
15 administered by the Department of Environmental Quality pursuant
16 to section 10 of this 2017 Act. In distributing allowances, the depart-
17 ment:

18 “(A) Shall place a certain percentage of allowances, as determined
19 necessary by the commission by rule, directly in an allowance price
20 containment reserve designed to assist in containing compliance costs
21 for covered entities in the event of unanticipated high costs for com-
22 pliance instruments;

23 “(B) Shall distribute to electric utilities and natural gas utilities,
24 directly and free of charge, allowances to be consigned to the state for
25 auction under section 10 of this 2017 Act;

26 “(C) Shall, in order to address leakage and as determined necessary
27 by the commission pursuant to subsection (2) of this section, distribute
28 allowances directly and free of charge to covered entities that include,
29 but are not limited to, covered entities that are part of an emissions-
30 intensive, trade-exposed industry; and

1 **“(D) Shall allocate all remaining allowances to an auction holding**
2 **account to be auctioned pursuant to section 10 of this 2017 Act and**
3 **associated rules.**

4 **“(e) Allow for the trading of compliance instruments.**

5 **“(f) Establish three-year compliance periods, standards for calcu-**
6 **lating covered entities’ compliance obligations relative to the annual**
7 **allowance budgets applicable during each compliance period and, sub-**
8 **ject to section 11 of this 2017 Act, procedures by which covered entities**
9 **shall meet their compliance obligations.**

10 **“(g) Allow opt-in entities and general market participants to par-**
11 **ticipate in the carbon pollution market.**

12 **“(2) The commission shall hire or contract with a third party or-**
13 **ganization to provide data and analysis identifying leakage risk from**
14 **specific covered entities including, but not limited to, covered entities**
15 **that are part of an emissions-intensive, trade-exposed industry. The**
16 **commission shall use the data and analysis provided by a third party**
17 **organization under this section to determine the number of allowances**
18 **to be distributed directly and free of charge under subsection (1)(d)(C)**
19 **of this section. No less than once every five years, the commission**
20 **shall:**

21 **“(a) Require that any data and analysis provided under this sub-**
22 **section be updated by the third party organization.**

23 **“(b) Adjust the number of allowances distributed directly and free**
24 **of charge under subsection (1)(d)(C) as necessary to reflect the updated**
25 **data and analysis.**

26 **“(3)(a) The commission shall adopt by rule standards for offset**
27 **projects that may generate offset credits and standards for covered**
28 **entities to use offset credits in meeting their compliance obligations**
29 **under the carbon pollution market.**

30 **“(b) Offset projects:**

1 **“(A) Must not be otherwise required by law; and**

2 **“(B) Must result in greenhouse gas emissions reductions or re-**
3 **movals that are in addition to greenhouse gas emissions reductions**
4 **or removals otherwise required by law, that would not otherwise have**
5 **occurred if the emissions reduction or removal activity had not been**
6 **implemented as part of the offset project and that meet the require-**
7 **ments of subsection (5) of this section.**

8 **“(c) Standards adopted under this subsection must ensure that off-**
9 **set credits may be used to account for no more than 50 percent of the**
10 **greenhouse gas emissions reductions required of a covered entity dur-**
11 **ing a compliance period, relative to the previous compliance period.**
12 **Standards adopted under this subsection may place additional re-**
13 **strictions on the number of offset credits that may be used by a cov-**
14 **ered entity that is an air contamination source as defined in ORS**
15 **468A.005 if the building, premises or other property in, at or on which**
16 **the air contamination source is located, or the facility, equipment or**
17 **other property by which greenhouse gas emissions are caused or from**
18 **which the greenhouse gas emissions come, is geographically located**
19 **in a disadvantaged community.**

20 **“(d) In adopting standards under this subsection, the commission**
21 **shall:**

22 **“(A) Take into consideration any standards for offset projects and**
23 **offset credits established by other states and countries with compara-**
24 **ble carbon pollution markets; and**

25 **“(B) Develop the standards in a manner that allows for the depart-**
26 **ment to explore and encourage opportunities for the development of**
27 **offset projects in this state that may generate offset credits for use**
28 **by covered entities in meeting their compliance obligations under the**
29 **carbon pollution market.**

30 **“(4) All covered entities, opt-in entities and general market partic-**

1 ipants must register as registered entities to participate in the carbon
2 pollution market. The commission shall adopt by rule registration re-
3 quirements and any additional requirements necessary for registered
4 entities to participate in auctions administered by the department
5 under section 10 of this 2017 Act. The commission may adopt a sched-
6 ule of fees for registration under this subsection. Fees shall be rea-
7 sonably calculated not to exceed the costs to the department in
8 administering the carbon pollution market.

9 “(5) Greenhouse gas emissions reductions achieved pursuant to the
10 carbon pollution market developed under this section must be real,
11 permanent, quantifiable, verifiable and enforceable.

12 “(6) In developing and administering the carbon pollution market
13 under this section, the commission may pursue linkage agreements
14 with market-based programs in other states or countries.

15 **“SECTION 10. (1) Except as provided in subsection (2) of this sec-**
16 **tion, auctions of allowances under the carbon pollution market shall**
17 **be open to registered entities. The Environmental Quality Commission**
18 **shall adopt rules necessary for the Department of Environmental**
19 **Quality to administer the auctions. Rules adopted under this sub-**
20 **section must, at a minimum:**

21 “(a) Require the department to hold a maximum of four auctions
22 annually. An auction may include allowances from the annual allow-
23 ance budget of the current year and allowances from the annual al-
24 lowance budgets from prior years that remained unsold at previous
25 auctions. The department may auction allowances from future annual
26 allowance budgets separately from allowances from current and pre-
27 vious annual allowance budgets.

28 “(b) Require the department to engage:

29 “(A) A qualified, independent contractor to run the auctions; and

30 “(B) A qualified financial services administrator to hold bid guar-

1 antees, evaluate bid guarantees and inform the department of the
2 value of bid guarantees once the bids are accepted.

3 “(c) Require the department to issue notice for an upcoming auc-
4 tion at least 90 days prior to the auction. The auction must consist
5 of a single round of sealed bids submitted during a three-hour open
6 window and must be conducted through a secure online system.

7 “(d) Set an auction floor price and a schedule for the floor price to
8 increase by a predetermined amount each calendar year as necessary
9 for proper functioning of the carbon pollution market. The depart-
10 ment may not sell allowances at bids lower than the auction floor
11 price.

12 “(e) Specify, as holding limits, the maximum number of allowances
13 that may be held for use or trade by a registered entity at any one
14 time.

15 “(f) Require that allowances distributed free of charge to an electric
16 utility or a natural gas utility must be consigned to the state for
17 auction and may not be surrendered under section 11 of this 2017 Act
18 to meet the utility’s compliance obligation. Proceeds from the sale
19 of allowances consigned to the state for auction under this paragraph
20 may be used by the utility only as provided in section 12 of this 2017
21 Act.

22 “(g) Require a registered entity intending to participate in an auc-
23 tion to submit an application to participate at least 30 days prior to
24 the auction.

25 “(h) Include provisions to guard against bidder collusion and mini-
26 mize the potential for market manipulation.

27 “(2)(a) The department shall conduct reserve auctions of allowances
28 from the allowance price containment reserve once each calendar
29 quarter, separate from the auction of other allowances. Allowances
30 unsold at a reserve auction must be made available again at future

1 **reserve auctions.**

2 **“(b) Only covered entities may participate in reserve auctions.**

3 **“(c) The department shall follow the procedures for auctions**
4 **adopted by rule under subsection (1) of this section for reserve auc-**
5 **tions, except that the department may choose to establish multiple**
6 **price tiers for the allowances from the allowance price containment**
7 **reserve.**

8 **“(3) Upon completion and verification of the results of an auction**
9 **conducted under this section, the financial services administrator**
10 **shall notify winning bidders and transfer the proceeds of the auction**
11 **as follows:**

12 **“(a) For auction proceeds from allowances consigned to the state**
13 **for auction under subsection (1)(f) of this section, to the electric util-**
14 **ities and natural gas utilities that consigned the allowances, to be used**
15 **only as specified in section 12 of this 2017 Act;**

16 **“(b) For auction proceeds that constitute revenues described in**
17 **Article IX, section 3a, of the Oregon Constitution, to the State Treas-**
18 **urer to be deposited in the Climate Investments Account in the State**
19 **Highway Fund; and**

20 **“(c) For auction proceeds remaining after completion of the trans-**
21 **fers under paragraphs (a) and (b) of this subsection, to the State**
22 **Treasurer to be deposited as follows:**

23 **“(A) Eighty-five percent in the Oregon Climate Investments Fund;**
24 **and**

25 **“(B) Fifteen percent in the Just Transition Fund.**

26 **“SECTION 11. (1) A covered entity subject to the carbon pollution**
27 **market developed under section 9 of this 2017 Act must surrender to**
28 **the Department of Environmental Quality the quantity of compliance**
29 **instruments equal to the entity’s compliance obligation no later than**
30 **the surrender date for a compliance period specified by the Environ-**

1 **mental Quality Commission by rule or order.**

2 **“(2) In addition to any other penalty provided by law, a covered**
3 **entity that fails to timely surrender to the department a sufficient**
4 **quantity of allowances to meet the entity’s compliance obligation**
5 **must, no later than six months after the specified surrender date for**
6 **the compliance period, surrender to the department a penalty of four**
7 **allowances for every one allowance that the entity failed to timely**
8 **surrender.**

9 **“(3) If a covered entity reasonably believes that it will be unable to**
10 **meet a compliance obligation, the entity shall immediately notify the**
11 **Department of Environmental Quality. Upon receiving notification,**
12 **the department shall issue an order requiring the entity to surrender**
13 **penalty allowances as provided for under subsection (2) of this section.**

14 **“(4) Three out of every four penalty allowances surrendered by a**
15 **covered entity to the department pursuant to this section must be of-**
16 **fered by the department for purchase in future auctions conducted**
17 **under section 10 of this 2017 Act. The remaining penalty allowances**
18 **surrendered must be retired by the department and counted toward**
19 **fulfilling the compliance obligation of the covered entity in the com-**
20 **pliance period for which the penalty allowances were surrendered.**

21

22 **“(Climate Investments)**

23

24 **“SECTION 12. (1) An electric utility or natural gas utility that re-**
25 **ceives the proceeds from the sale of allowances consigned to the state**
26 **for auction under section 10 of this 2017 Act may use the auction pro-**
27 **ceeds only for the following activities, in the following order of prior-**
28 **ity, consistent with the purposes of sections 6 to 19 of this 2017 Act**
29 **as stated in section 6 of this 2017 Act:**

30 **“(a) Bill assistance for low-income residential customers;**

1 **“(b) Bill assistance for energy intensive industrial customers that,**
2 **at the time the bill assistance is received, are not covered entities re-**
3 **ceiving allowances distributed directly and free of charge to address**
4 **leakage as allowed under section 9 of this 2017 Act; or**

5 **“(c) Residential or small business climate credits.**

6 **“(2) The Public Utility Commission shall adopt rules necessary to**
7 **implement this section. In adopting rules under this section, the**
8 **commission shall consult with the advisory committee established**
9 **under section 7 of this 2017 Act.**

10 **“SECTION 13. (1) The Climate Investments Account is established**
11 **within the State Highway Fund. Interest earned by the Climate In-**
12 **vestments Account shall be credited to the account. Moneys in the**
13 **account are continuously appropriated to the Department of Trans-**
14 **portation to be used only for activities that further the purposes of**
15 **sections 6 to 19 of this 2017 Act as stated in section 6 of this 2017 Act.**

16 **“(2) The Climate Investments Account shall consist of moneys de-**
17 **posited in the account under section 10 (3)(b) of this 2017 Act.**

18 **“(3)(a) Of the moneys deposited in the account each biennium:**

19 **“(A) At least 20 percent must be used to support projects that are**
20 **geographically located in disadvantaged communities; and**

21 **“(B) At least 20 percent must be used to support projects that oth-**
22 **erwise benefit disadvantaged communities.**

23 **“(b) For purposes of this section, the Department of Transportation**
24 **shall designate disadvantaged communities using the methodology**
25 **adopted by the Environmental Quality Commission by rule under sec-**
26 **tion 15 of this 2017 Act.**

27 **“(4) In distributing moneys in the account, the Department of**
28 **Transportation shall:**

29 **“(a) Consult with the Climate Investments in Disadvantaged Com-**
30 **munities Advisory Committee created under section 16 of this 2017 Act;**

1 **“(b) Follow a methodology, as developed by the Department of**
2 **Transportation, for ensuring that a meaningful share of the moneys**
3 **distributed under this section are used to fund projects that involve**
4 **the participation of businesses owned by women and members of mi-**
5 **nority groups; and**

6 **“(c) To the maximum extent feasible and practicable, give funding**
7 **preference to projects that will result in the greatest greenhouse gas**
8 **emissions reductions.**

9 **“(5) If a construction project is funded in whole or in part by**
10 **moneys from the account, the primary contractor participating in the**
11 **construction project:**

12 **“(a) Must participate in an apprenticeship program registered with**
13 **the State Apprenticeship and Training Council;**

14 **“(b) May not be a contractor listed by the Commissioner of the**
15 **Bureau of Labor and Industries under ORS 279C.860 as ineligible to**
16 **receive a contract or subcontract for public works;**

17 **“(c) Must demonstrate a history of compliance with the rules and**
18 **other requirements of the Construction Contractors Board and of the**
19 **Workers’ Compensation Division and the Occupational Safety and**
20 **Health Division of the Department of Consumer and Business Services;**
21 **and**

22 **“(d) Must demonstrate a history of compliance with federal and**
23 **state wage and hour laws.**

24 **“(6) If a construction project is funded in whole or in part by**
25 **moneys from the account, the Department of Transportation may, on**
26 **a project-by-project basis, require the use of a high road agreement**
27 **or a project labor agreement if the use of either type of agreement**
28 **would advance the public interest and be consistent with law.**

29 **“SECTION 14. (1) The Oregon Climate Investments Fund is estab-**
30 **lished in the State Treasury, separate and distinct from the General**

1 Fund. Interest earned by the Oregon Climate Investments Fund shall
2 be credited to the fund. Moneys in the fund are continuously appro-
3 priated to the Department of Environmental Quality to be distributed
4 pursuant to the Climate Investments Grant Program adopted under
5 section 15 of this 2017 Act.

6 “(2) The Oregon Climate Investments Fund shall consist of moneys
7 deposited in the fund under section 10 (3)(c)(A) of this 2017 Act.

8 “(3) Moneys in the fund may be used only for activities that further
9 the purposes of sections 6 to 19 of this 2017 Act as stated in section 6
10 of this 2017 Act.

11 “SECTION 15. (1) The Environmental Quality Commission shall
12 adopt by rule a Climate Investments Grant Program for distributing
13 moneys in the Oregon Climate Investments Fund. The grant program
14 must carry out the purposes of sections 6 to 19 of this 2017 Act as
15 stated in section 6 of this 2017 Act.

16 “(2)(a) Moneys must be distributed through the grant program de-
17 veloped under this section such that, of the moneys deposited in or
18 credited to the Oregon Climate Investments Fund each biennium:

19 “(A) At least 50 percent of the moneys are distributed to projects
20 or programs that are geographically located in disadvantaged com-
21 munities; and

22 “(B) At least 40 percent of the moneys are distributed to projects
23 or programs that are geographically located in economically distressed
24 areas, with an emphasis placed on projects or programs that support
25 job creation and job education and training opportunities.

26 “(b) Disadvantaged communities and economically distressed areas
27 may be, but need not be, considered mutually exclusive for purposes
28 of this subsection.

29 “(c) The commission shall consult with the Environmental Justice
30 Task Force, the Oregon Health Authority, other state agencies, local

1 agencies and local officials in adopting by rule a methodology for
2 designating disadvantaged communities for purposes of this sub-
3 section.

4 “(3) The grant program shall include the appointment of a grant
5 committee. Members of the grant committee shall be appointed by the
6 Governor. The appointment of members of the grant committee is
7 subject to confirmation by the Senate in the manner prescribed in ORS
8 171.562 and 171.565. The grant committee may be composed of any
9 number of individuals that the Governor determines necessary. How-
10 ever, in making appointments to the grant committee under this sec-
11 tion, the Governor shall:

12 “(a) Appoint only members who are residents of this state and en-
13 sure that at least one member is appointed from each congressional
14 district in this state;

15 “(b) Appoint members with experience in administering state grant
16 programs;

17 “(c) Appoint members who reflect the racial, ethnic and economic
18 diversity of experience and background necessary to support successful
19 implementation of the grant program and who have a demonstrated
20 interest in reducing greenhouse gas emissions and taking other
21 actions to promote adaptation and resilience by this state’s commu-
22 nities and economy in the face of climate change; and

23 “(d) Ensure that members of the grant committee have expertise
24 in the following fields:

25 “(A) Residential or commercial renewable energy;

26 “(B) Promotion of civil rights or racial equality;

27 “(C) Weatherization, energy efficiency and climate resilience for
28 low-income residents;

29 “(D) Water conservation;

30 “(E) Financing tools for making renewable energy, energy efficiency

1 and climate resilience strategies available to a broad spectrum of the
2 public;

3 “(F) Job training and contracting with businesses owned by women
4 and members of minority groups;

5 “(G) Climate justice or environmental justice; and

6 “(H) Climate science, with particular expertise in quantifying
7 greenhouse gas emissions reductions.

8 “(4) The commission shall determine the form and method of ap-
9 plying for grants from the grant program, the eligibility requirements
10 for grant applicants and general terms and conditions of the grants.

11 “(5) The rules adopted by the commission under this section shall
12 provide that the grant committee consult with the Climate Invest-
13 ments in Disadvantaged Communities Advisory Committee created
14 under section 16 of this 2017 Act in reviewing grant applications and
15 making determinations of funding based on a scoring system developed
16 by the commission. The scoring system shall give funding preference
17 to projects and programs that:

18 “(a) Maximize multiple benefits in this state, including but not
19 limited to environmental, social and economic benefits;

20 “(b) Result in greenhouse gas emissions reductions that are cost
21 effective or that are the product of business and research development
22 interests in this state;

23 “(c) Constitute investments in, and facilitate the development of,
24 clean energy infrastructure and technologies in this state;

25 “(d) Complement efforts to achieve and maintain federal and state
26 air quality standards;

27 “(e) Protect disadvantaged communities and economically dis-
28 tressed areas from economic uncertainties associated with climate
29 change or climate change policies; or

30 “(f) Make use of domestically produced products to the maximum

1 extent feasible.

2 “(6) The grant program adopted under this section may:

3 “(a) To the extent feasible, require that a grant applicant provide
4 matching funds for completion of the project or program for which a
5 grant is awarded.

6 “(b) Allow an applicant to appeal to the commission for reevaluation
7 of any determination of grant funding.

8 “(c) Allow for the provision of technical assistance during the grant
9 application process to applicants that are businesses owned by women
10 or members of minority groups.

11 “(7) If a construction project is funded in whole or in part by a
12 grant awarded under the grant program, the grant agreement shall
13 require that the primary contractor participating in the construction
14 project:

15 “(a) Must participate in an apprenticeship program registered with
16 the State Apprenticeship and Training Council;

17 “(b) May not be a contractor listed by the Commissioner of the
18 Bureau of Labor and Industries under ORS 279C.860 as ineligible to
19 receive a contract or subcontract for public works;

20 “(c) Must demonstrate a history of compliance with the rules and
21 other requirements of the Construction Contractors Board and of the
22 Workers’ Compensation Division and the Occupational Safety and
23 Health Division of the Department of Consumer and Business Services;
24 and

25 “(d) Must demonstrate a history of compliance with federal and
26 state wage and hour laws.

27 “(8) If a construction project is funded in whole or in part by a
28 grant awarded under the grant program, the Department of Environ-
29 mental Quality may, on a project-by-project basis, require the use of
30 a high road agreement or a project labor agreement if the use of either

1 type of agreement would advance the public interest and be consistent
2 with law.

3 “(9) Subject to the rules adopted by the commission, and subject to
4 reevaluation by the commission on appeal, the grant committee has
5 the responsibility to review grant applications and make funding de-
6 terminations under the grant program adopted pursuant to this sec-
7 tion.

8 **“SECTION 16. (1) There is created a Climate Investments in Disad-**
9 **vantaged Communities Advisory Committee consisting of 17 members**
10 **appointed by the Governor, with at least one member from each con-**
11 **gressional district in this state. The Governor shall appoint members**
12 **to the advisory committee as follows:**

13 **“(a) Eight members must be recommended by the Environmental**
14 **Justice Task Force and have experience in working to support envi-**
15 **ronmental justice in disadvantaged communities;**

16 **“(b) Three members must represent labor interests;**

17 **“(c) Three members must have experience in sustainable develop-**
18 **ment;**

19 **“(d) One member must represent the interests of cities;**

20 **“(e) One member must represent the interests of counties; and**

21 **“(f) One member must represent the interests of business.**

22 **“(2) The advisory committee shall consult with and make recom-**
23 **mendations to the following public bodies regarding the investment**
24 **of funds in projects and programs that are geographically located in**
25 **disadvantaged communities or that otherwise directly benefit house-**
26 **holds located in disadvantaged communities:**

27 **“(a) The Department of Transportation with relation to the use of**
28 **moneys in the Climate Investments Account; and**

29 **“(b) The grant committee appointed by the Governor under section**
30 **15 of this 2017 Act with relation to the award of grants under the Cli-**

1 **mate Investments Grant Program.**

2 **“(3) A majority of the members of the advisory committee consti-**
3 **tutes a quorum for the transaction of business.**

4 **“(4) The advisory committee shall elect one of its members to serve**
5 **as chairperson.**

6 **“(5) The term of a member of the advisory committee shall be four**
7 **years. Members of the advisory committee may be reappointed. If**
8 **there is a vacancy for any cause, the Governor shall make an ap-**
9 **pointment to become immediately effective.**

10 **“(6) The advisory committee shall meet at times and places speci-**
11 **fied by the call of the chairperson or of a majority of the members of**
12 **the advisory committee.**

13 **“SECTION 17. Notwithstanding the term of office specified by sec-**
14 **tion 16 of this 2017 Act, of the members first appointed to the Climate**
15 **Investments in Disadvantaged Communities Advisory Committee:**

16 **“(1) Four shall serve for a term ending January 1, 2022.**

17 **“(2) Four shall serve for a term ending January 1, 2023.**

18 **“(3) Four shall serve for a term ending January 1, 2024.**

19 **“(4) Five shall serve for a term ending January 1, 2025.**

20 **“SECTION 18. (1) The Just Transition Fund is established in the**
21 **State Treasury, separate and distinct from the General Fund. Interest**
22 **earned by the Just Transition Fund shall be credited to the fund.**
23 **Moneys in the fund are continuously appropriated to the Oregon**
24 **Business Development Department to be distributed pursuant to the**
25 **Just Transition Grant Program developed under section 19 of this 2017**
26 **Act.**

27 **“(2) The Just Transition Fund shall consist of moneys deposited in**
28 **the fund under section 10 (3)(c)(B) of this 2017 Act.**

29 **“(3) Moneys in the fund may be used only for activities that further**
30 **the purposes of sections 6 to 19 of this 2017 Act as stated in section 6**

1 of this 2017 Act.

2 **“SECTION 19. (1) The Oregon Business Development Department**
3 **shall adopt by rule a Just Transition Grant Program for the disburse-**
4 **ment of moneys in the Just Transition Fund. In developing the grant**
5 **program, the department shall consult with the advisory committee**
6 **created under section 7 of this 2017 Act. The purpose of the grant**
7 **program shall be to support economic diversification, job creation, job**
8 **training and other employment and mental health services for workers**
9 **and communities in this state that are adversely affected by climate**
10 **change or climate change policies.**

11 **“(2) The grant program shall include the appointment of a grant**
12 **committee. Members of the grant committee shall be appointed by the**
13 **Governor, subject to confirmation by the Senate in the manner pro-**
14 **vided in ORS 171.562 and 171.565. The grant committee may be com-**
15 **posed of any number of individuals with qualifications that the**
16 **Governor determines necessary and that represent the demographic**
17 **and geographic diversity in this state. However, the Governor shall**
18 **include on the grant committee:**

19 **“(a) Individuals who have experience in administering state grant**
20 **programs;**

21 **“(b) Individuals recommended by the Environmental Justice Task**
22 **Force who have experience in working to support environmental jus-**
23 **tice in disadvantaged communities;**

24 **“(c) Representatives of labor organizations;**

25 **“(d) Individuals with energy and climate policy expertise;**

26 **“(e) At least one individual from each congressional district in this**
27 **state; and**

28 **“(f) Representatives of industries impacted by climate change.**

29 **“(3) Subject to the rules adopted by the department, and subject to**
30 **reevaluation by the department on appeal, the grant committee has**

1 **the responsibility to review grant applications and make funding de-**
2 **terminations under the grant program adopted pursuant to this sec-**
3 **tion.**

4 **“(4) The department shall determine the form and method of ap-**
5 **plying for grants from the grant program, the eligibility requirements**
6 **for grant applicants and general terms and conditions of the grants.**

7 **“(5) The grant program adopted under this section may:**

8 **“(a) Require that a grant applicant provide matching funds for**
9 **completion of the project or program for which a grant is awarded;**
10 **and**

11 **“(b) Allow an applicant to appeal to the department for reevaluation**
12 **of any determination of grant funding.**

13
14 **“GREENHOUSE GAS EMISSIONS REGISTRATION AND REPORTING**

15
16 **“SECTION 20.** ORS 468A.280 is amended to read:

17 **“468A.280. (1) In addition to any registration and reporting that may be**
18 **required under ORS 468A.050, the Environmental Quality Commission by**
19 **rule may require registration and reporting by:**

20 **“(a) Any person who imports, sells, allocates or distributes for use in this**
21 **state electricity, the generation of which emits greenhouse gases.**

22 **“(b) Any person who imports, sells or distributes for use in this state**
23 **fossil fuel that generates greenhouse gases when combusted.**

24 **“(2) Rules adopted by the commission under this section for electricity**
25 **that is imported, sold, allocated or distributed for use in this state may re-**
26 **quire reporting of information necessary to determine greenhouse gas emis-**
27 **sions from generating facilities used to produce the electricity and related**
28 **electricity transmission line losses.**

29 **“(3)(a) The commission shall allow consumer-owned utilities, as defined**
30 **in ORS 757.270, to comply with reporting requirements imposed under this**

1 section by the submission of a report prepared by a third party. A report
2 submitted under this paragraph may include information for more than one
3 consumer-owned utility, but must include all information required by the
4 commission for each individual utility.

5 “(b) For the purpose of determining greenhouse gas emissions related to
6 electricity purchased from the Bonneville Power Administration by a
7 consumer-owned utility, as defined in ORS 757.270, the commission may re-
8 quire only that the utility report:

9 “(A) The number of megawatt-hours of electricity purchased by the utility
10 from the Bonneville Power Administration, segregated by the types of con-
11 tracts entered into by the utility with the Bonneville Power Administration;
12 and

13 “(B) The percentage of each fuel or energy type used to produce electric-
14 ity purchased under each type of contract.

15 “(4)(a) Rules adopted by the commission pursuant to this section for
16 electricity that is purchased, imported, sold, allocated or distributed for use
17 in this state by an electric company, as defined in ORS 757.600, must be
18 limited to the reporting of:

19 “(A) Greenhouse gas emissions emitted from generating facilities owned
20 or operated by the electric company;

21 “(B) Greenhouse gas emissions emitted from transmission equipment
22 owned or operated by the electric company;

23 “(C) The number of megawatt-hours of electricity purchased by the elec-
24 tric company for use in this state, including information, if known, on:

25 “(i) The seller of the electricity to the electric company; and

26 “(ii) The original generating facility fuel type or types; and

27 “(D) An estimate of the amount of greenhouse gas emissions, using default
28 greenhouse gas emissions factors established by the commission by rule, at-
29 tributable to:

30 “(i) Electricity purchases made by a particular seller to the electric

1 company;

2 “(ii) Electricity purchases from an unknown origin or from a seller who
3 is unable to identify the original generating facility fuel type or types;

4 “(iii) Electricity purchases for which a renewable energy certificate under
5 ORS 469A.130 has been issued but subsequently transferred or sold to a per-
6 son other than the electric company;

7 “(iv) Electricity transmitted for others by the electric company; and

8 “(v) Total energy losses from electricity transmission and distribution
9 equipment owned or operated by the electric company.

10 “(b) Pursuant to paragraph (a) of this subsection, a multijurisdictional
11 electric company may rely upon a cost allocation methodology approved by
12 the Public Utility Commission for reporting emissions allocated in this state.

13 “(5) Rules adopted by the commission under this section for fossil fuel
14 that is imported, sold or distributed for use in this state may require re-
15 porting of the type and quantity of the fuel and any additional information
16 necessary to determine the carbon content of the fuel. For the purpose of
17 determining greenhouse gas emissions related to liquefied petroleum gas, the
18 commission shall allow reporting using publications or submission of data
19 by the American Petroleum Institute but may require reporting of such other
20 information necessary to achieve the purposes of the rules adopted by the
21 commission under this section.

22 “(6) To an extent that is consistent with the purposes of the rules adopted
23 by the commission under this section, the commission shall minimize the
24 burden of the reporting required under this section by:

25 “(a) Allowing concurrent reporting of information that is also reported
26 to another state agency;

27 “(b) Allowing electronic reporting;

28 “(c) Allowing use of good engineering practice calculations in reports, or
29 of emission factors published by the United States Environmental Protection
30 Agency;

1 “(d) Establishing thresholds for the amount of specific greenhouse gases
2 that may be emitted or generated without reporting;

3 “(e) Requiring reporting by the fewest number of persons in a fuel dis-
4 tribution system that will allow the commission to acquire the information
5 needed by the commission; or

6 “(f) Other appropriate means and procedures determined by the commis-
7 sion.

8 “(7)(a) **Rules adopted under this section must support implementa-**
9 **tion of the carbon pollution market developed under section 9 of this**
10 **2017 Act.**

11 “(b) **If a person that has a compliance obligation under the carbon**
12 **pollution market developed under section 9 of this 2017 Act fails to**
13 **submit a report under this section, the department shall develop an**
14 **assigned greenhouse gas emissions level for that person for purposes**
15 **of participation in the carbon pollution market.**

16 “[~~(7)~~] (8) As used in this section, ‘greenhouse gas’ [*has the meaning given*
17 *that term in ORS 468A.210*] **means any gas that contributes to**
18 **anthropogenic climate change, including but not limited to carbon**
19 **dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons**
20 **and sulfur hexafluoride.**

21 “**SECTION 21.** ORS 468A.050 is amended to read:

22 “468A.050. (1) By rule the Environmental Quality Commission may clas-
23 sify air contamination sources according to levels and types of emissions and
24 other characteristics [*which*] **that** cause or tend to cause or contribute to
25 air pollution and may require registration or reporting or both for any such
26 class or classes.

27 “(2) Any person in control of an air contamination source of any class for
28 which registration and reporting is required under subsection (1) of this
29 section shall register with the Department of Environmental Quality and
30 make reports containing such information as the commission by rule may

1 require concerning location, size and height of air contaminant outlets, pro-
2 cesses employed, fuels used and the amounts, nature and duration of air
3 contaminant emissions and such other information as is relevant to air pol-
4 lution.

5 **“(3)(a) In addition to any other registration or reporting required**
6 **under subsection (1) of this section, the commission shall by rule re-**
7 **quire registration and reporting of greenhouse gas emissions by air**
8 **contamination sources classified pursuant to subsection (1) of this**
9 **section. Rules adopted under this subsection must support implemen-**
10 **tation of the carbon pollution market developed under section 9 of this**
11 **2017 Act.**

12 **“(b) If an air contamination source that has a compliance obli-**
13 **gation under the carbon pollution market developed under section 9**
14 **of this 2017 Act fails to submit a report under this section, the de-**
15 **partment shall develop an assigned emissions level for that air con-**
16 **tamination source for purposes of participation in the carbon pollution**
17 **market.**

18 “[3] (4) By rule the commission may establish a schedule of fees for the
19 registration of any class of air contamination sources classified pursuant to
20 subsection (1) of this section for which a person is required to obtain a per-
21 mit under ORS 468A.040 or 468A.155 but chooses instead to register if al-
22 lowed by the commission by rule. The commission shall base the fees on the
23 anticipated cost of developing and implementing programs related to the
24 different classes, including but not limited to the cost of processing regis-
25 trations, compliance inspections and enforcement. A registration must be
26 accompanied by any fee specified by the commission by rule, and a subse-
27 quent annual registration fee is payable as prescribed by rule of the com-
28 mission.

29 “[4)(a)] (5)(a) By rule the commission may establish a schedule of fees
30 for reporting of any class of air contamination sources classified pursuant

1 to subsection (1) of this section for which a person is required to obtain
2 permits under ORS 468A.040 or 468A.155 or is subject to the federal operating
3 permit program pursuant to ORS 468A.310.

4 “(b) Before establishing fees pursuant to this subsection, the commission
5 shall consider the total fees for each class of sources subject to reporting
6 under this subsection and for which permits are required under ORS 468A.040
7 or 468A.155 or the federal operating permit program under ORS 468A.315.

8 “(c) The commission shall limit the fees established under this subsection
9 to the anticipated cost of developing and implementing reporting programs.
10 Any fees collected under this subsection for any air contamination source
11 issued a permit under ORS 468A.040 or 468A.155 or sources subject to the
12 federal operating permit program under ORS 468A.310 must be collected as
13 part of the fee for that specific permit.

14 **“SECTION 22. (1) The Department of Environmental Quality shall**
15 **study the feasibility of requiring greenhouse gas emissions reported**
16 **under ORS 468A.050 and 468A.280 to be quantified and reported in a**
17 **manner that meets:**

18 **“(a) The standards established by the International Organization for**
19 **Standardization under ISO 14064; or**

20 **“(b) Other standards that meet criteria identified by the department**
21 **for calculating emissions on a complete life cycle basis, including the**
22 **emissions attributable to the extraction, production, storage, trans-**
23 **portation, delivery and final use combustion of a greenhouse gas and**
24 **fugitive losses, expressed in carbon dioxide equivalents.**

25 **“(2) If the department determines that it is feasible, pursuant to the**
26 **study required by subsection (1) of this section, the Environmental**
27 **Quality Commission may require greenhouse gas emissions to be**
28 **quantified and reported under ORS 468A.050 and 468A.280 in a manner**
29 **that meets the standards specified in subsection (1)(a) or (b) of this**
30 **section.**

1 **“OREGON GLOBAL WARMING COMMISSION NAME CHANGE**

2
3 **“SECTION 23.** ORS 468A.200 is amended to read:

4 “468A.200. The Legislative Assembly finds that:

5 “(1) In December 2004 the Governor’s Advisory Group on Global Warming
6 issued its report calling for immediate and significant action to address
7 [*global warming*] **climate change**, to reduce Oregon’s exposure to the risks
8 of [*global warming*] **climate change** and to begin to prepare for the effects
9 of [*global warming*] **climate change**. The advisory group also identified 46
10 specific recommendations for measurable reductions in the state’s greenhouse
11 gas emissions.

12 “(2) In partnership with the Governor’s advisory group, 50 scientists
13 signed the ‘Scientific Consensus Statement on the Likely Impacts of Climate
14 Change on the Pacific Northwest,’ which examined the potential effects of
15 climate change on temperature, precipitation, sea level, marine ecosystems
16 and terrestrial ecosystems. The scientists recommended additional, improved
17 scientific studies and modeling of the effects of climate change on the at-
18 mosphere, oceans and land, as well as modeling of the effects of economic
19 and management policies.

20 “(3) [*Global warming*] **Climate change** poses a serious threat to the eco-
21 nomic well-being, public health, natural resources and environment of
22 Oregon.

23 “(4) Oregon relies on snowpack for summer stream flows to provide en-
24 ergy, municipal water, watershed health and irrigation. Also, a potential
25 rise in sea levels threatens Oregon’s coastal communities. Reduced snowpack,
26 changes in the timing of stream flows, extreme or unusual weather events,
27 rising sea levels, increased occurrences of vector-borne diseases and impacts
28 on forest health could significantly impact the economy, environment and
29 quality of life in Oregon.

30 “(5) Oregon forests play a significant role in sequestering atmospheric

1 carbon, and losing this potential to sequester carbon will have a significant
2 negative effect on the reduction of carbon levels in the atmosphere.

3 “(6) [*Global warming*] **Climate change** will have detrimental effects on
4 many of Oregon’s largest industries, including agriculture, wine making,
5 tourism, skiing, recreational and commercial fishing, forestry and
6 hydropower generation, and will therefore negatively impact the state’s
7 workers, consumers and residents.

8 “(7) There is a need to assess the current level of greenhouse gas emis-
9 sions in Oregon, to monitor the trend of greenhouse gas emissions in Oregon
10 over the next several decades and to take necessary action to begin reducing
11 greenhouse gas emissions in order to prevent disruption of Oregon’s economy
12 and quality of life and to meet Oregon’s responsibility to reduce the impacts
13 and the pace of [*global warming*] **climate change**.

14 “(8) Oregon has been a national leader in energy conservation and envi-
15 ronmental stewardship, including the areas of energy efficiency requirements
16 and investments, renewable energy investments, natural resource conserva-
17 tion, greenhouse gas offset requirements and investments, and global warm-
18 ing pollution standards for passenger vehicles. Significant opportunities
19 remain to reduce greenhouse gas emissions statewide, especially from major
20 contributors of greenhouse gas emissions, including electricity production,
21 transportation, building construction and operation, and the residential and
22 consumer sectors.

23 “(9) Actions to reduce greenhouse gas emissions will reduce Oregon’s re-
24 liance on foreign sources of energy, lead to the development of technology,
25 attract new businesses to Oregon and increase energy efficiency throughout
26 the state, resulting in benefits to the economy and to individual businesses
27 and residents.

28 “(10) In devising measures to achieve reduction of greenhouse gas emis-
29 sions, Oregon must strive to not disadvantage Oregon businesses as com-
30 pared to businesses in other states with which Oregon cooperates on regional

1 greenhouse gas emissions reduction strategies.

2 “(11) Policies pursued, and actions taken, by Oregon will:

3 “(a) In concert with complementary policies and actions by other states
4 and the federal government, substantially reduce the global levels of
5 greenhouse gas emissions and the impacts of those emissions;

6 “(b) Encourage similar policies and actions by various stakeholders;

7 “(c) Inform and shape national policies and actions in ways that are ad-
8 vantageous to Oregon residents and businesses; and

9 “(d) Directly benefit the state and local governments, businesses and res-
10 idents.

11 **“SECTION 24.** ORS 468A.210 is amended to read:

12 “468A.210. As used in ORS 352.823 and 468A.200 to 468A.260:

13 “(1) [*Global warming*] **‘Climate change’** means an increase in the aver-
14 age temperature of the earth’s atmosphere that is associated with the release
15 of greenhouse gases.

16 “(2) ‘Greenhouse gas’ means any gas that contributes to anthropogenic
17 [*global warming*] **climate change**, including[,] but not limited to[,] carbon
18 dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and
19 sulfur hexafluoride.

20 “[*(3) ‘Greenhouse gas cap-and-trade system’ means a system that:*]

21 “[*(a) Establishes a total cap on greenhouse gas emissions from an identified*
22 *group of emitters;*]

23 “[*(b) Establishes a market for allowances that represent emissions; and*]

24 “[*(c) Allows trading of allowances among greenhouse gas emitters.*]

25 **“SECTION 25.** ORS 468A.215 is amended to read:

26 “468A.215. (1) There is created the [*Oregon Global Warming Commission*]
27 **Oregon Commission on Climate Change**. The commission shall consist of
28 25 members, including 11 voting members appointed by the Governor under
29 this section and 14 ex officio nonvoting members specified in ORS 468A.220.

30 “(2) Members of the commission appointed under this section shall be

1 appointed so as to be representative of the social, environmental, cultural
2 and economic diversity of the state and to be representative of the policy,
3 science, education and implementation elements of the efforts to reduce
4 greenhouse gas emissions and to prepare Oregon for the effects of [*global*
5 *warming*] **climate change**. Of the members appointed by the Governor under
6 this section:

7 “(a) One member shall have significant experience in manufacturing;

8 “(b) One member shall have significant experience in energy;

9 “(c) One member shall have significant experience in transportation;

10 “(d) One member shall have significant experience in forestry;

11 “(e) One member shall have significant experience in agriculture; and

12 “(f) One member shall have significant experience in environmental pol-
13 icy.

14 “(3) The Governor shall select a chairperson and a vice chairperson from
15 among the members appointed under this section.

16 “(4) The term of office of a member appointed under this section is four
17 years. Before the expiration of the term of a member, the Governor shall
18 appoint a successor whose term begins on January 31 next following. A
19 member appointed under this section is eligible for reappointment. In case
20 of vacancy for any cause, the Governor shall make an appointment to become
21 immediately effective for the unexpired term.

22 “(5) The members of the commission appointed under this section must
23 be residents of this state. Failure of a member to maintain compliance with
24 the eligibility requirements related to the member’s appointment shall result
25 in disqualification from serving on the commission.

26 “(6) Voting members of the commission appointed under this section are
27 entitled to expenses as provided in ORS 292.495 (2).

28 “**SECTION 26.** ORS 468A.220 is amended to read:

29 “468A.220. (1) In addition to the members appointed under ORS 468A.215,
30 the [*Oregon Global Warming Commission*] **Oregon Commission on Climate**

1 **Change** includes the following ex officio nonvoting **members and addi-**
2 **tional nonvoting** members:

3 “(a) The Director of the State Department of Energy;

4 “(b) The Director of Transportation;

5 “(c) The chairperson of the Public Utility Commission of Oregon;

6 “(d) The Director of the Department of Environmental Quality;

7 “(e) The Director of Agriculture;

8 “(f) The State Forester;

9 “(g) The Water Resources Director; and

10 “(h) Three additional [*ex officio*] nonvoting members, each from a state
11 agency or an academic institution.

12 “(2) The following representatives of the Legislative Assembly also shall
13 serve as ex officio nonvoting members:

14 “(a) Two members of the Senate, not from the same political party, ap-
15 pointed by the President of the Senate; and

16 “(b) Two members of the House of Representatives, not from the same
17 political party, appointed by the Speaker of the House of Representatives.

18 “[*(3) Each legislative member serves at the pleasure of the appointing au-*
19 *thority and may serve so long as the member remains in the chamber of the*
20 *Legislative Assembly from which the member was appointed.*]

21 “[*(4)*] **(3)** Notwithstanding ORS 171.072, members of the commission who
22 are members of the Legislative Assembly are not entitled to mileage expenses
23 or a per diem and serve as volunteers on the commission.

24 “**SECTION 27.** ORS 468A.225 is amended to read:

25 “468A.225. (1) A majority of the members of the [*Oregon Global Warming*
26 *Commission*] **Oregon Commission on Climate Change** constitutes a quo-
27 rum for the transaction of business.

28 “(2) The commission shall meet at times and places specified by a majority
29 of the members of the commission.

30 “**(3) Official action by the commission requires the approval of a**

1 **majority of the voting members of the commission.**

2 “[3)] (4) The State Department of Energy shall provide clerical, technical
3 and management personnel to serve the commission. Other agencies shall
4 provide support as requested by the department or the commission.

5 **“SECTION 28.** ORS 468A.230 is amended to read:

6 “468A.230. The [*Oregon Global Warming Commission*] **Oregon Commis-**
7 **sion on Climate Change** may adopt by rule such standards and procedures
8 as it considers necessary for the operation of the commission.

9 **“SECTION 29.** ORS 468A.235 is amended to read:

10 “468A.235. The [*Oregon Global Warming Commission*] **Oregon Commis-**
11 **sion on Climate Change** shall recommend ways to coordinate state and lo-
12 cal efforts to reduce greenhouse gas emissions in Oregon consistent with the
13 **levels of** greenhouse gas emissions [*reduction goals*] established by [*ORS*
14 *468A.205*] **section 4 of this 2017 Act** and shall recommend efforts to help
15 Oregon prepare for the effects of [*global warming*] **climate change**. The
16 Office of the Governor and state agencies working on multistate and regional
17 efforts to reduce greenhouse gas emissions shall inform the commission about
18 these efforts and shall consider input from the commission for such efforts.

19 **“SECTION 30.** ORS 468A.240 is amended to read:

20 “468A.240. (1) In furtherance of **preventing exceedance of the levels of**
21 greenhouse gas emissions [*reduction goals*] established by [*ORS 468A.205*]
22 **section 4 of this 2017 Act**, the [*Oregon Global Warming Commission*]
23 **Oregon Commission on Climate Change** may recommend statutory and
24 administrative changes, policy measures and other recommendations to be
25 carried out by state and local governments, businesses, nonprofit organiza-
26 tions or residents. In developing its recommendations, the commission shall
27 consider economic, environmental, health and social costs, and the risks and
28 benefits of alternative strategies, including least-cost options. The commis-
29 sion shall solicit and consider public comment relating to statutory, admin-
30 istrative or policy recommendations.

1 “[2] *The commission shall examine greenhouse gas cap-and-trade systems,*
2 *including a statewide and multistate carbon cap-and-trade system and*
3 *market-based mechanisms, as a means of achieving the greenhouse gas emis-*
4 *sions reduction goals established by ORS 468A.205.]*

5 “[3] (2) The commission shall examine possible funding mechanisms to
6 obtain low-cost greenhouse gas emissions reductions and energy efficiency
7 enhancements, including but not limited to those in the natural gas industry.

8 **“SECTION 31.** ORS 468A.245 is amended to read:

9 “468A.245. The [*Oregon Global Warming Commission*] **Oregon Commis-**
10 **sion on Climate Change** shall develop an outreach strategy to educate
11 Oregonians about the scientific aspects and economic impacts of [*global*
12 *warming*] **climate change** and to inform Oregonians of ways to reduce
13 greenhouse gas emissions and ways to prepare for the effects of [*global*
14 *warming*] **climate change**. The commission, at a minimum, shall work with
15 state and local governments, the State Department of Energy, the Depart-
16 ment of Education, the Higher Education Coordinating Commission and
17 businesses to implement the outreach strategy.

18 **“SECTION 32.** ORS 468A.250 is amended to read:

19 “468A.250. (1) The [*Oregon Global Warming Commission*] **Oregon Com-**
20 **mission on Climate Change** shall track and evaluate:

21 “(a) Economic, environmental, health and social assessments of [*global*
22 *warming*] **climate change** impacts on Oregon and the Pacific Northwest;

23 “(b) Existing greenhouse gas emissions reduction policies and measures;

24 “(c) Economic, environmental, health and social costs, and the risks and
25 benefits of alternative strategies, including least-cost options;

26 “(d) The physical science of [*global warming*] **climate change**;

27 “(e) Progress toward **preventing exceedance of** the greenhouse gas
28 emissions [*reduction goals*] **levels** established by [*ORS 468A.205*] **section 4**
29 **of this 2017 Act**;

30 “(f) Greenhouse gases emitted by various sectors of the state economy,

1 including but not limited to industrial, transportation and utility sectors;

2 “(g) Technological progress on sources of energy the use of which gener-
3 ates no or low greenhouse gas emissions and methods for carbon
4 sequestration;

5 “(h) Efforts to identify the greenhouse gas emissions attributable to the
6 residential and commercial building sectors;

7 “(i) The carbon sequestration potential of Oregon’s forests, alternative
8 methods of forest management that can increase carbon sequestration and
9 reduce the loss of carbon sequestration to wildfire, changes in the mortality
10 and distribution of tree and other plant species and the extent to which
11 carbon is stored in tree-based building materials;

12 “(j) The advancement of regional, national and international policies to
13 reduce greenhouse gas emissions;

14 “(k) Local and regional efforts to prepare for the effects of [*global*
15 *warming*] **climate change**; and

16 “(L) Any other information, policies or analyses that the commission de-
17 termines will aid in [*the achievement of the greenhouse gas emissions re-*
18 *duction goals established by ORS 468A.205*] **preventing exceedance of the**
19 **greenhouse gas emissions levels established by section 4 of this 2017**
20 **Act.**

21 “(2) The commission shall:

22 “(a) Work with the State Department of Energy and the Department of
23 Environmental Quality to evaluate all gases with the potential to be
24 greenhouse gases and to determine a carbon dioxide equivalency for those
25 gases; and

26 “(b) Use regional and national baseline studies of building performance
27 to identify incremental targets for the reduction of greenhouse gas emissions
28 attributable to residential and commercial building construction and oper-
29 ations.

30 “**SECTION 33.** ORS 468A.255 is amended to read:

1 “468A.255. The [*Oregon Global Warming Commission*] **Oregon Commis-**
2 **sion on Climate Change** may recommend to the Governor the formation of
3 citizen advisory groups to explore particular areas of concern with regard
4 to the reduction of greenhouse gas emissions and the effects of [*global*
5 *warming*] **climate change**.

6 “**SECTION 34.** ORS 468A.260 is amended to read:

7 “468A.260. The [*Oregon Global Warming Commission*] **Oregon Commis-**
8 **sion on Climate Change** shall submit a report to the Legislative Assembly,
9 in the manner provided by ORS 192.245, by [*March 31 of each odd-numbered*
10 *year*] **September 15 of each even-numbered year** that describes Oregon’s
11 progress toward [*achievement of the greenhouse gas emissions reduction goals*
12 *established by ORS 468A.205*] **preventing exceedance of the greenhouse**
13 **gas emissions levels established by section 4 of this 2017 Act.** The report
14 may include relevant issues and trends of significance, including trends of
15 greenhouse gas emissions, emerging public policy and technological ad-
16 vances. The report also may discuss measures the state may adopt to mitigate
17 the impacts of [*global warming*] **climate change** on the environment, the
18 economy and the residents of Oregon and to prepare for those impacts.

19
20 **“CONFORMING AMENDMENTS OPERATIVE IN 2018**

21
22 “**SECTION 35.** ORS 184.889 is amended to read:

23 “184.889. (1) The Oregon Transportation Commission, after consultation
24 with and in cooperation with metropolitan planning organizations, other
25 state agencies, local governments and stakeholders, as a part of the state
26 transportation policy developed and maintained under ORS 184.618, shall
27 adopt a statewide transportation strategy on greenhouse gas emissions to aid
28 in [*achieving the greenhouse gas emissions reduction goals set forth in ORS*
29 *468A.205*] **preventing exceedance of the greenhouse gas emissions levels**
30 **established by section 4 of this 2017 Act.** The commission shall focus on

1 reducing greenhouse gas emissions resulting from transportation. In devel-
2 oping the strategy, the commission shall take into account state and federal
3 programs, policies and incentives related to reducing greenhouse gas emis-
4 sions.

5 “(2) The commission shall actively solicit public review and comment in
6 the development of the strategy.

7 **“SECTION 36.** ORS 352.823 is amended to read:

8 “352.823. (1) The Oregon Climate Change Research Institute is established
9 at Oregon State University. In administering the institute, Oregon State
10 University may seek the cooperation of other public universities listed in
11 ORS 352.002.

12 “(2) The purpose of the Oregon Climate Change Research Institute is to:

13 “(a) Facilitate research by faculty at public universities listed in ORS
14 352.002 on climate change and its effects on natural and human systems in
15 Oregon;

16 “(b) Serve as a clearinghouse for climate change information;

17 “(c) Provide climate change information to the public in integrated and
18 accessible formats;

19 “(d) Support the [*Oregon Global Warming Commission*] **Oregon Com-**
20 **mission on Climate Change** in developing strategies to prepare for and to
21 mitigate the effects of climate change on natural and human systems; and

22 “(e) Provide technical assistance to local governments to assist them in
23 developing climate change policies, practices and programs.

24 “(3) The Oregon Climate Change Research Institute shall assess, at least
25 once each biennium, the state of climate change science, including biological,
26 physical and social science, as it relates to Oregon and the likely effects of
27 climate change on the state. The institute shall submit the assessment to the
28 Legislative Assembly in the manner provided in ORS 192.245 and to the
29 Governor.

30 “(4) State agencies may contract with the Oregon Climate Change Re-

1 search Institute to fulfill agency needs regarding the collection, storage, in-
2 tegration, analysis, dissemination and monitoring of climate change
3 information, research and training.

4 **“SECTION 37.** Section 9, chapter 751, Oregon Laws 2009, is amended to
5 read:

6 **“Sec. 9.** (1) The Public Utility Commission shall develop estimates of the
7 rate impacts for electric companies and natural gas companies to meet the
8 following alternative greenhouse gas emission reduction goals for 2020:

9 “(a) Ten percent below 1990 levels[, *as specified in ORS 468A.205*]; and

10 “(b) Fifteen percent below 2005 levels.

11 “(2) The commission shall submit a report presenting the estimates and
12 explaining the analysis used to develop the estimates to the appropriate in-
13 terim committee of the Legislative Assembly prior to November 1 of each
14 even-numbered year.

15 **“SECTION 38.** Section 20, chapter 28, Oregon Laws 2016, is amended to
16 read:

17 **“Sec. 20.** (1) As used in this section:

18 “(a) ‘Electric company’ has the meaning given that term in ORS 757.600.

19 “(b) ‘Transportation electrification’ means:

20 “(A) The use of electricity from external sources to provide power to all
21 or part of a vehicle;

22 “(B) Programs related to developing the use of electricity for the purpose
23 described in subparagraph (A) of this paragraph; and

24 “(C) Infrastructure investments related to developing the use of electricity
25 for the purpose described in subparagraph (A) of this paragraph.

26 “(c) ‘Vehicle’ means a vehicle, vessel, train, boat or any other equipment
27 that is mobile.

28 “(2) The Legislative Assembly finds and declares that:

29 “(a) Transportation electrification is necessary to reduce petroleum use,
30 achieve optimum levels of energy efficiency and carbon reduction, meet fed-

1 eral and state air quality standards, [*meet this state's greenhouse gas emis-*
2 *sions reduction goals described in ORS 468A.205*] **prevent exceedance of the**
3 **greenhouse gas emissions levels established by section 4 of this 2017**
4 **Act** and improve the public health and safety;

5 “(b) Widespread transportation electrification requires that electric com-
6 panies increase access to the use of electricity as a transportation fuel;

7 “(c) Widespread transportation electrification requires that electric com-
8 panies increase access to the use of electricity as a transportation fuel in low
9 and moderate income communities;

10 “(d) Widespread transportation electrification should stimulate innovation
11 and competition, provide consumers with increased options in the use of
12 charging equipment and in procuring services from suppliers of electricity,
13 attract private capital investments and create high quality jobs in this state;

14 “(e) Transportation electrification and the purchase and use of electric
15 vehicles should assist in managing the electrical grid, integrating generation
16 from renewable energy resources and improving electric system efficiency
17 and operational flexibility, including the ability of an electric company to
18 integrate variable generating resources;

19 “(f) Deploying transportation electrification and electric vehicles creates
20 the opportunity for an electric company to propose, to the Public Utility
21 Commission, that a net benefit for the customers of the electric company is
22 attainable; and

23 “(g) Charging electric vehicles in a manner that provides benefits to
24 electrical grid management affords fuel cost savings for vehicle drivers.

25 “(3) The Public Utility Commission shall direct each electric company to
26 file applications, in a form and manner prescribed by the commission, for
27 programs to accelerate transportation electrification. A program proposed
28 by an electric company may include prudent investments in or customer re-
29 bates for electric vehicle charging and related infrastructure.

30 “(4) When considering a transportation electrification program and de-

1 terminating cost recovery for investments and other expenditures related to a
2 program proposed by an electric company under subsection (3) of this sec-
3 tion, the commission shall consider whether the investments and other ex-
4 penditures:

5 “(a) Are within the service territory of the electric company;

6 “(b) Are prudent as determined by the commission;

7 “(c) Are reasonably expected to be used and useful as determined by the
8 commission;

9 “(d) Are reasonably expected to enable the electric company to support
10 the electric company’s electrical system;

11 “(e) Are reasonably expected to improve the electric company’s electrical
12 system efficiency and operational flexibility, including the ability of the
13 electric company to integrate variable generating resources; and

14 “(f) Are reasonably expected to stimulate innovation, competition and
15 customer choice in electric vehicle charging and related infrastructure and
16 services.

17 “(5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of
18 this section:

19 “(A) May allow a return of and a return on an investment made by an
20 electric company under subsection (3) of this section; and

21 “(B) Shall be recovered from all customers of an electric company in a
22 manner that is similar to the recovery of distribution system investments.

23 “(b) A return on investment allowed under this subsection may be earned
24 for a period of time that does not exceed the depreciation schedule of the
25 investment approved by the commission. When an electric company’s invest-
26 ment is fully depreciated, the commission may authorize the electric company
27 to donate the electric vehicle charging infrastructure to the owner of the
28 property on which the infrastructure is located.

29 “(6) For purposes of ORS 757.355, electric vehicle charging infrastructure
30 provides utility service to the customers of an electric company.

1 “(7) In authorizing programs described in subsection (3) of this section,
2 the commission shall review data concerning current and future adoption of
3 electric vehicles and utilization of electric vehicle charging infrastructure.
4 If market barriers unrelated to the investment made by an electric company
5 prevent electric vehicles from adequately utilizing available electric vehicle
6 charging infrastructure, the commission may not permit additional invest-
7 ments in transportation electrification without a reasonable showing that
8 the investments would not result in long-term stranded costs recoverable
9 from the customers of electric companies.

10
11 **“CONFORMING AMENDMENTS OPERATIVE IN 2021**

12
13 **“SECTION 39. ORS 468A.210 is repealed.**

14 **“SECTION 40.** ORS 468A.270 is amended to read:

15 “468A.270. (1) As used in this section:

16 “(a) ‘Greenhouse gas’ has the meaning given that term in [*ORS*
17 *468A.210*] **section 8 of this 2017 Act.**

18 “(b) ‘Motor vehicle’ has the meaning given that term in ORS 801.360.

19 “(2) The Environmental Quality Commission may adopt by rule standards
20 and requirements described in this section to reduce greenhouse gas emis-
21 sions.

22 “(3)(a) The commission may adopt requirements to prevent the tampering,
23 alteration and modification of the original design or performance of motor
24 vehicle pollution control systems.

25 “(b) Before adopting requirements under this section, the commission
26 shall consider the antitampering requirements and exemptions of the State
27 of California.

28 “(4) The commission may adopt requirements for motor vehicle service
29 providers to check and inflate tire pressure according to the tire
30 manufacturer’s or motor vehicle manufacturer’s recommended specifications,

1 provided that the requirements:

2 “(a) Do not apply when the primary purpose of the motor vehicle service
3 is fueling vehicles; and

4 “(b) Do not require motor vehicle service providers to purchase equipment
5 to check and inflate tire pressure.

6 “(5) The commission may adopt restrictions on engine use by commercial
7 ships while at port, and requirements that ports provide alternatives to en-
8 gine use such as electric power, provided that:

9 “(a) Engine use shall be allowed when necessary to power mechanical or
10 electrical operations if alternatives are not reasonably available;

11 “(b) Engine use shall be allowed when necessary for reasonable periods
12 due to emergencies and other considerations as determined by the commis-
13 sion; and

14 “(c) The requirements must be developed in consultation with represen-
15 tatives of Oregon ports and take into account operational considerations,
16 operational agreements, international protocols and limitations, the ability
17 to fund the purchase and use of electric power equipment and the potential
18 effect of the requirements on competition with other ports.

19 “(6) In adopting rules under this section, the commission shall evaluate:

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

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

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

27 “(d) Technical and economic studies of comparable greenhouse gas emis-
28 sions reduction measures implemented in other states and any other studies
29 as determined by the commission.

30 “(7) The provisions of this section do not apply to:

1 “(a) Motor vehicles registered as farm vehicles under the provisions of
2 ORS 805.300.

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

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

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

7 **“SECTION 41.** ORS 468A.275 is amended to read:

8 “468A.275. (1) As used in this section:

9 “(a) ‘Greenhouse gas’ has the meaning given that term in [ORS
10 468A.210] **section 8 of this 2017 Act.**

11 “(b) ‘Low carbon fuel standards’ means standards for the reduction of
12 greenhouse gas emissions, on average, per unit of fuel energy.

13 “(c) ‘Motor vehicle’ has the meaning given that term in ORS 801.360.

14 “(2)(a) The Environmental Quality Commission shall adopt by rule low
15 carbon fuel standards for gasoline, diesel and fuels used as substitutes for
16 gasoline or diesel.

17 “(b) The commission may adopt the following related to the standards,
18 including but not limited to:

19 “(A) A schedule to phase in implementation of the standards in a manner
20 that reduces the average amount of greenhouse gas emissions per unit of fuel
21 energy of the fuels by 10 percent below 2010 levels by the year 2025 or by a
22 later date if the commission determines that an extension is appropriate to
23 implement the standards;

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

28 “(C) Provisions allowing the use of all types of low carbon fuels to meet
29 the low carbon fuel standards, including but not limited to biofuels, biogas,
30 natural gas, liquefied petroleum gas, gasoline, diesel, hydrogen and electric-

1 ity;

2 “(D) Standards for the issuance of deferrals, established with adequate
3 lead time, as necessary to ensure adequate fuel supplies;

4 “(E) Exemptions for fuels that are used in volumes below thresholds es-
5 tablished by the commission;

6 “(F) Standards, specifications, testing requirements and other measures
7 as needed to ensure the quality of fuels produced in accordance with the low
8 carbon fuel standards, including but not limited to the requirements of ORS
9 646.910 to 646.923 and administrative rules adopted by the State Department
10 of Agriculture for motor fuel quality; and

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

13 “(c) Before adopting standards under this section, the commission shall
14 consider the low carbon fuel standards of other states, including but not
15 limited to Washington, for the purpose of determining schedules and goals
16 for the reduction of the average amount of greenhouse gas emissions per unit
17 of fuel energy and the default values for these reductions for applicable fuels.

18 “(d) The commission shall adopt by rule provisions for managing and
19 containing the costs of compliance with the standards, including but not
20 limited to provisions to facilitate compliance with the standards by ensuring
21 that persons may obtain credits for fuels used as substitutes for gasoline or
22 diesel and by creating opportunities for persons to trade credits.

23 “(e) The commission shall exempt from the standards any person who
24 imports in a calendar year less than 500,000 gallons of gasoline and diesel
25 fuel, in total. Any fuel imported by persons that are related or share common
26 ownership or control shall be aggregated together to determine whether a
27 person is exempt under this paragraph.

28 “(f)(A) The commission by rule shall prohibit fuels that contain biodiesel
29 from being considered an alternative fuel under these standards unless the
30 fuel meets the following standards:

1 “(i) Fuel that consists entirely of biodiesel, designated as B100, shall
2 comply with ASTM D 6751 and shall have an oxidation stability induction
3 period of not less than eight hours as determined by the test method de-
4 scribed in European standard EN 15751; and

5 “(ii) Fuel that consists of a blend of diesel fuel and between 6 and 20
6 volume percent biodiesel, and designated as biodiesel blends B6 to B20, shall
7 comply with ASTM D 7467 and shall have an oxidation stability induction
8 period of not less than 20 hours as determined by the test method described
9 in European standard EN 15751.

10 “(B) The commission may adopt rules different from those required under
11 subparagraph (A) of this paragraph if an ASTM or EN standard applicable
12 to biodiesel is approved or amended after March 12, 2015, or if the commis-
13 sion finds that different rules are necessary due to changes in technology
14 or fuel testing or production methods.

15 “(C) As used in this subsection, ‘biodiesel’ means a motor vehicle fuel
16 consisting of mono-alkyl esters of long chain fatty acids derived from vege-
17 table oils, animal fats or other nonpetroleum resources, not including palm
18 oil.

19 “(3) In adopting rules under this section, the Environmental Quality
20 Commission shall evaluate:

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

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

26 “(c) Flexible implementation approaches to minimize compliance costs;
27 and

28 “(d) Technical and economic studies of comparable greenhouse gas emis-
29 sions reduction measures implemented in other states and any other studies
30 as determined by the commission.

1 “(4)(a) The provisions of this section do not apply to fuel that is demon-
2 strated to have been used in any of the following:

3 “(A) Motor vehicles registered as farm vehicles under the provisions of
4 ORS 805.300.

5 “(B) Farm tractors, as defined in ORS 801.265.

6 “(C) Implements of husbandry, as defined in ORS 801.310.

7 “(D) Motor trucks, as defined in ORS 801.355, used primarily to transport
8 logs.

9 “(E) Motor vehicles that are not designed primarily to transport persons
10 or property, that are operated on highways only incidentally, and that are
11 used primarily for construction work.

12 “(F) Watercraft.

13 “(G) Railroad locomotives.

14 “(b) The Environmental Quality Commission shall by rule adopt standards
15 for persons to qualify for the exemptions provided in this subsection.

16 **“SECTION 42.** ORS 757.528 is amended to read:

17 “757.528. (1) Unless modified by rule by the State Department of Energy
18 as provided in this section, the greenhouse gas emissions standard that ap-
19 plies to consumer-owned utilities is 1,100 pounds of greenhouse gases per
20 megawatt-hour for a generating facility.

21 “(2) Unless modified pursuant to subsection (4) of this section, the
22 greenhouse gas emissions standard includes only carbon dioxide emissions.

23 “(3) For purposes of applying the emissions standard to cogeneration fa-
24 cilities, the department shall establish an output-based methodology to en-
25 sure that the calculation of emissions of greenhouse gases for cogeneration
26 facilities recognizes the total usable energy output of the process and in-
27 cludes all greenhouse gases emitted by the facility in the production of both
28 electrical and thermal energy.

29 “(4) The department shall review the greenhouse gas emissions standard
30 established under this section no more than once every three years. After

1 public notice and hearing, and consultation with the Public Utility Com-
2 mission, the department may:

3 “(a) Modify the emissions standard to include other greenhouse gases as
4 defined in [ORS 468A.210] **section 8 of this 2017 Act**, with the other
5 greenhouse gases expressed as their carbon dioxide equivalent; and

6 “(b) Modify the emissions standard based upon current information on the
7 rate of greenhouse gas emissions from a commercially available combined-
8 cycle natural gas generating facility that:

9 “(A) Employs a combination of one or more gas turbines and one or more
10 steam turbines and produces electricity in the steam turbines from waste
11 heat produced by the gas turbines;

12 “(B) Has a heat rate at high elevation within the boundaries of the
13 Western Electricity Coordinating Council; and

14 “(C) Has a heat rate at ambient temperatures when operating during the
15 hottest day of the year.

16 “(5) In modifying the greenhouse gas emissions standard, the department
17 shall:

18 “(a) Use an output-based methodology to ensure that the calculation of
19 greenhouse gas emissions through cogeneration recognizes the total usable
20 energy output of the process and includes all greenhouse gases emitted by
21 the generating facility in the production of both electrical and thermal en-
22 ergy; and

23 “(b) Consider the effects of the emissions standard on system reliability
24 and overall costs to electricity consumers.

25 “(6) If upon a review conducted pursuant to subsection (4) of this section,
26 the department determines that a mandatory greenhouse gas emissions limit
27 has been established pursuant to state or federal law, the department shall
28 issue a report to the appropriate legislative committees of the Legislative
29 Assembly stating which portions, if any, of the greenhouse gas emissions
30 standard are no longer necessary as a matter of state law.

1 **“SECTION 43.** ORS 468A.020 is amended to read:

2 “468A.020. (1) Except as provided in subsection (2) of this section, the air
3 pollution laws contained in ORS chapters 468, 468A and 468B do not apply
4 to:

5 “(a) Agricultural operations, including but not limited to:

6 “(A) Growing or harvesting crops;

7 “(B) Raising fowl or animals;

8 “(C) Clearing or grading agricultural land;

9 “(D) Propagating and raising nursery stock;

10 “(E) Propane flaming of mint stubble; and

11 “(F) Stack or pile burning of residue from Christmas trees, as defined in
12 ORS 571.505, during the period beginning October 1 and ending May 31 of
13 the following year.

14 “(b) Equipment used in agricultural operations, except boilers used in
15 connection with propagating and raising nursery stock.

16 “(c) Barbecue equipment used in connection with any residence.

17 “(d) Heating equipment in or used in connection with residences used
18 exclusively as dwellings for not more than four families, except solid fuel
19 burning devices, as defined in ORS 468A.485, that are subject to regulation
20 under this section and ORS 468A.140 and 468A.460 to 468A.515.

21 “(e) Fires set or permitted by any public agency when such fire is set or
22 permitted in the performance of its official duty for the purpose of weed
23 abatement, prevention or elimination of a fire hazard, or instruction of em-
24 ployees in the methods of fire fighting, which in the opinion of the agency
25 is necessary.

26 “(f) Fires set pursuant to permit for the purpose of instruction of em-
27 ployees of private industrial concerns in methods of fire fighting, or for civil
28 defense instruction.

29 “(2) Subsection (1) of this section does not apply to the extent:

30 “(a) Otherwise provided in ORS 468A.555 to 468A.620, 468A.790, 468A.992,

1 476.380 and 478.960;

2 “(b) Necessary to implement the federal Clean Air Act (P.L. 88-206 as
3 amended) under ORS 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and
4 468A.300 to 468A.330; or

5 “(c) Necessary for the Environmental Quality Commission, in the
6 commission’s discretion, to implement a recommendation of the Task Force
7 on Dairy Air Quality created under section 3, chapter 799, Oregon Laws 2007,
8 for the regulation of dairy air contaminant emissions.

9 “(3)(a) Except to the extent necessary to implement the federal Clean Air
10 Act (P.L. 88-206 as amended), [*the air pollution laws contained in*] ORS
11 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and 468A.300 to 468A.330
12 **and sections 6 to 19 of this 2017 Act** do not apply to carbon dioxide emis-
13 sions from the combustion or decomposition of biomass.

14 “(b) As used in this subsection, ‘biomass’ means:

15 “(A) Nonfossilized and biodegradable organic materials that originate
16 from plants, animals and microorganisms and that are products, byproducts,
17 residues or wastes from agriculture, forestry and related industries;

18 “(B) Nonfossilized and biodegradable organic fractions of industrial and
19 municipal wastes; and

20 “(C) Gases and liquids recovered from the decomposition of nonfossilized
21 and biodegradable organic matter.

22

23

“OPERATIVE DATES

24

25 **“SECTION 44. (1)(a) Sections 1, 3 and 4 of this 2017 Act, the**
26 **amendments to ORS 184.889, 352.823, 468A.200, 468A.210, 468A.215,**
27 **468A.220, 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250,**
28 **468A.255 and 468A.260 and section 9, chapter 751, Oregon Laws 2009, and**
29 **section 20, chapter 28, Oregon Laws 2016, by sections 23 to 38 of this**
30 **2017 Act and the repeal of ORS 468A.205 by section 2 of this 2017 Act**

1 become operative on January 1, 2018.

2 “(b) The Environmental Quality Commission may adopt rules or
3 take any actions before the operative date specified in paragraph (a)
4 of this subsection that are necessary to enable the commission, on and
5 after the operative date specified in paragraph (a) of this subsection,
6 to carry out the provisions of section 4 of this 2017 Act and the
7 amendments to ORS 184.889, 352.823, 468A.200, 468A.210, 468A.215,
8 468A.220, 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250,
9 468A.255 and 468A.260 and section 9, chapter 751, Oregon Laws 2009, and
10 section 20, chapter 28, Oregon Laws 2016, by sections 23 to 38 of this
11 2017 Act. Any rules adopted by the commission under this subsection
12 may not become operative until January 1, 2018.

13 “(2)(a) Sections 5, 6 to 19 and 22 of this 2017 Act, the amendments
14 to ORS 468A.020, 468A.050, 468A.270, 468A.275, 468A.280 and 757.528 by
15 sections 20, 21 and 40 to 43 of this 2017 Act and the repeal of ORS
16 468A.210 by section 39 of this 2017 Act become operative on January 1,
17 2021.

18 “(b) The Environmental Quality Commission, the Public Utility
19 Commission, the Department of Transportation and the Oregon Busi-
20 ness Development Department may adopt rules or take any actions
21 before the operative date specified in paragraph (a) of this subsection
22 that are necessary to enable the commissions and departments, on and
23 after the operative date specified in paragraph (a) of this subsection,
24 to carry out the provisions of sections 6 to 19 and 22 of this 2017 Act
25 and the amendments to ORS 468A.050 and 468A.280 by sections 20 and
26 21 of this 2017 Act. Any rules adopted by the Environmental Quality
27 Commission, the Public Utility Commission, the Department of
28 Transportation or the Oregon Business Development Department un-
29 der this subsection may not become operative until January 1, 2021.

30

1
2
3 **“REPORT**

4 **“SECTION 45. On or before September 15, 2019, the Department of**
5 **Environmental Quality shall report on the actions being taken by the**
6 **Environmental Quality Commission and the department to prepare for**
7 **implementation of sections 6 to 19 and 22 of this 2017 Act and the**
8 **amendments to ORS 468A.050 and 468A.280 by sections 20 and 21 of this**
9 **2017 Act to the interim legislative committees on the environment and**
10 **natural resources.**

11 **“CAPTIONS**

12
13 **“SECTION 46. The unit captions used in this 2017 Act are provided**
14 **only for the convenience of the reader and do not become part of the**
15 **statutory law of this state or express any legislative intent in the**
16 **enactment of this 2017 Act.**

17
18 **“NAME CHANGE**

19
20 **“SECTION 47. (1) The amendments to ORS 352.823, 468A.215,**
21 **468A.220, 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250,**
22 **468A.255 and 468A.260 by sections 25 to 34 and 36 of this 2017 Act are**
23 **intended to change the name of the ‘Oregon Global Warming Com-**
24 **mission’ to the ‘Oregon Commission on Climate Change.’**

25 **“(2) For the purpose of harmonizing and clarifying statutory law,**
26 **the Legislative Counsel may substitute for words designating the**
27 **‘Oregon Global Warming Commission,’ wherever they occur in statu-**
28 **tory law, other words designating the ‘Oregon Commission on Climate**
29 **Change.’**

