

LC 19: Transportation Fuels Phase-In

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Presentation to Senate Environment & Natural Resources

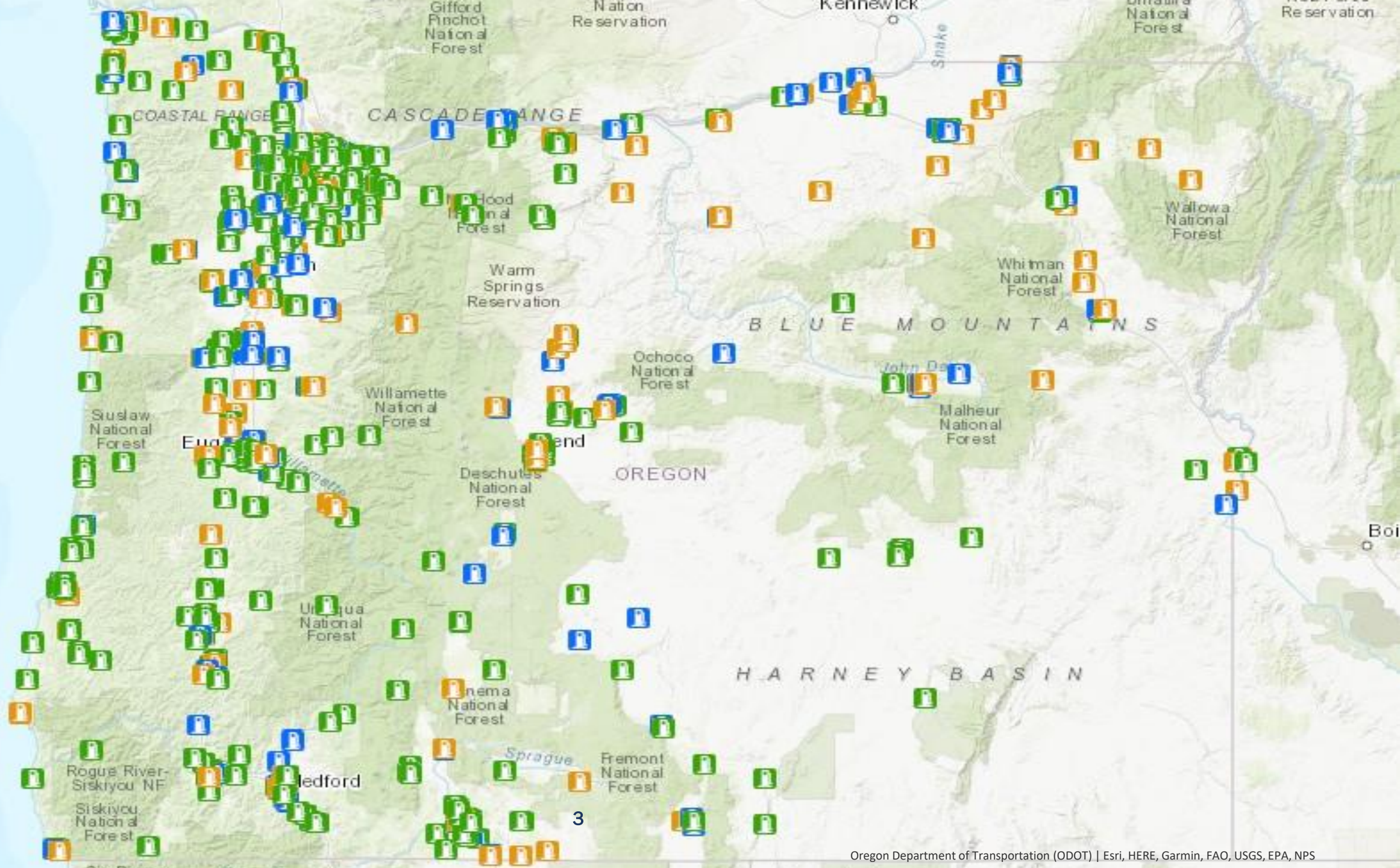
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2 Key Elements On Transportation Fuels in LC 19

1. Establishes a limit on GHG emissions across Oregon's economy, including all transportation fuels in 2022
2. Exempts compliance obligations for fuels supplied in certain parts of the state

Accomplishes 1 & 2 using “administrative retirement”:

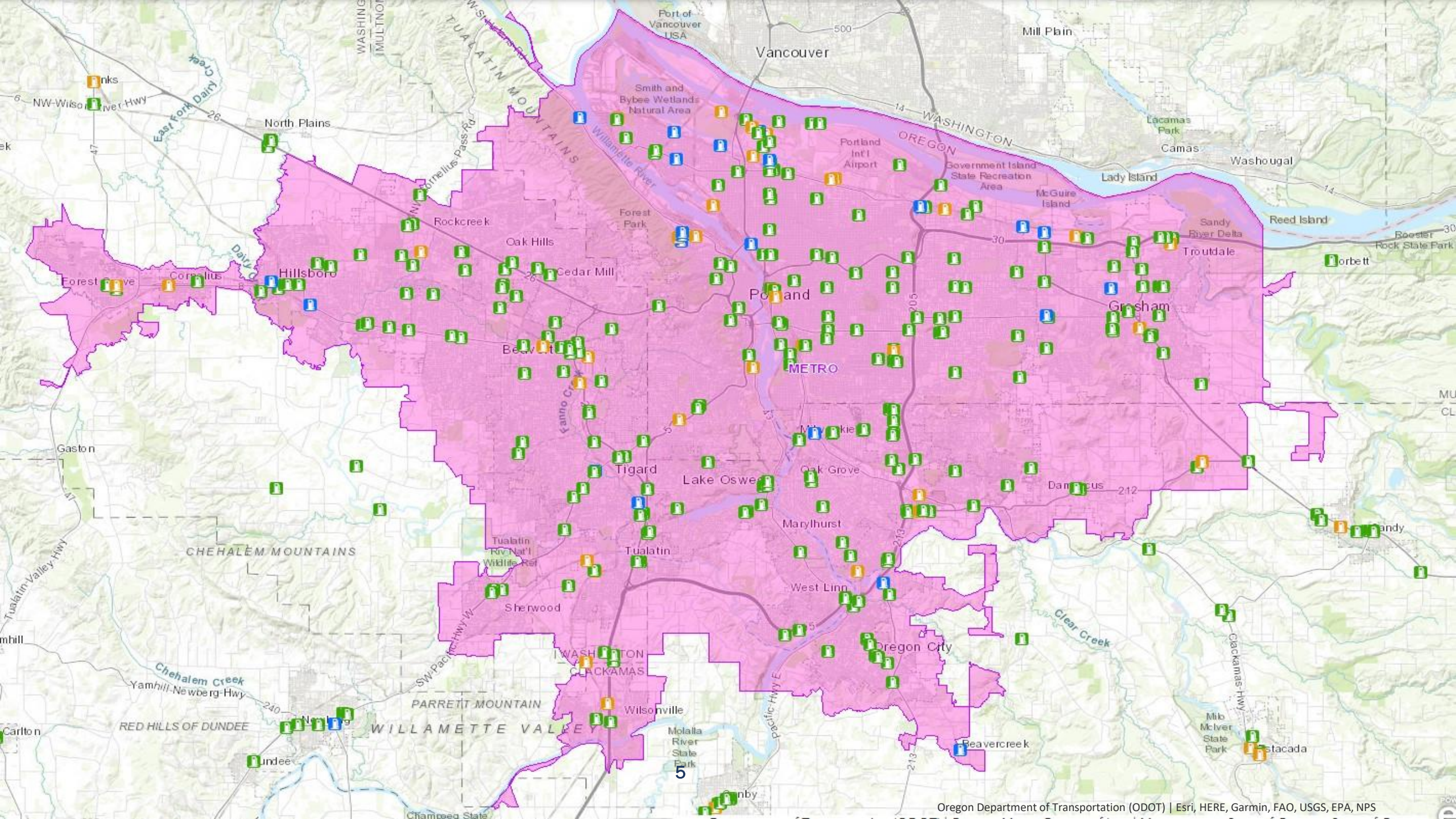
- DEQ would establish an economy-wide cap accounting for all transportation fuels
- Fuel suppliers selling fuel in exempt areas would not be assessed a compliance obligation
- Instead, DEQ would retire allowances from annual emissions budgets on behalf of fuels supplied in exempt areas



2022: All fuels in Portland MPO generate compliance obligations

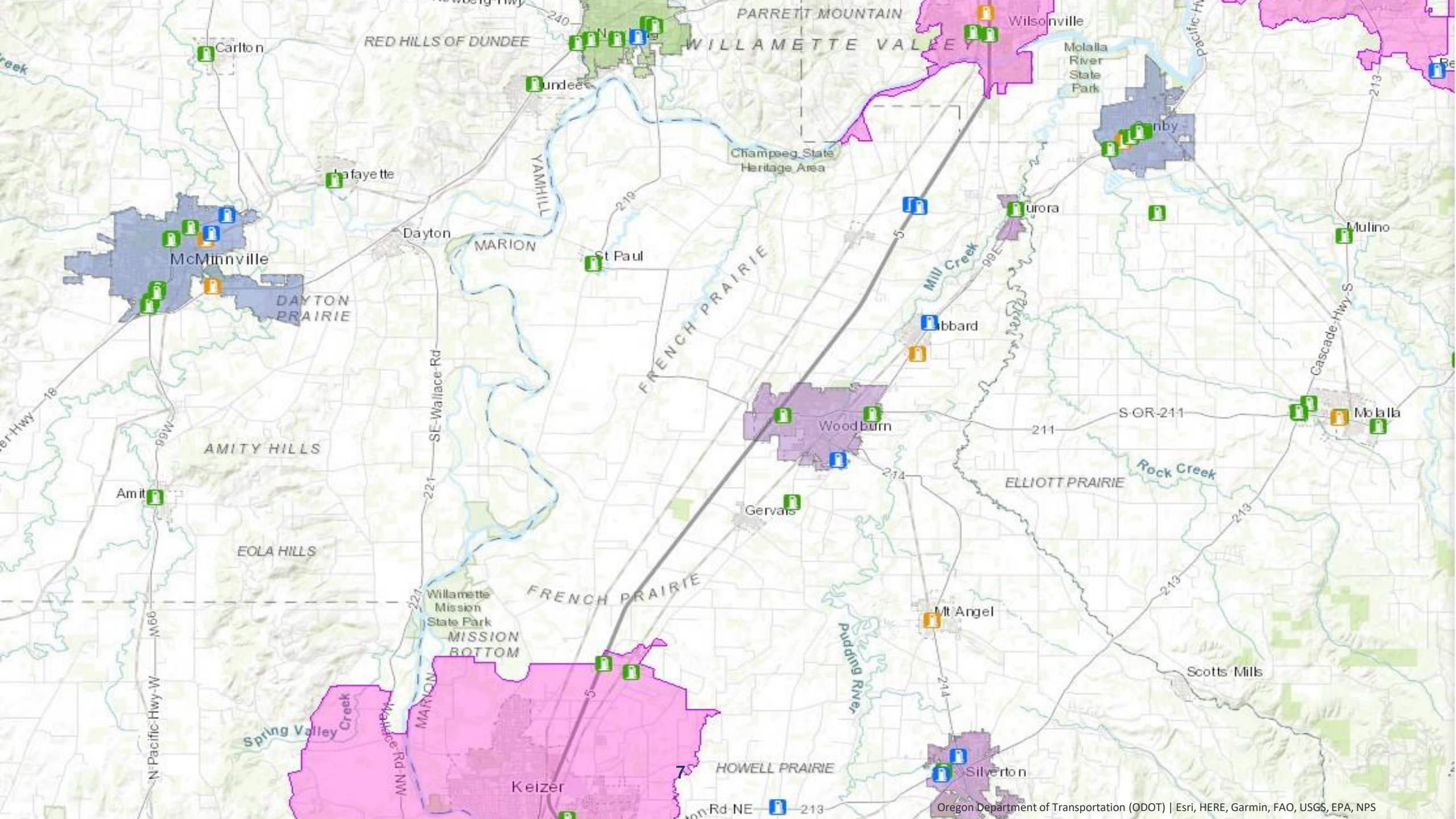
Portland MPO accounts for

- about 21% of total diesel and
- 38% of total gasoline delivered



2025: Portland metro + cities with a combined 10 million gallons of diesel and gasoline

- Cities with a combined 10 million gallons of diesel and gasoline delivered, increases the portion of statewide fuels generating compliance obligation to:
 - About 84% of total diesel and
 - 87% of total gasoline
- 44 cities outside of Portland Metro had 10 Million of more gallons delivered in 2018



Transportation Studies

- Increase in fuel prices from Cap & Trade and Clean Fuels
- Increase in transportation system construction costs
- Pace of change necessary to meet GHG reduction goals
- Permissible uses of TDIA funds
- Alternatives to fuel taxes
- How geographic implementation changes fuel purchase and location decisions
- Whether alternative fueled vehicles are paying their fair share

Implementing Fuels Phase-in

- Include location of final sale as part of DEQ's existing GHG reporting requirement for transportation fuel suppliers
- As a part of their supplemental documentation, fuel suppliers would include bills of lading showing the locations of final sale for the fuels they already report to DEQ
- The new LC 19 program would then use the data to determine:
 - Fuels generating compliance obligations for the fuel suppliers
 - Fuels requiring the state to retire allowances on their behalf
- LC 19 would expressly prohibit fuel suppliers from passing through a carbon price for fuels distributed in areas they don't receive a compliance obligation