



# Climate Protection Program

Senate Interim Committee on Energy & Environment  
December 11, 2024

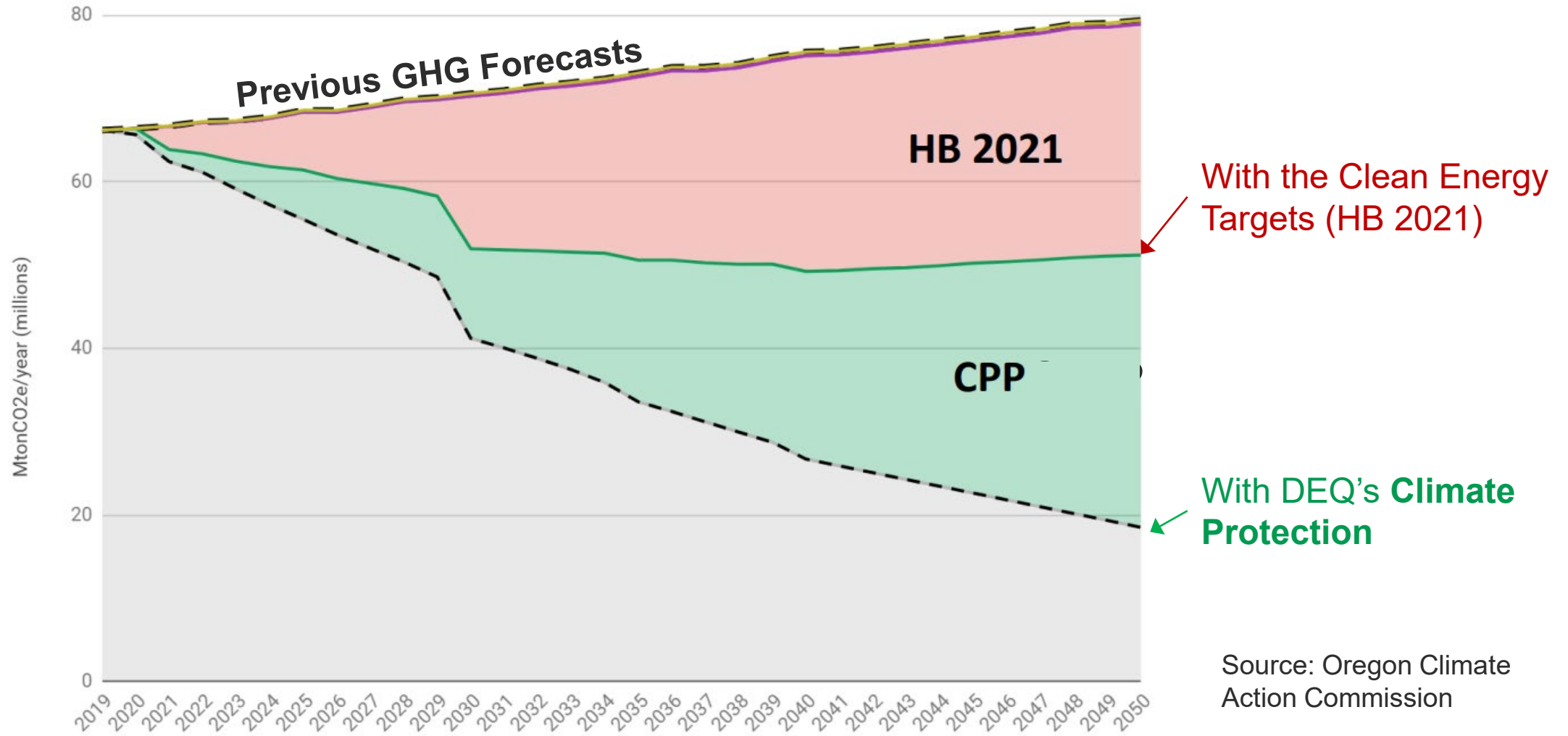
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# What is the Climate Protection Program?

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- A central policy for decarbonizing Oregon's economy
- Designed to hasten an equitable clean energy transition
- Buttresses many other climate programs
- Complemented by other programs

# What to expect from the CPP



With the Clean Energy Targets (HB 2021)

With DEQ's Climate Protection

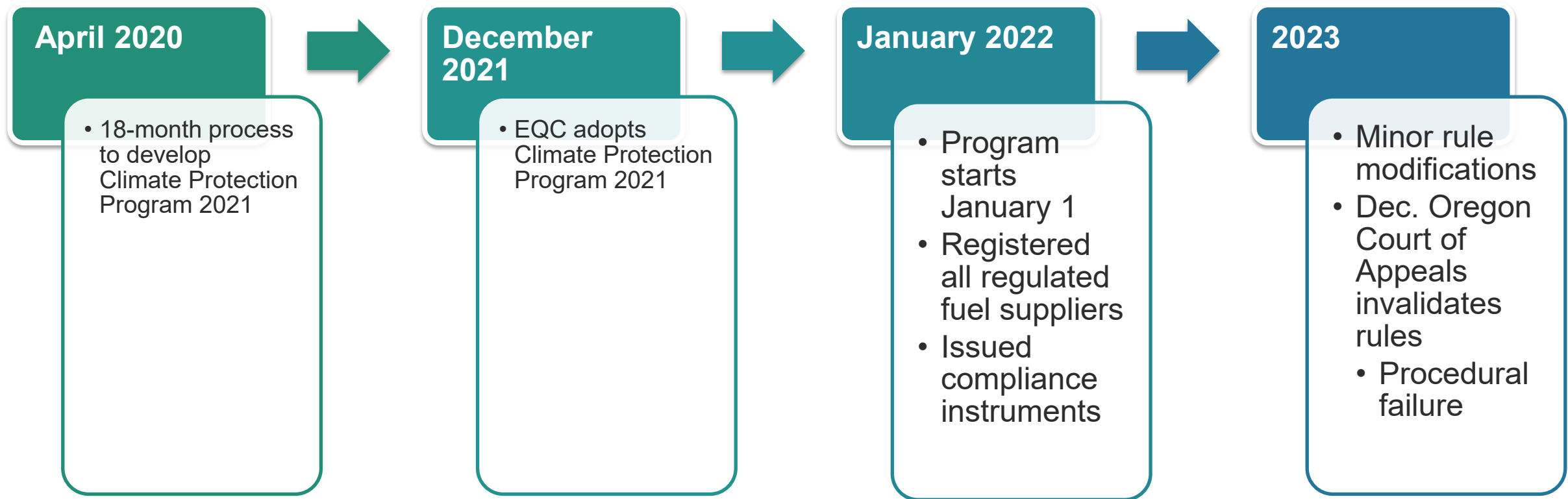
Source: Oregon Climate Action Commission

# Climate programs connected to CPP

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- Vehicle standards
- Vehicle incentives
- Clean Fuels Program
- Building codes and efficiency programs
- Greenhouse Gas Reporting Program
  - Critical foundation for CPP

# Background on Climate Protection Program

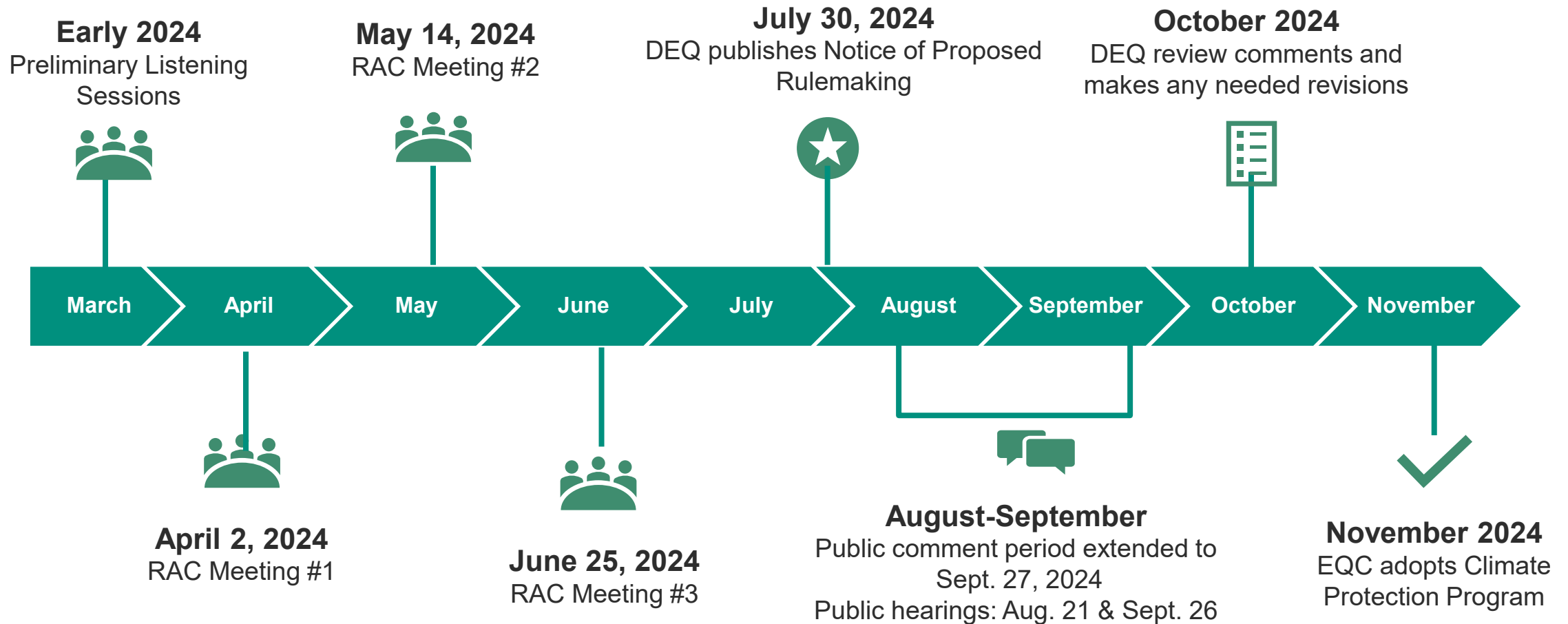


# DEQ's approach for 2024

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- Chose not to appeal Court's decision
- Opted to re-adopt program through rulemaking
- Year-long, deliberative process to consider changes based on 2 years experience implementing CPP
- EQC adopted program with revised elements
  - Tailored design for manufacturers, avoid industrial leakage
  - Added provisions on program adjustments for natural gas rates
  - Reflected significant decarbonization from fuel suppliers in 2022 & 2023

# Climate Protection Program 2024



# Similar elements in current program

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Maintaining significant emission reduction trajectory

Community Climate Investments as voluntary flexibility mechanism

Distributing all compliance instruments at no cost

Prioritizing benefits and reducing burdens for Oregon's environmental justice communities



# Different elements in current program

Addressing potential industrial leakage: Emission Intensive Trade Exposed sources

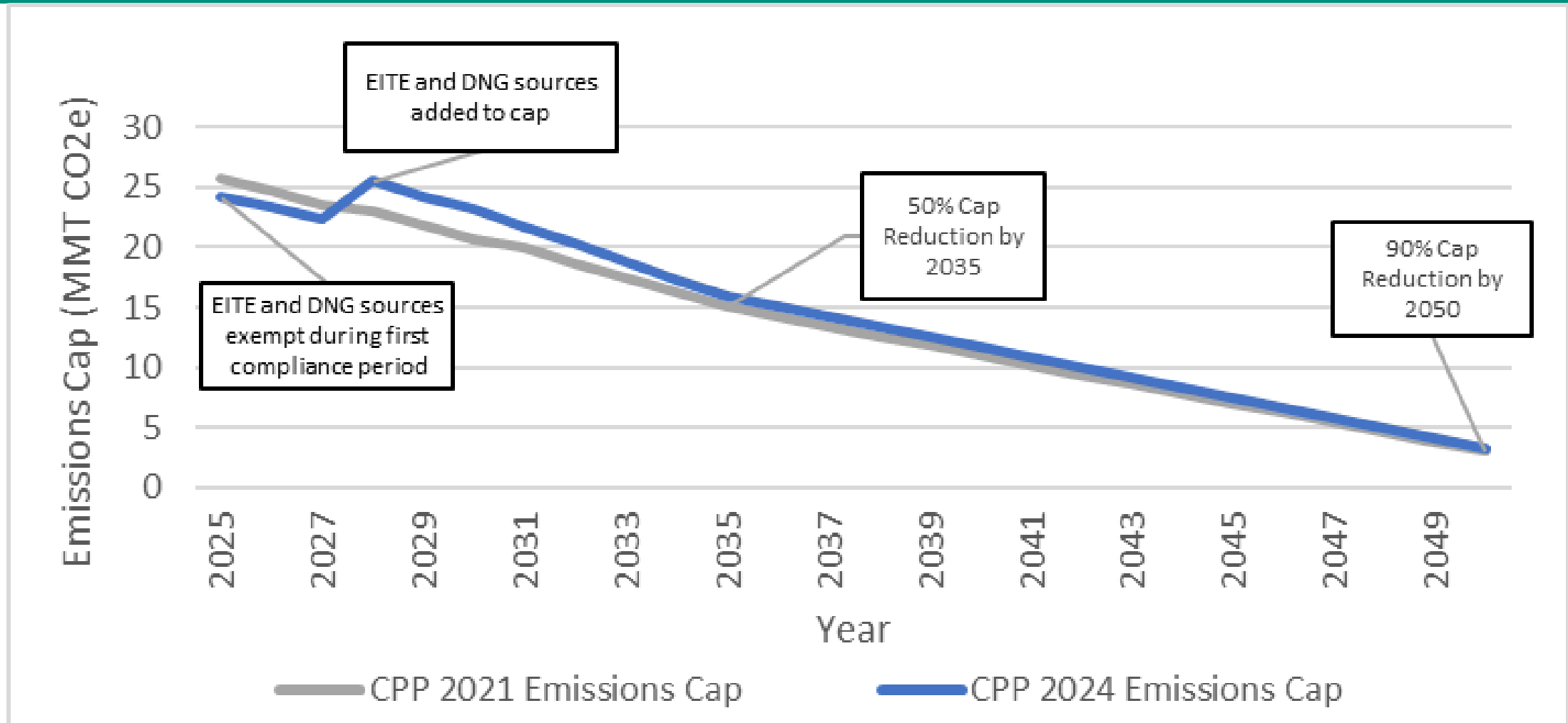
Compliance periods

Cost containment for gas utility ratepayers

Improved Community Climate Investment oversight and accountability

Additional instruments in 2025 reflecting decarbonization in 2022 & 2023

# Emissions cap



# Regulating EITE sources

## Why regulate EITEs?

- More options for reductions when directly regulated
- Tailored program elements to prevent potential leakage
  - Slower emissions reduction trajectory for these sources
  - Intensity targets better able to accommodate growth
  - Intensity targets specific to sources' manufacturing processes

## When do compliance obligations begin?

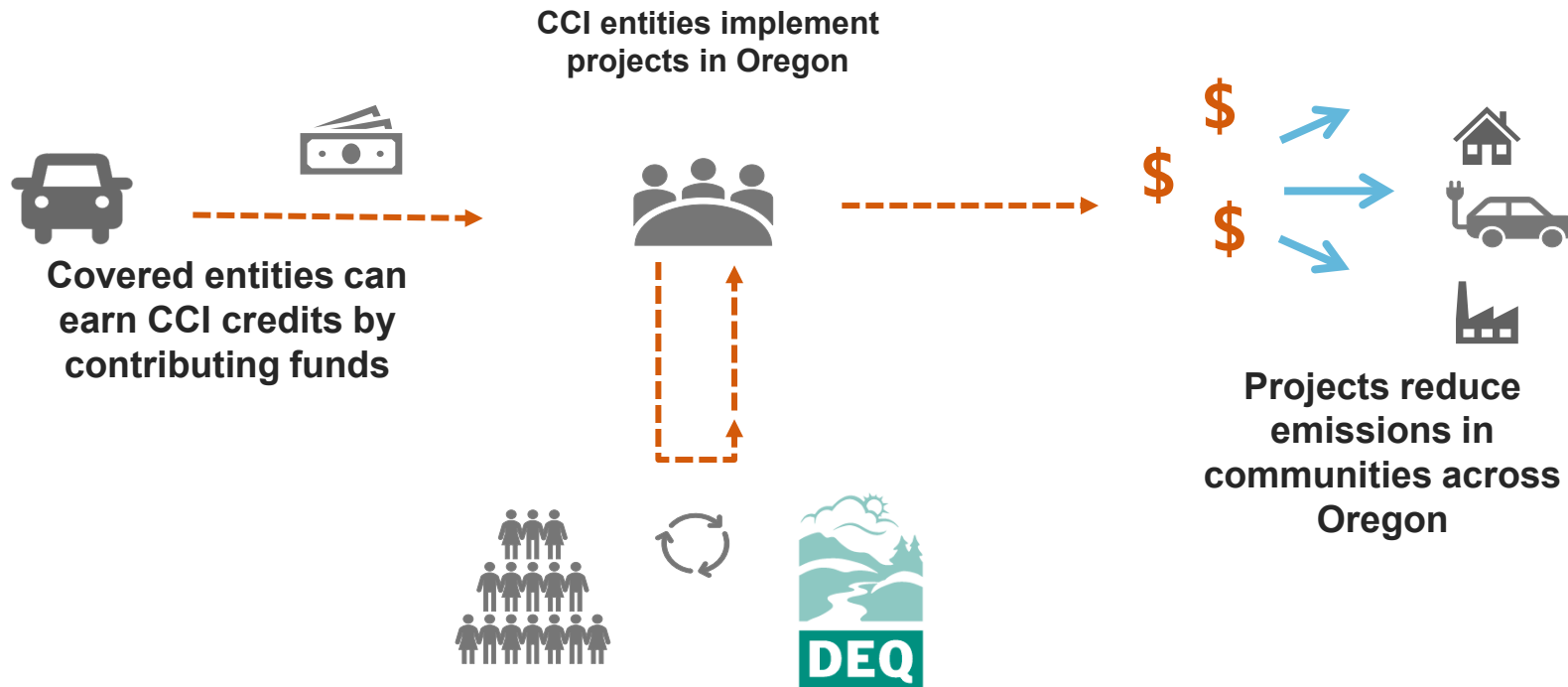
- No compliance obligations in the first compliance period
- Compliance obligations begin 2028 in the second compliance period

# Cost containment for natural gas

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- Energy costs a key consideration as transition to cleaner fuels
- DEQ work with the PUC to determine potential changes in utilities' rates attributable to CPP compliance costs
- Request information at least once every compliance period
- If anticipated rate increases appear significant, DEQ will pause the program and/or propose other changes

# Community Climate Investments



Equity Advisory Committee works with DEQ to ensure CCI investments benefit Oregon's environmental justice communities

- Reduce anthropogenic GHG emissions
- Invests in decarbonization in **residential, industrial, commercial and transportation**
- 15% of funds benefit tribes and tribal communities in Oregon

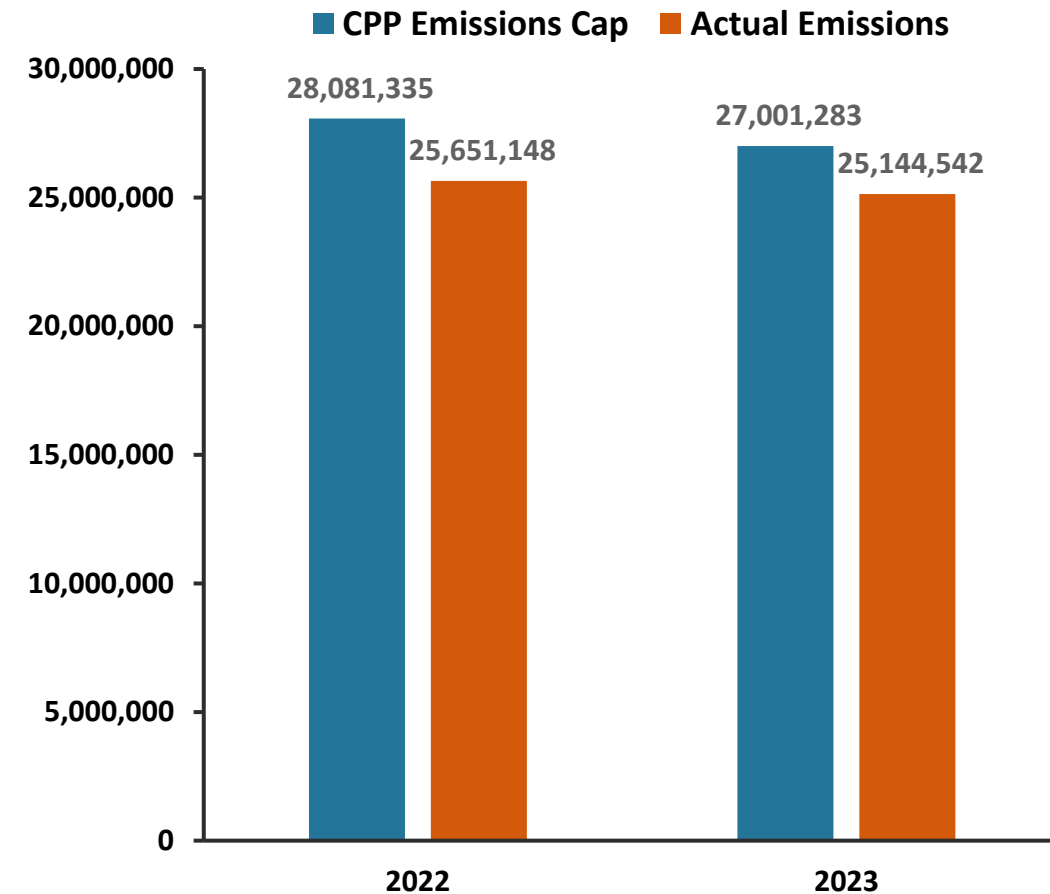
# CCI entity oversight and monitoring

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- Fee on CCI third-parties as directed by Legislature
- Ensure agency oversight, administration, implementation
- Allow for greater transparency on investments and impacts
- Funds internal and external audits

# Reflecting decarbonization in 2022 & 2023

- DEQ saw significant changes in types of fuels supplied by regulated companies during first 2 years of CPP
- Significant shift toward biofuels like renewable diesel
- “Over-compliance” with first 2 years’ emission caps
- New program reflects that with 1-time distribution of additional compliance instruments in 2025



# Questions?

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