

SB 803 -5, -6 STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

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Meeting Dates: 3/2, 3/9, 4/4

WHAT THE MEASURE DOES:

Requires, in order to meet **Oregon renewable fuel standard** for diesel fuel sold or offered for sale for use in a motor vehicle be:

- a diesel fuel substitute with a carbon intensity values of 60 grams of carbon dioxide equivalent per megajoule or less, produced from nonfossil renewable resources, that meets other specifications and can be used in engine designed to operate on conventional diesel fuel;
- a diesel fuel blend where at least 99 percent of the mixture by volume meets certain standards and no more than one percent of mixture is petroleum diesel; or
- any diesel fuel blend produced from nonfossil renewable resources, with a carbon intensity value of 60 grams of carbon dioxide equivalent per megajoule or less.

Establishes the following **schedule** for meeting the Oregon renewable fuel standard:

- January 1, 2026, for diesel fuel sold in Clackamas, Washington or Multnomah County;
- January 1, 2028, for diesel fuel sold in western Oregon; and
- January 1, 2030, for diesel fuel sold anywhere in Oregon.

Authorizes sale of fuel not meeting Oregon renewable fuel standard in **Eastern Oregon** between October 1 and February 28 if: substances to prevent congealing have been added to the diesel fuel; and diesel fuel would have otherwise met the Oregon renewable fuel standard but for the addition of substances to prevent congealing.

Directs Oregon Department of Agriculture (ODA), in consultation with the Department of Environmental Quality to **study current and forecasted supply of diesel**, supply of fuels meeting the Oregon renewable fuel standard that can be used as alternative; and whether the supply is sufficient to meet anticipated demand. Requires ODA to suspend enforcement for at least one-year of Oregon renewable fuel standard if it is determined that the supply is insufficient to meet the anticipated demand. Authorizes ODA to resume enforcement if subsequent report determines adequate supply. Requires ODA to report to Legislative Committee related to energy annually on results of study.

Requires ODA, every 14 days, to **determine the average price of fuels** available to meet Oregon renewable fuel standard that can be used as alternative to petroleum diesel. Requires ODA to suspend enforcement for 90 days if the average price exceeds the price of petroleum diesel for 14 consecutive days. Removes timelines for Oregon renewable fuel standard to apply to different regions of the state on January 1, 2030.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-5 Establishes 16-member Task Force on Renewable Diesel (Task Force). Requires Task Force to study the availability of renewable diesel in this state and incentives for increasing the availability of renewable diesel; develop estimates of current and future demand for diesel fuels; and analyze cost difference between renewable diesel and other transportation fuels. Authorizes Task Force to study or develop recommendations for additional matters related to renewable diesel, if approved by majority of Task Force voting members. Requires President of Senate and Speaker of House to each appoint two members one from majority party and one from minority party.

This summary has not been adopted or officially endorsed by action of the committee.

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Requires Governor to appoint nine members representing certain industries. Requires Directors of Department of Environmental Quality, Department of Energy (ODOE) and Department of Agriculture (ODA) to serve as nonvoting members. Requires Task Force to submit report which may include recommendations for legislation to interim legislative committees related to the Environment no later than September 15, 2024. Requires ODA and ODOE to jointly provide staff support to Task Force. Takes effect on 91st day following adjournment sine die.

-6 Directs Department of Environmental Quality to study feasibility of phasing out fossil diesel fuels with high carbon intensity value as transportation fuels in Oregon. Requires study to examine impacts of requiring a carbon intensity value of 60 grams of carbon dioxide equivalent per megajoule or less for onroad diesel fuel. Requires DEQ in conducting study, in consultation with State Department of Agriculture, the Oregon Department of Administrative Services, the Department of Transportation or any other relevant state agency, to study the price and availability of renewable fuels with carbon intensity value of 60 grams of carbon dioxide equivalent per megajoule or less in state; study incentives for increasing availability of renewable fuels; develop estimates of current and future demand for onroad diesel fuels, including estimates for specific regions of the state; analyze effects of removing petroleum diesel from marketplace on clean fuels program; and analyze cost difference between renewable fuels. Requires DEQ to submit findings in report, which may include recommendations for legislation to interim Legislative committees related to the energy and climate no later than September 15, 2024. Takes effect on 91st day following adjournment sine die.

- No Revenue Impact
- Fiscal Statement Issued

BACKGROUND:

According to the U.S. Department of Energy, renewable diesel is a fuel made from fats and oils, such as soybean oil or canola oil, and is processed to be chemically the same as petroleum diesel. It meets the ASTM D975 specification for petroleum in the United States. Renewable diesel can be used as a replacement fuel or blended with any amount of petroleum diesel. As of Jan. 1, 2022, the Energy Information Agency (EIA) reported that there are 11 domestic plants in 6 states with a capacity of 1,750 million gallons per year and it is estimated by the EIA that there will be added capacity of 2.4 billion gallons in the next few years that is under construction and an additional 1.8 billion gallons per year of planned capacity.

Senate Bill 803 would establish a standard for carbon intensity and other characteristics of diesel fuel used in on-road motor vehicles. The Act would establish a timeline for the Oregon fuel standard to apply to different regions of state. In addition, Senate Bill 803 would require the Oregon Department of Agriculture to suspend the requirement that fuels meet the standard if the supply is insufficient to meet the anticipated demand or if price of fuels that meet standard exceeds price of petroleum diesel for a certain amount of time.