



Stakeholder's Meeting: Low Carbon Fuel Standards March 22, 2011, RVTD Conference Room, Medford, OR

Stakeholders in attendance were: Don Skundrick, Shirley Roberts, Gary Hall, Mike Montero, John Becker (DEQ Regional Manager), Julie Brown (General Manager of Rogue Valley Transportation District), Sue Kupillas (RVCCC Coordinator), Mike Quilty (RVCCC Fleet Outreach), Melissa Stiles (RVCCC Public Involvement), Mike Cavallero (Director of Rogue Valley Council of Governments), Vicki Guarino (MPO Director for Rogue Valley Council of Governments), Don Skundrick (Jackson County Commissioner), Al Densmore (MPO member and City of Medford Council Member), Jim Lewis (MPO Member and Jacksonville City Council Member).

Low Carbon Fuel Standards: Cory Ann Wind, Air Quality Planner for DEQ, showed a presentation about the state's proposed low carbon fuel standards. The presentation is posted on the website www.roguevalleycleancities.org.

The proposed standards are authorized by House Bill 2186. This is the public hearing phase of the process. Cory is traveling around the state to discuss the changes and collect stakeholder feedback. DEQ would begin rulemaking in December. The bill sunsets December 31, 2015. DEQ will approach the Oregon Legislature in 2013 requesting a renewal of the bill. Cory has been working with an advisory committee made up of 29 stakeholders including Jeff McPherson from Southern Oregon.

Transportation makes up one-third of greenhouse gases in Oregon. Carbon intensity is measured in grams per mega jewel of energy. House Bill 2186 calls for a 10 percent reduction over a 10-year period, from 92 percent base level to 83 percent. There are two standards: one for gasoline and one for diesel. Fuel producers and importers would be regulated. Here is the timeframe: 2012 is a record keeping year -- there will be volumes of paperwork required to track shipments of fuel; 2013 is a reporting year only; 2014 is the first year importers and producers are required to meet requirements; 2015 the bill sunsets.

In a follow up email asking about regulators and importers, Cory responded:

- For gas and diesel, the importer is whoever owns the fuel when it comes across the state (of Oregon) line. It could be the owner of the pipeline or the owner of a tanker truck or fuel barge. For Medford, gasoline is trucked from a pipeline terminal in Eugene and a bulk terminal in Chico, California.
- For biofuels produced in Oregon, the producer is the regulated party. Sequential Pacific Biodiesel out of Eugene and Beaver Biodiesel out of Albany are producers.



- For natural gas and electricity, it would be the owner of the fueling infrastructure/charging station. If the Dry Creek Landfill project goes forward, whoever owns the fueling infrastructure (compressor/pump) would be the regulated party and earn the credits.

House Bill 2186 included exemptions. Propane is not part of the standard as requested by the propane industry. Other exemptions include fuel sold to agriculture and log trucks, fuel manufactured and used on site, fuel manufactured in quantities of less than 1 million gallons a year. There are proposed exemptions for aviation and military fuels. The House Bill also includes deferrals for temporary supply. For example, if SeQuential Biofuels went out of business the biodiesel standards would be deferred. An audience member commented that pilots don't want alcohol in airplane fuel because of safety reasons.

Cory stated a common concern has been the possibility of new standards resulting in higher fuel (gasoline, diesel or biofuel) prices at the pump. The House Bill requires the DEQ to keep track of fuel prices. DEQ would issue a deferral if Oregon fuel prices become 6 percent higher than the comparison states of Washington, Nevada, New Mexico and Arizona. In response to a question, Cory said DEQ will track wholesale prices before state taxes are added. The 5 percent number comes from the fact that over the past 20 years, Oregon's gas prices have never exceeded 5 percent of prices in other states. California has a low carbon fuel standard now and Washington is investigating one by 2013.

A member of the audience asked if CNG is considered a low carbon fuel and Cory said yes, CNG plays a big role in low carbon fuel standards. Jackson County Commissioner Don Skundrick asked how DEQ measures carbon intensity of electricity imported to the Northwest from Midwest coal plants. Cory said carbon intensity rates are adjusted. Whenever a new producer comes on line, DEQ assigns a carbon intensity number. Credits can be sold to importers to meet the standards.

House Bill 2186 required an economic impact component. DEQ hired Jack Faucet, a consultant from Bethesda, Maryland. He used the REMI Policy Insight model. He created eight scenarios for achieving the standard. (See the powerpoint presentation.) The impact on Oregon's economy would come from new biofuel facilities that would be built to supply the additional fuels. An audience member said he doubted biofuel plants could create as many jobs as indicated in the economic analysis. Increasing biofuel production is accomplished by simply planting more corn and shipping it to the West by railcar. It adds work for the farmer but doesn't create new jobs, he said. The former BP employee said he is concerned that fuels containing ethanol burn more oxygen than other fuels, releasing moisture into the air and creating weather issues. The Rogue Valley Clean Cities Coalition coordinator asked whether biofuels from the forests would be included as low carbon fuels. Cory said Oregon worked with the Department of Agriculture and Department of Energy to receive fuel types. The State of Washington, on the other hand, completed a fuel study first before working on low carbon fuel standards. Cory said the proposed low carbon fuel standards would complement the landfill gas CNG conversion project for the CMAQ application.

