



Department of Environmental Quality

Low Carbon Fuel Advisory Committee
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Buying and Selling Credits

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Department of Environmental Quality

Background

**General structure & calculating credits
and deficits: discussed 1/27/2010**

Reporting: discussed 2/24/2010

1. Initial physical pathway
2. Quarterly reporting or recordkeeping
3. Annual compliance report

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Advisory Committee Objective

Discuss possible options and considerations for managing the purchase and sale of low carbon fuel credits

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Options

Option 1: Minimal DEQ involvement

Option 2: Voluntary verification of credits prior to sale

Option 3: Mandatory verification of credits prior to sale

Option 4: DEQ clearinghouse

Option 5: DEQ facilitates trades

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Considerations

Any information collected is considered public information, unless it is a trade secret (ORS 192.410.505)

Transparency in credit buying and selling

Scale of OR's low carbon fuel program compared to other similar programs

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Option 1: Minimal DEQ involvement

Annual compliance report

Could include quarterly reports or recordkeeping

Credits not verified prior to sale

- Least administrative burden (DEQ & regulated parties)
- Fewer barriers to buying and selling credits
- Less transparency

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Option 2: Voluntary verification of credits

Annual compliance report

Could include quarterly reports or recordkeeping

Credits not verified prior to sale

- Increases administrative burden on DEQ
- Verification: time consuming & hinder sales?
- Provides more certainty to credit buyer
- Less transparency

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Option 3: Mandatory verification of credits

Annual compliance report

Could include quarterly reports or recordkeeping

Credits verified prior to sale

- Increases administrative burden on DEQ and regulated/opt-in parties
- Verification could be time consuming and hinder sales

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Option 4: DEQ Clearinghouse

Annual compliance report

Quarterly reports

Maintain publicly available information:

- Parties with credits for purchase
- Number of credits available
- Average price of a credit
- Number of deficits and credits generated during the previous quarter

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Option 4: DEQ Clearinghouse

Considerations:

- Increases administrative burden on DEQ and regulated/opt-in parties
- There is more transparency

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Option 5: DEQ Facilitates Trade

Annual compliance report

Quarterly reports

DEQ serves as an intermediary

- Increases administrative burden for DEQ
- Could reduce transaction costs, if DEQ could get buyers and sellers together quickly or effectively (which DEQ may not be able to do)

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Transparency Options

Calculate credits and deficits quarterly (no report to DEQ)

Calculate credits and deficits quarterly and report to DEQ

- Make information available to public

Calculate credits and deficits quarterly, report to DEQ, and use the quarterly reports for compliance purposes

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Option 1: Minimal DEQ involvement

Option 2: Voluntary verification of credits prior to sale

Option 3: Mandatory verification of credits prior to sale

Option 4: DEQ clearinghouse

Option 5: DEQ facilitates trades

Transparency Options

- Calculate credits and deficits quarterly (no report to DEQ)
- Calculate credits and deficits quarterly and report to DEQ, Make information available to public
- Use the quarterly reports for compliance purposes

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