



Department of Environmental Quality

Low Carbon Fuel Advisory Committee October 7, 2010

Low Carbon Fuel Standard HB2186: LCFS Sunset

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Department of Environmental Quality

Low Carbon Fuel Standard: Sunset

- Authority to implement a Low Carbon Fuel Standard in Oregon will sunset on December 31, 2015 unless that sunset is lifted by the Oregon Legislature.
- DEQ will not propose legislation in 2011 to lift the sunset. Rules adopted late 2011.
- DEQ will report to the legislature in early 2011 on the LCFS program design, including the effect of the sunset

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Low Carbon Fuel Standard: Sunset

Purpose:

- DEQ is seeking committee input to help inform our report to the legislature on the effect of the sunset.
- We will discuss the potential consequences and effects of a LCFS (or absence of a LCFS) on:
 - the availability of low carbon fuels, and
 - the development of biofuels production facilities and electric vehicle infrastructure in Oregon.

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Biofuels Production

- Uncertainty of a program sunset would likely be a significant obstacle to attracting new investment in biofuels production.
- Delay in development of new biofuels capacity could make it much more difficult for regulated parties to meet the standards, resulting in higher compliance costs.

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Low Carbon Fuel Standard: Sunset

Biofuels Production: Committee Questions

- *How could the existence or absence of an Oregon LCFS affect future investment in Oregon's (or regional) biofuels industry?*
- *How could the existence or absence of an Oregon LCFS affect Oregon's agricultural sector, or other sectors that could potentially provide feedstock for fuels production?*
- *Is there any relevant information or data DEQ should be aware of to help inform our LCFS report?*

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Low Carbon Fuel Credits:

Presumably, any low carbon fuel credits developed and banked in the initial years of the program would become unnecessary, and of no value, if the program sunsets at the end of 2015.

- *Are there any committee comments?*

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Electric Vehicle Infrastructure

- The existence of a LCFS program would likely increase the incentive to expand the EV population in Oregon.
- Presumably, a LCFS program sunset in 2015 would remove this additional incentive for EV development; however, EV deployment in the state would continue due to other initiatives.

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EV Infrastructure: Committee Questions

- *How could the existence or absence of an Oregon LCFS affect future development of EV's and EV infrastructure?*
- *Any affects to consider on natural gas or other alternative fuels?*
- *Is there any relevant information or data DEQ should be aware of to help inform our LCFS report?*

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Implementation and Enforcement

- DEQ would be unable to implement or enforce the LCFS program after December 31, 2015
- Standards and compliance obligation cease to exist on January 1, 2016.
- Initial reporting could be required in 2012 while sunset question is resolved.

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General Questions:

- *Are there questions we should evaluate when reviewing the economic impact analysis?*
- *Are there other questions or ideas DEQ should address when reporting to the legislature on the sunset?*

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A Sunset Everyone Can Like?



Low Carbon Fuel Standard: Sunset

Excerpt from HB2186 (2009)

SECTION 8. Sections 6 and 7 of this 2009 Act are repealed on December 31, 2015.

SECTION 9. (1) The Department of Environmental Quality shall report on the implementation of sections 3 and 6 of this 2009 Act to:

(a) The interim legislative committees on environment and natural resources on or before December 31, 2010; and

(b) The Seventy-sixth, Seventy-seventh and Seventy-eighth Legislative Assemblies in the manner provided by ORS 192.245.

(2) The reports required under subsection (1) of this section must contain a description of:...

(d) The anticipated effects of the December 31, 2015, repeal of sections 6 and 7 of this 2009 Act on the availability of low carbon fuels and the development of biofuels production facilities and electric vehicle infrastructure in Oregon.