



Department of Environmental Quality

## Low Carbon Fuel Advisory Committee October 14, 2010

# Regulated Parties for Gasoline, Diesel and Biofuels

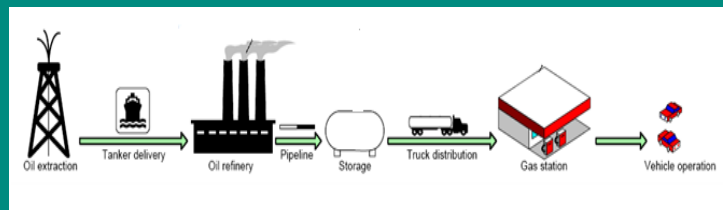
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Department of Environmental Quality

## Background

Discussed at January, February and  
May advisory committee meetings



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### Considerations in choosing a regulated/opt-in party

- Capture the use of the fuel for transportation
- Most efficient point of regulation for each type of fuel
- Flexible implementation
- Production of and public access to alternative fuels
- Other reporting required in Oregon

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### Background

- DEQ received input on CNG, LNG, biogas, electricity, and hydrogen
- Sub-group meeting on gasoline, diesel, and biofuels in June 2010
- Today's proposal/options is a result of past discussions

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### Proposed Regulated Parties for Gasoline, Diesel, and Biofuels

- Producer or Oregon importer of fuel or blendstock
  - Captures use of fuel for transportation
  - In general, places compliance obligations initially on upstream entities
  - Efficient in that it involves fewer entities

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### Transfer of compliance obligation with sale of fuel

- Deficits or credits can transfer with the sale of fuel under some circumstances
- Transfer is dependent on whether purchaser is an producer or importer
- Allows more flexibility

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### Option 1: Transfer of compliance obligation

#### **Fuel sold to another producer or importer:**

- Seller can choose whether to transfer the compliance obligation to the purchaser or not
- Purchaser **cannot** refuse the compliance obligation

#### **Fuel sold and purchaser is NOT a producer or importer:**

- Both seller and purchaser **MUST** agree for the compliance obligation to transfer
- Purchaser **can** refuse the compliance obligation

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### Option 1 Considerations

**Regulated parties need to keep track of (and subtract) any fuel sold out of state**

**A purchaser of fuel who is not an importer or producer can refuse the compliance obligation (credits or deficits) when they purchase fuel**

**Issue: some smaller gas stations or fuel users might import fuel and then be unable to refuse the compliance obligation for any fuel they buy in-state**

**A purchaser of fuel can avoid any compliance obligation by taking possession of fuel purchased from out-of-state when it is delivered to the purchaser's storage tank**

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### Option 2

Oregon Small Importer: less than or equal to 50,000 gallons per year

Oregon Large Importer greater than 50,000 gallons per year

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### Definition of Small Importer

Proposed for discussion: 50,000 gallons of gasoline and diesel throughput per year

- Considered throughput of gas stations
- Focused on counties on Oregon border

*DEQ is seeking input on this number*

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## Option 2: Transfer of compliance obligation

### **Fuel sold to a producer or Large Oregon Importer (but not an Oregon Small Importer):**

- Seller can choose whether to transfer the compliance obligation to the purchaser or not
- Purchaser **cannot** refuse the compliance obligation

### **Fuel sold to an Oregon Small Importer or a person who does not import fuel:**

- Both seller and purchaser **MUST** agree for the compliance obligation to transfer
- Purchaser **can** refuse the compliance obligation

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## Option 2 Considerations

**Regulated parties need to keep track of (and subtract) any fuel sold out of state**

**A purchaser of fuel who does not import any fuel or who is an Oregon Small Importer can refuse the compliance obligation (credits or deficits) when they purchase fuel in-state**

**A purchaser of out-of state fuel can avoid becoming defined as an importer by not owning the fuel as it is brought into Oregon**

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