



Oregon Department of Environmental Quality

Background Brief

Climate Protection Program (CPP) 2024 Rulemaking

March 11, 2024

CPP 2024 Rulemaking Overview

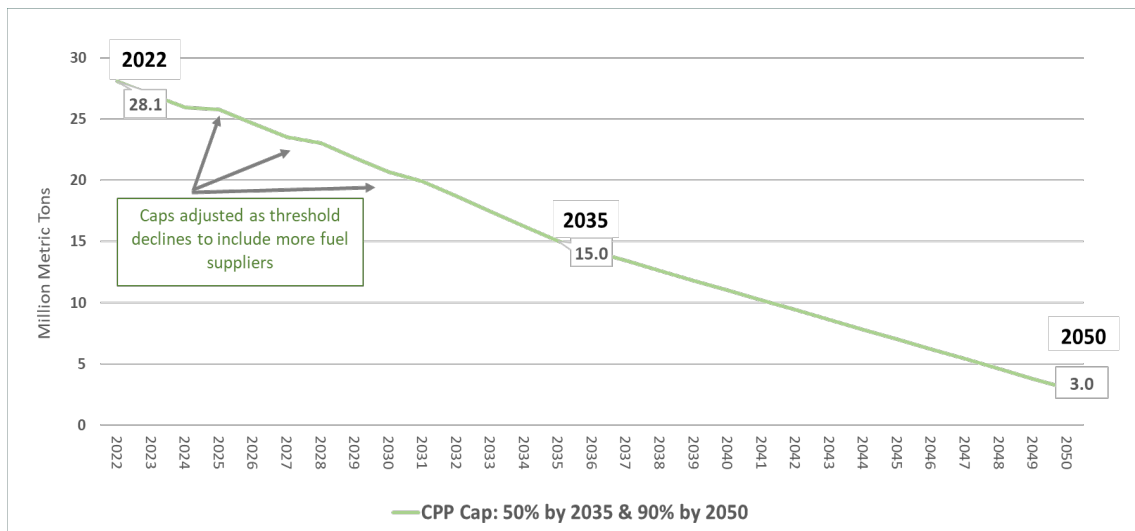
DEQ is conducting a rulemaking to re-establish a climate mitigation program in place of recently invalidated rules that established Oregon's Climate Protection Program (CPP). In December 2023, the Oregon Court of Appeals determined that DEQ did not fully comply with notice requirements during the 2021 rulemaking process, thereby invalidating the CPP rules and program.

The objective of the Climate Protection Program 2024 (CPP 2024) rulemaking is to re-establish an enforceable and declining limit, or cap, on greenhouse gas emissions from fossil fuels used throughout Oregon, including diesel, gasoline, natural gas, and propane beginning in 2025. As demonstrated by the Oregon Climate Action Commission's [Oregon Climate Action Roadmap to 2030](#), the CPP was critical to Oregon's objective of deeply reducing our state's climate pollution.

Background: Climate Protection Program Design

The Climate Protection Program established a declining limit, or cap, on greenhouse gas emissions from fossil fuels used throughout Oregon, including in transportation, residential, commercial, and industrial settings. Entities subject to the declining emission caps included liquid fuels and propane suppliers and natural gas utilities.

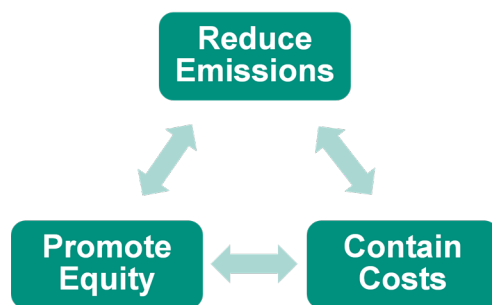
The program was designed to reduce these fuel suppliers' emissions fifty percent by 2035 and ninety percent by 2050. The program used three-year compliance periods with fuel suppliers scheduled to demonstrate compliance in late 2025 for the 2022-2024 compliance period.



The Climate Protection Program also regulated certain site-specific greenhouse gas emissions at a limited number of manufacturing facilities, such as emissions from industrial processes, with a best available emissions reduction (BAER) approach.

The purposes of the program were to:

- Significantly reduce greenhouse gas emissions,
- Achieve co-benefits from other air contaminant reductions, and
- Enhance public welfare for Oregon communities, particularly environmental justice communities, including, communities of color, tribal, low-income, and rural communities.



To support these purposes, the program:

- Required that covered entities reduce greenhouse gas emissions,
- Supported reduction of emissions of other air contaminants,
- Prioritized reduction of greenhouse gases and other air contaminants in environmental justice communities disproportionately burdened by the effects of climate change and air contamination, and
- Provided covered entities with compliance options to minimize business and consumer economic impacts.

DEQ had also convened an Equity Advisory Committee, a key partner as DEQ developed the CCI component of the program. As a compliance flexibility mechanism, regulated entities could earn CCI credits by contributing funds to DEQ approved CCI entities. Those funds would be invested in projects that reduced emissions throughout Oregon. Designed to support an equitable clean energy transition, CCI funds were to be prioritized for Oregon's environmental justice communities.

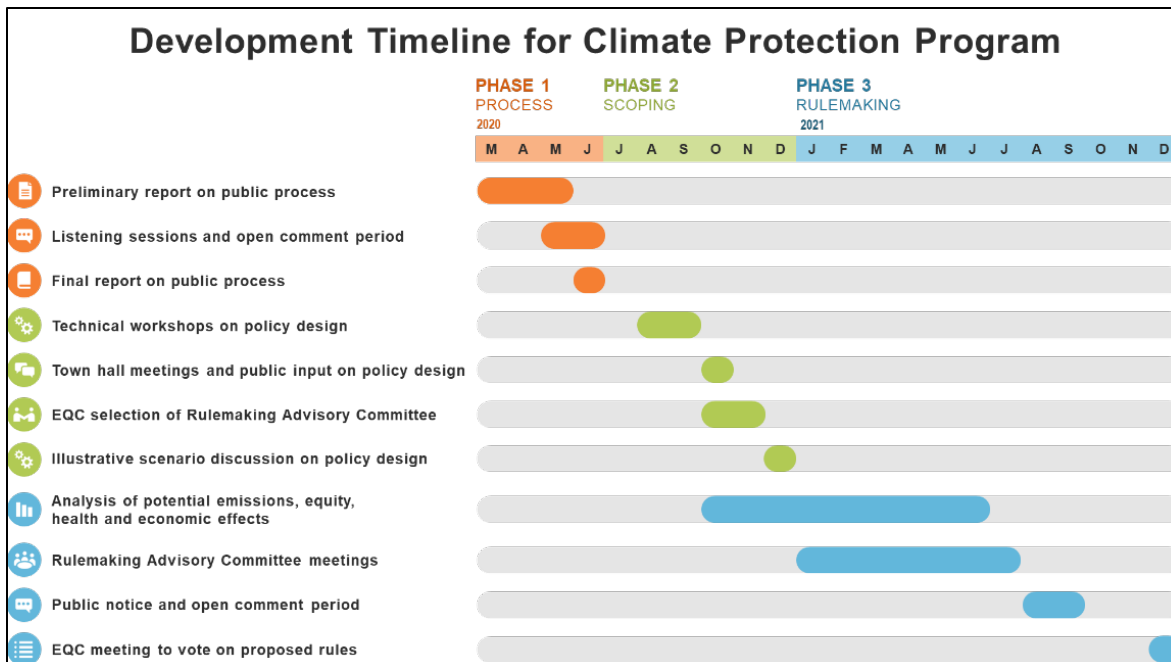
See the [CPP 2021 Program Overview](#) for more information on initial program design.

Background: Climate Protection Program Development Process

DEQ used a three-phase approach to develop the initial CPP. Program development was informed by extensive public engagement, including active engagement with environmental justice communities. Prior to the formal rulemaking process in 2021, DEQ convened public listening sessions, followed by a series of technical workshops on key program elements and general town halls throughout 2020. Hundreds of people attended these meetings and offered an extensive array of input on how Oregon can address climate change through statewide policy.

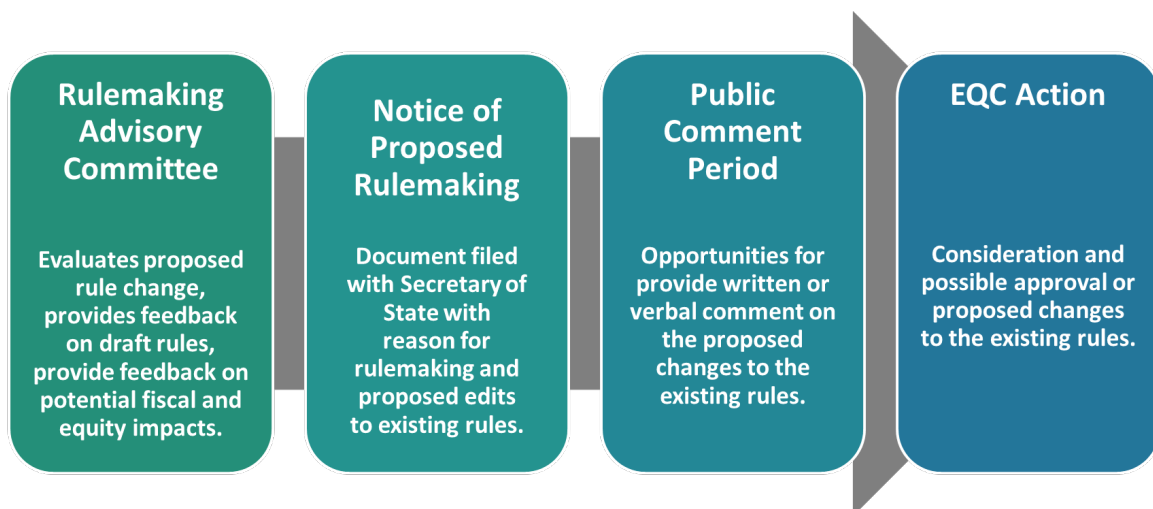
DEQ then conducted the formal rulemaking throughout 2021, holding seven rulemaking advisory committee meetings in the first half of 2021. Meetings were open to the public and included opportunities for public comment.

In December 2021, the EQC adopted rules to establish the Climate Protection Program. In November 2023 and December 2023, the EQC adopted rules that made minor modifications and clarifications to the program.



CPP 2024 Rulemaking Process and Engagement

The Environmental Quality Commission (EQC) is the rulemaking body that considers and adopts proposed rules. DEQ is responsible for proposing rules for EQC consideration and conducting a rulemaking process that adheres to the states' requirements. DEQ intends to bring proposed rules for EQC consideration in November 2024, so the program could begin in 2025.



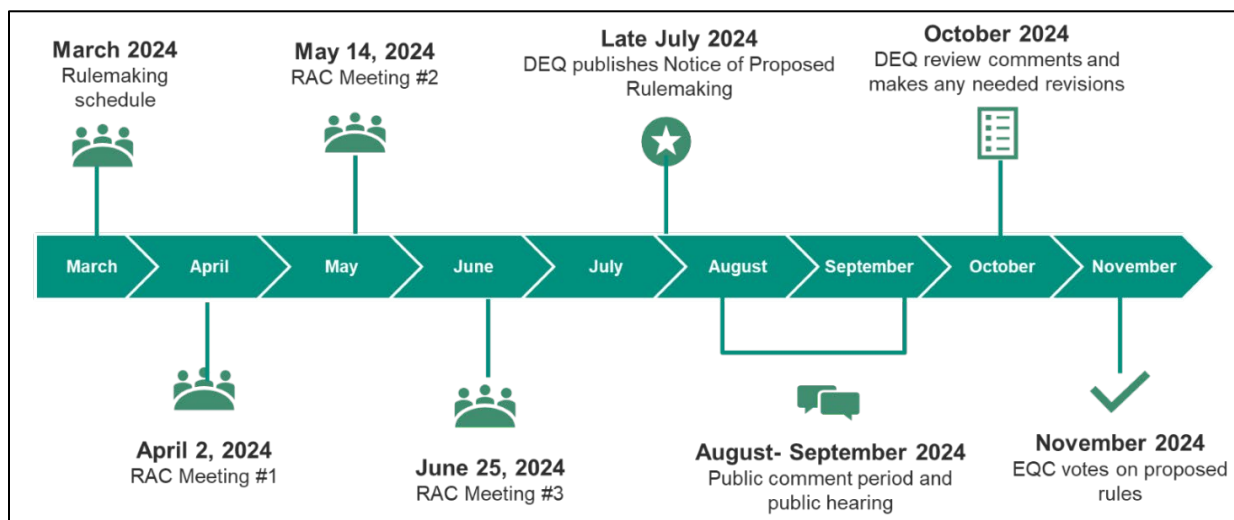
DEQ has appointed a rulemaking advisory committee (RAC) which will meet three times:

1. April 2, 2024
2. May14, 2024
3. June 25, 2024

DEQ has aimed to select a committee that is large enough to provide diverse perspectives, lived experience, and expertise, while allowing ample opportunity for engagement. DEQ has appointed several environmental justice or community-based organizations to the committee.

There will be many opportunities for public comment and engagement throughout the rulemaking process. All RAC meetings will include opportunities for public comment. In addition to this engagement, DEQ may also hold additional stakeholder meetings, such as with community-based organizations or organizations with specific technical expertise. There will also be a public comment period following the publication of the Notice of Proposed Rulemaking, scheduled for late July 2024.

2024 CPP Rulemaking Proposed Timeline



CPP 2024 Rulemaking Scope

The primary purpose of the Climate Protection Program 2024 rulemaking is to:

- Reestablish a program to set limits on greenhouse gas emissions from significant sources in Oregon.
- Reestablish an enforceable and declining limit, or cap, on greenhouse gas emissions from fossil fuels used in Oregon, including diesel, gasoline, natural gas, and propane beginning in 2025.
- Define regulatory applicability and program requirements, while prioritizing equitable outcomes.

The intent of this rulemaking is to re-establish a climate program with comparable scope and emissions reduction ambitions as the previously adopted Climate Protection Program. DEQ staff do not intend to propose a major program redesign but will need to make some adjustments to for the program to start in 2025. DEQ and stakeholders have also gained two years' experience implementing the CPP. DEQ will consider additional modifications that would further strengthen the initial program. This could include opportunities to increase equitable outcomes or minimize costs to business and the public while supporting or strengthening emissions reductions.

DEQ will also consider developments in state and federal climate and energy policies since the program was initially adopted.

Translation or other formats

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