

## HOUSE AMENDMENTS TO HOUSE BILL 2135

By COMMITTEE ON ENERGY AND ENVIRONMENT

April 21

1 On page 2 of the printed bill, delete lines 38 through 45 and delete pages 3 through 29 and in-  
2 sert:

3 **“SECTION 1. Sections 4 and 6 to 19 of this 2017 Act shall be known and may be cited as**  
4 **the Healthy Climate Act of 2017.**

### “STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS

5  
6  
7  
8 **“SECTION 2. ORS 468A.205 is repealed.**

9 **“SECTION 3. Section 4 of this 2017 Act is added to and made a part of ORS chapter 468A.**

10 **“SECTION 4. (1) As used in this section, ‘statewide greenhouse gas emissions’ means:**

11 **“(a) The total annual emissions of greenhouse gases in this state; and**

12 **“(b) All emissions of greenhouse gases from outside this state that are attributable to**  
13 **the generation of electricity that is delivered to and consumed in this state, accounting for**  
14 **transmission and distribution line losses.**

15 **“(2) The Environmental Quality Commission shall adopt by rule:**

16 **“(a) A statewide greenhouse gas emissions goal for the year 2025 to limit greenhouse gas**  
17 **emissions to levels that are at least 20 percent below 1990 levels;**

18 **“(b) A statewide greenhouse gas emissions limit for the year 2035 that limits greenhouse**  
19 **gas emissions to levels that are at least 45 percent below 1990 levels; and**

20 **“(c) A statewide greenhouse gas emissions limit for the year 2050 that limits greenhouse**  
21 **gas emissions to levels that are at least 75 percent below 1990 levels.**

### “GREENHOUSE GAS CAP AND INVESTMENT PROGRAM

22  
23  
24 **“(Statement of Purposes)**

25  
26 **“SECTION 5. Sections 6 to 11, 14 and 15 of this 2017 Act and ORS 468A.200 to 468A.260**  
27 **are added to and made a part of ORS chapter 468A.**

28 **“SECTION 6. (1) The Legislative Assembly finds and declares that the purposes of**  
29 **sections 6 to 19 of this 2017 Act are to reduce greenhouse gas emissions consistent with the**  
30 **statewide greenhouse gas emissions levels established under section 4 of this 2017 Act and**  
31 **to promote adaptation and resilience by this state’s communities and economy in the face**  
32 **of climate change.**

33 **“(2) Sections 6 to 19 of this 2017 Act and the rules adopted pursuant to sections 6 to 19**  
34 **of this 2017 Act:**

35 **“(a) May not be interpreted to limit the authority of any state agency to adopt and im-**

1 plement measures to reduce greenhouse gas emissions; and

2 “(b) Shall be interpreted in a manner consistent with federal law.

3  
4 “(Rules Adoption and Implementation  
5 Oversight Advisory Committees)  
6

7 “SECTION 7. (1) In adopting rules as required by sections 9, 10, 11 and 15 of this 2017  
8 Act, the Environmental Quality Commission shall consult with the Environmental Justice  
9 Task Force, Indian tribes, the Public Utility Commission, the State Department of Energy,  
10 the Department of Transportation and other interested state and federal agencies, and shall  
11 be advised by an advisory committee appointed by the Governor.

12 “(2) The advisory committee required by subsection (1) of this section shall be composed  
13 of:

14 “(a) One member appointed by the Commission on Asian and Pacific Islander Affairs;

15 “(b) One member appointed by the Commission on Black Affairs;

16 “(c) One member appointed by the Commission on Hispanic Affairs;

17 “(d) One member appointed by the Commission on Indian Services; and

18 “(e) Five members appointed by the Governor who reflect the geographic and demo-  
19 graphic diversity of this state, and who have the qualifications deemed necessary by the  
20 Governor to advise the Environmental Quality Commission on the diversity of interests re-  
21 lating to efforts by the state to limit greenhouse gas emissions consistent with section 4 of  
22 this 2017 Act, with a preference in making appointments given to individuals who can rep-  
23 resent the interests of multiple constituencies.

24 “SECTION 7a. (1) The Greenhouse Gas Cap and Investment Program Oversight Com-  
25 mittee is created. The committee consists of nine members as follows:

26 “(a) The President of the Senate shall appoint one member from among the members of  
27 the Senate.

28 “(b) The Speaker of the House of Representatives shall appoint one member from among  
29 the members of the House of Representatives.

30 “(c) The Governor shall appoint:

31 “(A) One member who represents the office of the Governor;

32 “(B) One member who represents disadvantaged communities;

33 “(C) One member who represents the interests of labor organizations;

34 “(D) One member who represents environmental organizations;

35 “(E) One member who represents covered entities;

36 “(F) One member with expertise in climate science; and

37 “(G) One member who represents the interests of business sectors impacted by climate  
38 change.

39 “(2) The term of a legislative member of the committee shall be two years. If a person  
40 appointed by the President of the Senate or by the Speaker of the House ceases to be a  
41 Senator or Representative during the person’s term on the committee, the person may con-  
42 tinue to serve as a member of the committee for the balance of the member’s term on the  
43 committee. The term of all other appointed members shall be four years. Appointed members  
44 of the committee may be reappointed. If a vacancy occurs in one of the appointed positions  
45 for any reason during the term of membership, the official who appointed the member to the

1 vacated position shall appoint a new member to serve the remainder of the term. An ap-  
2 pointed member of the committee may be removed from the committee at any time by the  
3 official who appointed the member.

4 “(3)(a) The members of the committee shall select from among themselves a chairperson  
5 and a vice chairperson.

6 “(b) The committee shall meet at such times and places as determined by the chair-  
7 person.

8 “(4) Notwithstanding ORS 171.072, members of the committee who are members of the  
9 Legislative Assembly are not entitled to mileage expenses or a per diem and serve as volun-  
10 teers on the committee. Other members of the committee are not entitled to compensation  
11 or reimbursement for expenses and serve as volunteers on the committee.

12 “(5) The committee shall:

13 “(a) Study the implementation of sections 6 to 19 of this 2017 Act, with particular focus  
14 on:

15 “(A) How moneys received by the state as auction proceeds pursuant to section 10 of this  
16 2017 Act are spent;

17 “(B) The greenhouse gas reductions that have resulted from the state’s expenditure of  
18 auction proceeds;

19 “(C) The geographic distribution of activities that have benefitted from the expenditure  
20 of auction proceeds; and

21 “(D) How disadvantaged communities and economically distressed areas have benefitted  
22 from the expenditure of auction proceeds;

23 “(b) Make any recommendations to the Environmental Quality Commission, the Gover-  
24 nor and the Legislative Assembly that the committee deems necessary to increase the ef-  
25 fectiveness of the implementation of sections 6 to 19 of this 2017 Act;

26 “(c) Make any recommendations for additional legislation governing the adoption and  
27 implementation of the carbon pollution market; and

28 “(d) Conduct such other studies as necessary to provide oversight to the implementation  
29 of sections 6 to 19 of this 2017 Act.

30 “(6) The Department of Environmental Quality shall provide the committee with staff,  
31 subject to availability of funding for that purpose.

32  
33 “(Definitions)  
34

35 “SECTION 8. As used in ORS 468A.200 to 468A.260 and sections 6 to 19 of this 2017 Act:

36 “(1) ‘Allowance’ means a tradable authorization to emit up to:

37 “(a) One metric ton of carbon dioxide; or

38 “(b) One unit of carbon dioxide equivalent.

39 “(2) ‘Annual allowance budget’ means the total number of allowances allocated by the  
40 Environmental Quality Commission for auction or distribution in one calendar year.

41 “(3) ‘Carbon dioxide equivalent’ means the potential contribution of a greenhouse gas to  
42 anthropogenic climate change expressed such that the potential contribution of one unit of  
43 carbon dioxide equivalent is equal to the potential contribution of one metric ton of carbon  
44 dioxide.

45 “(4) ‘Carbon pollution market’ means the system for regulating greenhouse gas emissions

1 established by the Environmental Quality Commission by rule under section 9 of this 2017  
2 Act.

3 “(5) ‘Compliance instrument’ means an allowance or an offset credit that may be used  
4 to fulfill a compliance obligation.

5 “(6) ‘Compliance obligation’ means the quantity of compliance instruments that an entity  
6 is required to surrender to the Department of Environmental Quality during a compliance  
7 period under the carbon pollution market.

8 “(7) ‘Covered entity’ means a source that is required by the Environmental Quality  
9 Commission to participate in the carbon pollution market.

10 “(8) ‘Disadvantaged communities’ includes, but is not limited to:

11 “(a) Communities with a high percentage of people of color, low-income households, im-  
12 migrants or refugees relative to other communities;

13 “(b) Linguistically isolated communities;

14 “(c) Communities with high exposures to pollution or toxics relative to other communi-  
15 ties; and

16 “(d) Rural communities with unemployment rates that are above this state’s mean  
17 statewide unemployment rate.

18 “(9) ‘Economically distressed area’ means an area designated as distressed by the Oregon  
19 Business Development Department under ORS 285A.020 and 285A.075.

20 “(10) ‘Electric utility’ has the meaning given that term in ORS 757.600.

21 “(11) ‘General market participant’ means a person that:

22 “(a) Is a registered entity;

23 “(b) Is not a covered entity or an opt-in entity; and

24 “(c) Intends to purchase, hold, sell or voluntarily retire compliance instruments in the  
25 carbon pollution market.

26 “(12) ‘Greenhouse gas’ means any gas that contributes to anthropogenic climate change,  
27 including but not limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,  
28 perfluorocarbons and sulfur hexafluoride.

29 “(13) ‘High road agreement’ means an agreement among multiple stakeholders that  
30 specifies goals for a project or program that are related to the quality and accessibility of  
31 economic opportunities provided by that project or program, and that includes:

32 “(a) Strategies for advancing the specified goals based on metrics that may include but  
33 are not limited to:

34 “(A) Requirements for wages and benefits;

35 “(B) Workforce and business diversity;

36 “(C) Training and career development; and

37 “(D) Environmental benefits;

38 “(b) A mechanism for implementing the agreement; and

39 “(c) A process for evaluating the progress of a project or program toward achieving the  
40 goals specified in the agreement.

41 “(14) ‘Leakage’ means a reduction in greenhouse gas emissions within this state that is  
42 offset by an increase in greenhouse gas emissions outside this state.

43 “(15) ‘Natural gas utility’ means a natural gas utility regulated by the Public Utility  
44 Commission under ORS chapter 757.

45 “(16) ‘Offset credit’ means a tradable compliance instrument that is generated by an

1 offset project. One offset credit equals one allowance.

2 “(17) ‘Offset project’ means a project, implemented by a person that is not a covered  
3 entity, that reduces or removes greenhouse gas emissions that are attributable to persons  
4 that are not covered entities.

5 “(18) ‘Opt-in entity’ means a source that is not required to participate in the carbon  
6 pollution market and that voluntarily chooses to participate in the carbon pollution market  
7 as if it were a covered entity.

8 “(19) ‘Project labor agreement’ means a collective bargaining agreement with one or  
9 more labor organizations that establishes the terms and conditions of employment for a  
10 specific construction project and that, at a minimum:

11 “(a) Binds all contractors and subcontractors on the construction project through the  
12 inclusion of appropriate specifications in all relevant solicitation provisions and contract  
13 documents;

14 “(b) Allows all contractors and subcontractors to compete for contracts and subcontracts  
15 without regard to whether they are parties to any other collective bargaining agreement;

16 “(c) Contains guarantees against strikes, lockouts and similar job disruptions; and

17 “(d) Sets forth effective, prompt and mutually binding procedures for resolving labor  
18 disputes that arise during the term of the project labor agreement.

19 “(20) ‘Registered entity’ means a covered entity, opt-in entity, or general market partic-  
20 ipant that has successfully registered to participate in the carbon pollution market.

21 “(21) ‘Retire’ means to permanently remove a compliance instrument from the carbon  
22 pollution market such that the compliance instrument may not be sold, traded or otherwise  
23 used again.

24 “(22) ‘Source’ means:

25 “(a) An air contamination source as defined in ORS 468A.005;

26 “(b) Any person that imports, sells, allocates or distributes for use in this state elec-  
27 tricity, the generation of which emits greenhouse gases; or

28 “(c) Any person that imports, sells or distributes for use in this state fossil fuel that  
29 generates greenhouse gases when combusted.

30 “(23) ‘Surrender’ means to transfer a compliance instrument to the Department of En-  
31 vironmental Quality:

32 “(a) To meet a compliance obligation;

33 “(b) To satisfy a penalty imposed; or

34 “(c) On a voluntary basis.

35  
36 “(Carbon Pollution Market)

37  
38 “SECTION 9. (1) The Environmental Quality Commission shall adopt a carbon pollution  
39 market by rule. Rules adopted under this subsection must, at a minimum:

40 “(a) Identify sources subject to the carbon pollution market. In adopting rules under this  
41 subsection, the commission may not require a source to be subject to the carbon pollution  
42 market unless or until the annual verified greenhouse gas emissions reported under ORS  
43 468A.050 or 468A.280 attributable to that source meet or exceed 25,000 metric tons of carbon  
44 dioxide or carbon dioxide equivalent.

45 “(b) Set a cap on the total combined greenhouse gas emissions allowed from covered en-

1 tities during the calendar year 2021, and a schedule for the cap to decrease by a predeter-  
2 mined amount each calendar year until 2050. The cap and schedule shall reflect the total  
3 greenhouse gas emissions from covered entities, as a proportionate share of statewide  
4 greenhouse gas emissions as defined in section 4 of this 2017 Act, that must be reduced in  
5 order to prevent exceedance of the statewide greenhouse gas emissions levels established by  
6 section 4 of this 2017 Act.

7 “(c) Establish an annual allowance budget for the calendar year 2021, and a schedule for  
8 the annual allowance budget to decrease by a predetermined amount each calendar year until  
9 2050, consistent with the cap set under paragraph (b) of this subsection and taking into ac-  
10 count the effect of offset projects.

11 “(d) Establish a market for allowances and criteria for the distribution of allowances ei-  
12 ther directly at no cost or through an auction administered by the Department of Environ-  
13 mental Quality pursuant to section 10 of this 2017 Act. In distributing allowances, the  
14 department:

15 “(A) Shall place a certain percentage of allowances, as determined necessary by the  
16 commission by rule, directly in an allowance price containment reserve designed to assist in  
17 containing compliance costs for covered entities in the event of unanticipated high costs for  
18 compliance instruments;

19 “(B) Shall distribute to electric utilities and natural gas utilities, directly and free of  
20 charge, allowances to be consigned to the state for auction under section 10 of this 2017 Act;

21 “(C) Shall, in order to address leakage and as determined necessary by the commission  
22 pursuant to subsection (2) of this section, distribute allowances directly and free of charge  
23 to covered entities that include, but are not limited to, covered entities that are part of an  
24 emissions-intensive, trade-exposed industry; and

25 “(D) Shall allocate all remaining allowances to an auction holding account to be auctioned  
26 pursuant to section 10 of this 2017 Act and associated rules.

27 “(e) Allow for the trading of compliance instruments.

28 “(f) Establish three-year compliance periods, standards for calculating covered entities’  
29 compliance obligations relative to the annual allowance budgets applicable during each com-  
30 pliance period and, subject to section 11 of this 2017 Act, procedures by which covered enti-  
31 ties shall meet their compliance obligations.

32 “(g) Allow opt-in entities and general market participants to participate in the carbon  
33 pollution market.

34 “(2) The commission shall hire or contract with a third party organization to provide data  
35 and analysis identifying leakage risk from specific covered entities including, but not limited  
36 to, covered entities that are part of an emissions-intensive, trade-exposed industry. The  
37 commission shall use the data and analysis provided by a third party organization under this  
38 section to determine the number of allowances to be distributed directly and free of charge  
39 under subsection (1)(d)(C) of this section. No less than once every five years, the commission  
40 shall:

41 “(a) Require that any data and analysis provided under this subsection be updated by the  
42 third party organization.

43 “(b) Adjust the number of allowances distributed directly and free of charge under sub-  
44 section (1)(d)(C) as necessary to reflect the updated data and analysis.

45 “(3)(a) The commission shall adopt by rule standards for offset projects that may gener-

1 ate offset credits and standards for covered entities to use offset credits in meeting their  
2 compliance obligations under the carbon pollution market.

3 “(b) Offset projects:

4 “(A) Must not be otherwise required by law; and

5 “(B) Must result in greenhouse gas emissions reductions or removals that are in addition  
6 to greenhouse gas emissions reductions or removals otherwise required by law, that would  
7 not otherwise have occurred if the emissions reduction or removal activity had not been  
8 implemented as part of the offset project and that meet the requirements of subsection (5)  
9 of this section.

10 “(c) Standards adopted under this subsection must ensure that offset credits may be used  
11 to account for no more than 50 percent of the greenhouse gas emissions reductions required  
12 of a covered entity during a compliance period, relative to the previous compliance period.  
13 Standards adopted under this subsection may place additional restrictions on the number of  
14 offset credits that may be used by a covered entity that is an air contamination source as  
15 defined in ORS 468A.005 if the building, premises or other property in, at or on which the  
16 air contamination source is located, or the facility, equipment or other property by which  
17 greenhouse gas emissions are caused or from which the greenhouse gas emissions come, is  
18 geographically located in a disadvantaged community.

19 “(d) In adopting standards under this subsection, the commission shall:

20 “(A) Take into consideration any standards for offset projects and offset credits estab-  
21 lished by other states and countries with comparable carbon pollution markets; and

22 “(B) Develop the standards in a manner that allows for the department to explore and  
23 encourage opportunities for the development of offset projects in this state that may gener-  
24 ate offset credits for use by covered entities in meeting their compliance obligations under  
25 the carbon pollution market.

26 “(4) All covered entities, opt-in entities and general market participants must register  
27 as registered entities to participate in the carbon pollution market. The commission shall  
28 adopt by rule registration requirements and any additional requirements necessary for reg-  
29 istered entities to participate in auctions administered by the department under section 10  
30 of this 2017 Act. The commission may adopt a schedule of fees for registration under this  
31 subsection. Fees shall be reasonably calculated not to exceed the costs to the department in  
32 administering the carbon pollution market.

33 “(5) Greenhouse gas emissions reductions achieved pursuant to the carbon pollution  
34 market developed under this section must be real, permanent, quantifiable, verifiable and  
35 enforceable.

36 “(6) In developing and administering the carbon pollution market under this section, the  
37 commission may pursue linkage agreements with market-based programs in other states or  
38 countries.

39 “SECTION 10. (1) Except as provided in subsection (2) of this section, auctions of allow-  
40 ances under the carbon pollution market shall be open to registered entities. The Environ-  
41 mental Quality Commission shall adopt rules necessary for the Department of Environmental  
42 Quality to administer the auctions. Rules adopted under this subsection must, at a minimum:

43 “(a) Require the department to hold a maximum of four auctions annually. An auction  
44 may include allowances from the annual allowance budget of the current year and allowances  
45 from the annual allowance budgets from prior years that remained unsold at previous auc-

1 tions. The department may auction allowances from future annual allowance budgets sepa-  
2 rately from allowances from current and previous annual allowance budgets.

3 “(b) Require the department to engage:

4 “(A) A qualified, independent contractor to run the auctions; and

5 “(B) A qualified financial services administrator to hold bid guarantees, evaluate bid  
6 guarantees and inform the department of the value of bid guarantees once the bids are ac-  
7 cepted.

8 “(c) Require the department to issue notice for an upcoming auction at least 90 days  
9 prior to the auction. The auction must consist of a single round of sealed bids submitted  
10 during a three-hour open window and must be conducted through a secure online system.

11 “(d) Set an auction floor price and a schedule for the floor price to increase by a prede-  
12 termined amount each calendar year as necessary for proper functioning of the carbon pol-  
13 lution market. The department may not sell allowances at bids lower than the auction floor  
14 price.

15 “(e) Specify, as holding limits, the maximum number of allowances that may be held for  
16 use or trade by a registered entity at any one time.

17 “(f) Require that allowances distributed free of charge to an electric utility or a natural  
18 gas utility must be consigned to the state for auction and may not be surrendered under  
19 section 11 of this 2017 Act to meet the utility’s compliance obligation. Proceeds from the sale  
20 of allowances consigned to the state for auction under this paragraph may be used by the  
21 utility only as provided in section 12 of this 2017 Act.

22 “(g) Require a registered entity intending to participate in an auction to submit an ap-  
23 plication to participate at least 30 days prior to the auction.

24 “(h) Include provisions to guard against bidder collusion and minimize the potential for  
25 market manipulation.

26 “(2)(a) The department shall conduct reserve auctions of allowances from the allowance  
27 price containment reserve once each calendar quarter, separate from the auction of other  
28 allowances. Allowances unsold at a reserve auction must be made available again at future  
29 reserve auctions.

30 “(b) Only covered entities may participate in reserve auctions.

31 “(c) The department shall follow the procedures for auctions adopted by rule under sub-  
32 section (1) of this section for reserve auctions, except that the department may choose to  
33 establish multiple price tiers for the allowances from the allowance price containment re-  
34 serve.

35 “(3) Upon completion and verification of the results of an auction conducted under this  
36 section, the financial services administrator shall notify winning bidders and transfer the  
37 proceeds of the auction as follows:

38 “(a) For auction proceeds from allowances consigned to the state for auction under sub-  
39 section (1)(f) of this section, to the electric utilities and natural gas utilities that consigned  
40 the allowances, to be used only as specified in section 12 of this 2017 Act;

41 “(b) For auction proceeds that constitute revenues described in Article IX, section 3a,  
42 of the Oregon Constitution, to the State Treasurer to be deposited in the Climate Invest-  
43 ments Account in the State Highway Fund; and

44 “(c) For auction proceeds remaining after completion of the transfers under paragraphs  
45 (a) and (b) of this subsection, to the State Treasurer to be deposited as follows:



1       **“(3)(a) Of the moneys deposited in the account each biennium:**  
2       **“(A) At least 20 percent must be used to support projects that are geographically located**  
3 **in disadvantaged communities; and**  
4       **“(B) At least 20 percent must be used to support projects that otherwise benefit disad-**  
5 **vantaged communities.**  
6       **“(b) For purposes of this section, the Department of Transportation shall designate dis-**  
7 **advantaged communities using the methodology adopted by the Environmental Quality**  
8 **Commission by rule under section 15 of this 2017 Act.**  
9       **“(4) In distributing moneys in the account, the Department of Transportation shall:**  
10       **“(a) Consult with the Climate Investments in Disadvantaged Communities Advisory**  
11 **Committee created under section 16 of this 2017 Act;**  
12       **“(b) Follow a methodology, as developed by the Department of Transportation, for en-**  
13 **sureing that a meaningful share of the moneys distributed under this section are used to fund**  
14 **projects that involve the participation of businesses owned by women and members of mi-**  
15 **nority groups; and**  
16       **“(c) To the maximum extent feasible and practicable, give funding preference to projects**  
17 **that will result in the greatest greenhouse gas emissions reductions.**  
18       **“(5) If a construction project is funded in whole or in part by moneys from the account,**  
19 **the primary contractor participating in the construction project:**  
20       **“(a) Must participate in an apprenticeship program registered with the State Appren-**  
21 **ticeship and Training Council;**  
22       **“(b) May not be a contractor listed by the Commissioner of the Bureau of Labor and**  
23 **Industries under ORS 279C.860 as ineligible to receive a contract or subcontract for public**  
24 **works;**  
25       **“(c) Must demonstrate a history of compliance with the rules and other requirements**  
26 **of the Construction Contractors Board and of the Workers’ Compensation Division and the**  
27 **Occupational Safety and Health Division of the Department of Consumer and Business Ser-**  
28 **vices; and**  
29       **“(d) Must demonstrate a history of compliance with federal and state wage and hour**  
30 **laws.**  
31       **“(6) If a construction project is funded in whole or in part by moneys from the account,**  
32 **the Department of Transportation may, on a project-by-project basis, require the use of a**  
33 **high road agreement or a project labor agreement if the use of either type of agreement**  
34 **would advance the public interest and be consistent with law.**  
35       **“SECTION 14. (1) The Oregon Climate Investments Fund is established in the State**  
36 **Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Cli-**  
37 **mate Investments Fund shall be credited to the fund. Moneys in the fund are continuously**  
38 **appropriated to the Department of Environmental Quality to be distributed pursuant to the**  
39 **Climate Investments Grant Program adopted under section 15 of this 2017 Act.**  
40       **“(2) The Oregon Climate Investments Fund shall consist of moneys deposited in the fund**  
41 **under section 10 (3)(c)(A) of this 2017 Act.**  
42       **“(3) Moneys in the fund may be used only for activities that further the purposes of**  
43 **sections 6 to 19 of this 2017 Act as stated in section 6 of this 2017 Act.**  
44       **“SECTION 15. (1) The Environmental Quality Commission shall adopt by rule a Climate**  
45 **Investments Grant Program for distributing moneys in the Oregon Climate Investments**

1 **Fund. The grant program must carry out the purposes of sections 6 to 19 of this 2017 Act**  
2 **as stated in section 6 of this 2017 Act.**

3 **“(2)(a) Moneys must be distributed through the grant program developed under this**  
4 **section such that, of the moneys deposited in or credited to the Oregon Climate Investments**  
5 **Fund each biennium:**

6 **“(A) At least 50 percent of the moneys are distributed to projects or programs that are**  
7 **geographically located in disadvantaged communities; and**

8 **“(B) At least 40 percent of the moneys are distributed to projects or programs that are**  
9 **geographically located in economically distressed areas, with an emphasis placed on projects**  
10 **or programs that support job creation and job education and training opportunities.**

11 **“(b) Disadvantaged communities and economically distressed areas may be, but need not**  
12 **be, considered mutually exclusive for purposes of this subsection.**

13 **“(c) The commission shall consult with the Environmental Justice Task Force, the**  
14 **Oregon Health Authority, other state agencies, local agencies and local officials in adopting**  
15 **by rule a methodology for designating disadvantaged communities for purposes of this sub-**  
16 **section.**

17 **“(3) The grant program shall include the appointment of a grant committee. Members**  
18 **of the grant committee shall be appointed by the Governor. The appointment of members**  
19 **of the grant committee is subject to confirmation by the Senate in the manner prescribed**  
20 **in ORS 171.562 and 171.565. The grant committee may be composed of any number of indi-**  
21 **viduals that the Governor determines necessary. However, in making appointments to the**  
22 **grant committee under this section, the Governor shall:**

23 **“(a) Appoint only members who are residents of this state and ensure that at least one**  
24 **member is appointed from each congressional district in this state;**

25 **“(b) Appoint members with experience in administering state grant programs;**

26 **“(c) Appoint members who reflect the racial, ethnic and economic diversity of experience**  
27 **and background necessary to support successful implementation of the grant program and**  
28 **who have a demonstrated interest in reducing greenhouse gas emissions and taking other**  
29 **actions to promote adaptation and resilience by this state’s communities and economy in the**  
30 **face of climate change; and**

31 **“(d) Ensure that members of the grant committee have expertise in the following fields:**

32 **“(A) Residential or commercial renewable energy;**

33 **“(B) Promotion of civil rights or racial equality;**

34 **“(C) Weatherization, energy efficiency and climate resilience for low-income residents;**

35 **“(D) Water conservation;**

36 **“(E) Financing tools for making renewable energy, energy efficiency and climate**  
37 **resilience strategies available to a broad spectrum of the public;**

38 **“(F) Job training and contracting with businesses owned by women and members of mi-**  
39 **nority groups;**

40 **“(G) Climate justice or environmental justice; and**

41 **“(H) Climate science, with particular expertise in quantifying greenhouse gas emissions**  
42 **reductions.**

43 **“(4) The commission shall determine the form and method of applying for grants from**  
44 **the grant program, the eligibility requirements for grant applicants and general terms and**  
45 **conditions of the grants.**

1       **“(5) The rules adopted by the commission under this section shall provide that the grant**  
2 **committee consult with the Climate Investments in Disadvantaged Communities Advisory**  
3 **Committee created under section 16 of this 2017 Act in reviewing grant applications and**  
4 **making determinations of funding based on a scoring system developed by the commission.**  
5 **The scoring system shall give funding preference to projects and programs that:**

6       **“(a) Maximize multiple benefits in this state, including but not limited to environmental,**  
7 **social and economic benefits;**

8       **“(b) Result in greenhouse gas emissions reductions that are cost effective or that are the**  
9 **product of business and research development interests in this state;**

10       **“(c) Constitute investments in, and facilitate the development of, clean energy**  
11 **infrastructure and technologies in this state;**

12       **“(d) Complement efforts to achieve and maintain federal and state air quality standards;**

13       **“(e) Protect disadvantaged communities and economically distressed areas from eco-**  
14 **nomical uncertainties associated with climate change or climate change policies; or**

15       **“(f) Make use of domestically produced products to the maximum extent feasible.**

16       **“(6) The grant program adopted under this section may:**

17       **“(a) To the extent feasible, require that a grant applicant provide matching funds for**  
18 **completion of the project or program for which a grant is awarded.**

19       **“(b) Allow an applicant to appeal to the commission for reevaluation of any determination**  
20 **of grant funding.**

21       **“(c) Allow for the provision of technical assistance during the grant application process**  
22 **to applicants that are businesses owned by women or members of minority groups.**

23       **“(7) If a construction project is funded in whole or in part by a grant awarded under the**  
24 **grant program, the grant agreement shall require that the primary contractor participating**  
25 **in the construction project:**

26       **“(a) Must participate in an apprenticeship program registered with the State Appren-**  
27 **ticeship and Training Council;**

28       **“(b) May not be a contractor listed by the Commissioner of the Bureau of Labor and**  
29 **Industries under ORS 279C.860 as ineligible to receive a contract or subcontract for public**  
30 **works;**

31       **“(c) Must demonstrate a history of compliance with the rules and other requirements**  
32 **of the Construction Contractors Board and of the Workers’ Compensation Division and the**  
33 **Occupational Safety and Health Division of the Department of Consumer and Business Ser-**  
34 **vices; and**

35       **“(d) Must demonstrate a history of compliance with federal and state wage and hour**  
36 **laws.**

37       **“(8) If a construction project is funded in whole or in part by a grant awarded under the**  
38 **grant program, the Department of Environmental Quality may, on a project-by-project basis,**  
39 **require the use of a high road agreement or a project labor agreement if the use of either**  
40 **type of agreement would advance the public interest and be consistent with law.**

41       **“(9) Subject to the rules adopted by the commission, and subject to reevaluation by the**  
42 **commission on appeal, the grant committee has the responsibility to review grant applica-**  
43 **tions and make funding determinations under the grant program adopted pursuant to this**  
44 **section.**

45       **“SECTION 16. (1) There is created a Climate Investments in Disadvantaged Communities**

1 Advisory Committee consisting of 17 members appointed by the Governor, with at least one  
2 member from each congressional district in this state. The Governor shall appoint members  
3 to the advisory committee as follows:

4 “(a) Eight members must be recommended by the Environmental Justice Task Force and  
5 have experience in working to support environmental justice in disadvantaged communities;

6 “(b) Three members must represent labor interests;

7 “(c) Three members must have experience in sustainable development;

8 “(d) One member must represent the interests of cities;

9 “(e) One member must represent the interests of counties; and

10 “(f) One member must represent the interests of business.

11 “(2) The advisory committee shall consult with and make recommendations to the fol-  
12 lowing public bodies regarding the investment of funds in projects and programs that are  
13 geographically located in disadvantaged communities or that otherwise directly benefit  
14 households located in disadvantaged communities:

15 “(a) The Department of Transportation with relation to the use of moneys in the Climate  
16 Investments Account; and

17 “(b) The grant committee appointed by the Governor under section 15 of this 2017 Act  
18 with relation to the award of grants under the Climate Investments Grant Program.

19 “(3) A majority of the members of the advisory committee constitutes a quorum for the  
20 transaction of business.

21 “(4) The advisory committee shall elect one of its members to serve as chairperson.

22 “(5) The term of a member of the advisory committee shall be four years. Members of  
23 the advisory committee may be reappointed. If there is a vacancy for any cause, the Gov-  
24 ernor shall make an appointment to become immediately effective.

25 “(6) The advisory committee shall meet at times and places specified by the call of the  
26 chairperson or of a majority of the members of the advisory committee.

27 “SECTION 17. Notwithstanding the term of office specified by section 16 of this 2017 Act,  
28 of the members first appointed to the Climate Investments in Disadvantaged Communities  
29 Advisory Committee:

30 “(1) Four shall serve for a term ending January 1, 2022.

31 “(2) Four shall serve for a term ending January 1, 2023.

32 “(3) Four shall serve for a term ending January 1, 2024.

33 “(4) Five shall serve for a term ending January 1, 2025.

34 “SECTION 18. (1) The Just Transition Fund is established in the State Treasury, separate  
35 and distinct from the General Fund. Interest earned by the Just Transition Fund shall be  
36 credited to the fund. Moneys in the fund are continuously appropriated to the Oregon Busi-  
37 ness Development Department to be distributed pursuant to the Just Transition Grant Pro-  
38 gram developed under section 19 of this 2017 Act.

39 “(2) The Just Transition Fund shall consist of moneys deposited in the fund under section  
40 10 (3)(c)(B) of this 2017 Act.

41 “(3) Moneys in the fund may be used only for activities that further the purposes of  
42 sections 6 to 19 of this 2017 Act as stated in section 6 of this 2017 Act.

43 “SECTION 19. (1) The Oregon Business Development Department shall adopt by rule a  
44 Just Transition Grant Program for the disbursement of moneys in the Just Transition Fund.  
45 In developing the grant program, the department shall consult with the advisory committee

1 created under section 7 of this 2017 Act. The purpose of the grant program shall be to sup-  
2 port economic diversification, job creation, job training and other employment and mental  
3 health services for workers and communities in this state that are adversely affected by  
4 climate change or climate change policies.

5 “(2) The grant program shall include the appointment of a grant committee. Members  
6 of the grant committee shall be appointed by the Governor, subject to confirmation by the  
7 Senate in the manner provided in ORS 171.562 and 171.565. The grant committee may be  
8 composed of any number of individuals with qualifications that the Governor determines  
9 necessary and that represent the demographic and geographic diversity in this state. How-  
10 ever, the Governor shall include on the grant committee:

11 “(a) Individuals who have experience in administering state grant programs;

12 “(b) Individuals recommended by the Environmental Justice Task Force who have experi-  
13 ence in working to support environmental justice in disadvantaged communities;

14 “(c) Representatives of labor organizations;

15 “(d) Individuals with energy and climate policy expertise;

16 “(e) At least one individual from each congressional district in this state; and

17 “(f) Representatives of industries impacted by climate change.

18 “(3) Subject to the rules adopted by the department, and subject to reevaluation by the  
19 department on appeal, the grant committee has the responsibility to review grant applica-  
20 tions and make funding determinations under the grant program adopted pursuant to this  
21 section.

22 “(4) The department shall determine the form and method of applying for grants from  
23 the grant program, the eligibility requirements for grant applicants and general terms and  
24 conditions of the grants.

25 “(5) The grant program adopted under this section may:

26 “(a) Require that a grant applicant provide matching funds for completion of the project  
27 or program for which a grant is awarded; and

28 “(b) Allow an applicant to appeal to the department for reevaluation of any determination  
29 of grant funding.

## 30 31 “GREENHOUSE GAS EMISSIONS REGISTRATION AND REPORTING

32  
33 “SECTION 20. ORS 468A.280 is amended to read:

34 “468A.280. (1) In addition to any registration and reporting that may be required under ORS  
35 468A.050, the Environmental Quality Commission by rule may require registration and reporting by:

36 “(a) Any person who imports, sells, allocates or distributes for use in this state electricity, the  
37 generation of which emits greenhouse gases.

38 “(b) Any person who imports, sells or distributes for use in this state fossil fuel that generates  
39 greenhouse gases when combusted.

40 “(2) Rules adopted by the commission under this section for electricity that is imported, sold,  
41 allocated or distributed for use in this state may require reporting of information necessary to de-  
42 termine greenhouse gas emissions from generating facilities used to produce the electricity and re-  
43 lated electricity transmission line losses.

44 “(3)(a) The commission shall allow consumer-owned utilities, as defined in ORS 757.270, to com-  
45 ply with reporting requirements imposed under this section by the submission of a report prepared

1 by a third party. A report submitted under this paragraph may include information for more than  
2 one consumer-owned utility, but must include all information required by the commission for each  
3 individual utility.

4 “(b) For the purpose of determining greenhouse gas emissions related to electricity purchased  
5 from the Bonneville Power Administration by a consumer-owned utility, as defined in ORS 757.270,  
6 the commission may require only that the utility report:

7 “(A) The number of megawatt-hours of electricity purchased by the utility from the Bonneville  
8 Power Administration, segregated by the types of contracts entered into by the utility with the  
9 Bonneville Power Administration; and

10 “(B) The percentage of each fuel or energy type used to produce electricity purchased under  
11 each type of contract.

12 “(4)(a) Rules adopted by the commission pursuant to this section for electricity that is pur-  
13 chased, imported, sold, allocated or distributed for use in this state by an electric company, as de-  
14 fined in ORS 757.600, must be limited to the reporting of:

15 “(A) Greenhouse gas emissions emitted from generating facilities owned or operated by the  
16 electric company;

17 “(B) Greenhouse gas emissions emitted from transmission equipment owned or operated by the  
18 electric company;

19 “(C) The number of megawatt-hours of electricity purchased by the electric company for use in  
20 this state, including information, if known, on:

21 “(i) The seller of the electricity to the electric company; and

22 “(ii) The original generating facility fuel type or types; and

23 “(D) An estimate of the amount of greenhouse gas emissions, using default greenhouse gas  
24 emissions factors established by the commission by rule, attributable to:

25 “(i) Electricity purchases made by a particular seller to the electric company;

26 “(ii) Electricity purchases from an unknown origin or from a seller who is unable to identify the  
27 original generating facility fuel type or types;

28 “(iii) Electricity purchases for which a renewable energy certificate under ORS 469A.130 has  
29 been issued but subsequently transferred or sold to a person other than the electric company;

30 “(iv) Electricity transmitted for others by the electric company; and

31 “(v) Total energy losses from electricity transmission and distribution equipment owned or op-  
32 erated by the electric company.

33 “(b) Pursuant to paragraph (a) of this subsection, a multijurisdictional electric company may rely  
34 upon a cost allocation methodology approved by the Public Utility Commission for reporting emis-  
35 sions allocated in this state.

36 “(5) Rules adopted by the commission under this section for fossil fuel that is imported, sold or  
37 distributed for use in this state may require reporting of the type and quantity of the fuel and any  
38 additional information necessary to determine the carbon content of the fuel. For the purpose of  
39 determining greenhouse gas emissions related to liquefied petroleum gas, the commission shall allow  
40 reporting using publications or submission of data by the American Petroleum Institute but may  
41 require reporting of such other information necessary to achieve the purposes of the rules adopted  
42 by the commission under this section.

43 “(6) To an extent that is consistent with the purposes of the rules adopted by the commission  
44 under this section, the commission shall minimize the burden of the reporting required under this  
45 section by:

1 “(a) Allowing concurrent reporting of information that is also reported to another state agency;

2 “(b) Allowing electronic reporting;

3 “(c) Allowing use of good engineering practice calculations in reports, or of emission factors  
4 published by the United States Environmental Protection Agency;

5 “(d) Establishing thresholds for the amount of specific greenhouse gases that may be emitted or  
6 generated without reporting;

7 “(e) Requiring reporting by the fewest number of persons in a fuel distribution system that will  
8 allow the commission to acquire the information needed by the commission; or

9 “(f) Other appropriate means and procedures determined by the commission.

10 “(7)(a) **Rules adopted under this section must support implementation of the carbon pol-  
11 lution market developed under section 9 of this 2017 Act.**

12 “(b) **If a person that has a compliance obligation under the carbon pollution market de-  
13 veloped under section 9 of this 2017 Act fails to submit a report under this section, the de-  
14 partment shall develop an assigned greenhouse gas emissions level for that person for  
15 purposes of participation in the carbon pollution market.**

16 “[7] (8) As used in this section, ‘greenhouse gas’ [*has the meaning given that term in ORS*  
17 *468A.210*] **means any gas that contributes to anthropogenic climate change, including but not  
18 limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and  
19 sulfur hexafluoride.**

20 “**SECTION 21.** ORS 468A.050 is amended to read:

21 “468A.050. (1) By rule the Environmental Quality Commission may classify air contamination  
22 sources according to levels and types of emissions and other characteristics [*which*] **that** cause or  
23 tend to cause or contribute to air pollution and may require registration or reporting or both for  
24 any such class or classes.

25 “(2) Any person in control of an air contamination source of any class for which registration  
26 and reporting is required under subsection (1) of this section shall register with the Department of  
27 Environmental Quality and make reports containing such information as the commission by rule may  
28 require concerning location, size and height of air contaminant outlets, processes employed, fuels  
29 used and the amounts, nature and duration of air contaminant emissions and such other information  
30 as is relevant to air pollution.

31 “(3)(a) **In addition to any other registration or reporting required under subsection (1)  
32 of this section, the commission shall by rule require registration and reporting of greenhouse  
33 gas emissions by air contamination sources classified pursuant to subsection (1) of this sec-  
34 tion. Rules adopted under this subsection must support implementation of the carbon pol-  
35 lution market developed under section 9 of this 2017 Act.**

36 “(b) **If an air contamination source that has a compliance obligation under the carbon  
37 pollution market developed under section 9 of this 2017 Act fails to submit a report under  
38 this section, the department shall develop an assigned emissions level for that air contam-  
39 ination source for purposes of participation in the carbon pollution market.**

40 “[3] (4) By rule the commission may establish a schedule of fees for the registration of any  
41 class of air contamination sources classified pursuant to subsection (1) of this section for which a  
42 person is required to obtain a permit under ORS 468A.040 or 468A.155 but chooses instead to reg-  
43 ister if allowed by the commission by rule. The commission shall base the fees on the anticipated  
44 cost of developing and implementing programs related to the different classes, including but not  
45 limited to the cost of processing registrations, compliance inspections and enforcement. A regis-

1 tration must be accompanied by any fee specified by the commission by rule, and a subsequent an-  
2 nual registration fee is payable as prescribed by rule of the commission.

3 “[(4)(a)] (5)(a) By rule the commission may establish a schedule of fees for reporting of any class  
4 of air contamination sources classified pursuant to subsection (1) of this section for which a person  
5 is required to obtain permits under ORS 468A.040 or 468A.155 or is subject to the federal operating  
6 permit program pursuant to ORS 468A.310.

7 “(b) Before establishing fees pursuant to this subsection, the commission shall consider the total  
8 fees for each class of sources subject to reporting under this subsection and for which permits are  
9 required under ORS 468A.040 or 468A.155 or the federal operating permit program under ORS  
10 468A.315.

11 “(c) The commission shall limit the fees established under this subsection to the anticipated cost  
12 of developing and implementing reporting programs. Any fees collected under this subsection for any  
13 air contamination source issued a permit under ORS 468A.040 or 468A.155 or sources subject to the  
14 federal operating permit program under ORS 468A.310 must be collected as part of the fee for that  
15 specific permit.

16 “**SECTION 22.** (1) **The Department of Environmental Quality shall study the feasibility**  
17 **of requiring greenhouse gas emissions reported under ORS 468A.050 and 468A.280 to be**  
18 **quantified and reported in a manner that meets:**

19 “(a) **The standards established by the International Organization for Standardization**  
20 **under ISO 14064; or**

21 “(b) **Other standards that meet criteria identified by the department for calculating**  
22 **emissions on a complete life cycle basis, including the emissions attributable to the ex-**  
23 **traction, production, storage, transportation, delivery and final use combustion of a**  
24 **greenhouse gas and fugitive losses, expressed in carbon dioxide equivalents.**

25 “(2) **If the department determines that it is feasible, pursuant to the study required by**  
26 **subsection (1) of this section, the Environmental Quality Commission may require**  
27 **greenhouse gas emissions to be quantified and reported under ORS 468A.050 and 468A.280 in**  
28 **a manner that meets the standards specified in subsection (1)(a) or (b) of this section.**

29  
30 **“OREGON GLOBAL WARMING COMMISSION NAME CHANGE**

31  
32 “**SECTION 23.** ORS 468A.200 is amended to read:

33 “468A.200. The Legislative Assembly finds that:

34 “(1) In December 2004 the Governor’s Advisory Group on Global Warming issued its report  
35 calling for immediate and significant action to address [*global warming*] **climate change**, to reduce  
36 Oregon’s exposure to the risks of [*global warming*] **climate change** and to begin to prepare for the  
37 effects of [*global warming*] **climate change**. The advisory group also identified 46 specific recom-  
38 mendations for measurable reductions in the state’s greenhouse gas emissions.

39 “(2) In partnership with the Governor’s advisory group, 50 scientists signed the ‘Scientific Con-  
40 sensus Statement on the Likely Impacts of Climate Change on the Pacific Northwest,’ which exam-  
41 ined the potential effects of climate change on temperature, precipitation, sea level, marine  
42 ecosystems and terrestrial ecosystems. The scientists recommended additional, improved scientific  
43 studies and modeling of the effects of climate change on the atmosphere, oceans and land, as well  
44 as modeling of the effects of economic and management policies.

45 “(3) [*Global warming*] **Climate change** poses a serious threat to the economic well-being, public

1 health, natural resources and environment of Oregon.

2 “(4) Oregon relies on snowpack for summer stream flows to provide energy, municipal water,  
3 watershed health and irrigation. Also, a potential rise in sea levels threatens Oregon’s coastal  
4 communities. Reduced snowpack, changes in the timing of stream flows, extreme or unusual weather  
5 events, rising sea levels, increased occurrences of vector-borne diseases and impacts on forest health  
6 could significantly impact the economy, environment and quality of life in Oregon.

7 “(5) Oregon forests play a significant role in sequestering atmospheric carbon, and losing this  
8 potential to sequester carbon will have a significant negative effect on the reduction of carbon lev-  
9 els in the atmosphere.

10 “(6) [*Global warming*] **Climate change** will have detrimental effects on many of Oregon’s largest  
11 industries, including agriculture, wine making, tourism, skiing, recreational and commercial fishing,  
12 forestry and hydropower generation, and will therefore negatively impact the state’s workers, con-  
13 sumers and residents.

14 “(7) There is a need to assess the current level of greenhouse gas emissions in Oregon, to  
15 monitor the trend of greenhouse gas emissions in Oregon over the next several decades and to take  
16 necessary action to begin reducing greenhouse gas emissions in order to prevent disruption of  
17 Oregon’s economy and quality of life and to meet Oregon’s responsibility to reduce the impacts and  
18 the pace of [*global warming*] **climate change**.

19 “(8) Oregon has been a national leader in energy conservation and environmental stewardship,  
20 including the areas of energy efficiency requirements and investments, renewable energy invest-  
21 ments, natural resource conservation, greenhouse gas offset requirements and investments, and  
22 global warming pollution standards for passenger vehicles. Significant opportunities remain to re-  
23 duce greenhouse gas emissions statewide, especially from major contributors of greenhouse gas  
24 emissions, including electricity production, transportation, building construction and operation, and  
25 the residential and consumer sectors.

26 “(9) Actions to reduce greenhouse gas emissions will reduce Oregon’s reliance on foreign  
27 sources of energy, lead to the development of technology, attract new businesses to Oregon and in-  
28 crease energy efficiency throughout the state, resulting in benefits to the economy and to individual  
29 businesses and residents.

30 “(10) In devising measures to achieve reduction of greenhouse gas emissions, Oregon must strive  
31 to not disadvantage Oregon businesses as compared to businesses in other states with which Oregon  
32 cooperates on regional greenhouse gas emissions reduction strategies.

33 “(11) Policies pursued, and actions taken, by Oregon will:

34 “(a) In concert with complementary policies and actions by other states and the federal gov-  
35 ernment, substantially reduce the global levels of greenhouse gas emissions and the impacts of those  
36 emissions;

37 “(b) Encourage similar policies and actions by various stakeholders;

38 “(c) Inform and shape national policies and actions in ways that are advantageous to Oregon  
39 residents and businesses; and

40 “(d) Directly benefit the state and local governments, businesses and residents.

41 “**SECTION 24.** ORS 468A.210 is amended to read:

42 “468A.210. As used in ORS 352.823 and 468A.200 to 468A.260:

43 “(1) [*‘Global warming’*] **‘Climate change’** means an increase in the average temperature of the  
44 earth’s atmosphere that is associated with the release of greenhouse gases.

45 “(2) **‘Greenhouse gas’** means any gas that contributes to anthropogenic [*global warming*] **climate**

1 **change**, including[,] but not limited to[,] carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,  
2 perfluorocarbons and sulfur hexafluoride.

3 “[(3) ‘Greenhouse gas cap-and-trade system’ means a system that:]

4 “[(a) Establishes a total cap on greenhouse gas emissions from an identified group of emitters;]

5 “[(b) Establishes a market for allowances that represent emissions; and]

6 “[(c) Allows trading of allowances among greenhouse gas emitters.]

7 “**SECTION 25.** ORS 468A.215 is amended to read:

8 “468A.215. (1) There is created the [*Oregon Global Warming Commission*] **Oregon Commission**  
9 **on Climate Change**. The commission shall consist of 25 members, including 11 voting members ap-  
10 pointed by the Governor under this section and 14 ex officio nonvoting members specified in ORS  
11 468A.220.

12 “(2) Members of the commission appointed under this section shall be appointed so as to be  
13 representative of the social, environmental, cultural and economic diversity of the state and to be  
14 representative of the policy, science, education and implementation elements of the efforts to reduce  
15 greenhouse gas emissions and to prepare Oregon for the effects of [*global warming*] **climate**  
16 **change**. Of the members appointed by the Governor under this section:

17 “(a) One member shall have significant experience in manufacturing;

18 “(b) One member shall have significant experience in energy;

19 “(c) One member shall have significant experience in transportation;

20 “(d) One member shall have significant experience in forestry;

21 “(e) One member shall have significant experience in agriculture; and

22 “(f) One member shall have significant experience in environmental policy.

23 “(3) The Governor shall select a chairperson and a vice chairperson from among the members  
24 appointed under this section.

25 “(4) The term of office of a member appointed under this section is four years. Before the expi-  
26 ration of the term of a member, the Governor shall appoint a successor whose term begins on Jan-  
27 uary 31 next following. A member appointed under this section is eligible for reappointment. In case  
28 of vacancy for any cause, the Governor shall make an appointment to become immediately effective  
29 for the unexpired term.

30 “(5) The members of the commission appointed under this section must be residents of this state.  
31 Failure of a member to maintain compliance with the eligibility requirements related to the  
32 member’s appointment shall result in disqualification from serving on the commission.

33 “(6) Voting members of the commission appointed under this section are entitled to expenses as  
34 provided in ORS 292.495 (2).

35 “**SECTION 26.** ORS 468A.220 is amended to read:

36 “468A.220. (1) In addition to the members appointed under ORS 468A.215, the [*Oregon Global*  
37 *Warming Commission*] **Oregon Commission on Climate Change** includes the following ex officio  
38 nonvoting **members and additional nonvoting** members:

39 “(a) The Director of the State Department of Energy;

40 “(b) The Director of Transportation;

41 “(c) The chairperson of the Public Utility Commission of Oregon;

42 “(d) The Director of the Department of Environmental Quality;

43 “(e) The Director of Agriculture;

44 “(f) The State Forester;

45 “(g) The Water Resources Director; and

1 “(h) Three additional [*ex officio*] nonvoting members, each from a state agency or an academic  
2 institution.

3 “(2) The following representatives of the Legislative Assembly also shall serve as *ex officio*  
4 nonvoting members:

5 “(a) Two members of the Senate, not from the same political party, appointed by the President  
6 of the Senate; and

7 “(b) Two members of the House of Representatives, not from the same political party, appointed  
8 by the Speaker of the House of Representatives.

9 “[~~(3)~~] *Each legislative member serves at the pleasure of the appointing authority and may serve so  
10 long as the member remains in the chamber of the Legislative Assembly from which the member was  
11 appointed.*]

12 “[~~(4)~~] **(3)** Notwithstanding ORS 171.072, members of the commission who are members of the  
13 Legislative Assembly are not entitled to mileage expenses or a per diem and serve as volunteers on  
14 the commission.

15 “**SECTION 27.** ORS 468A.225 is amended to read:

16 “468A.225. (1) A majority of the members of the [*Oregon Global Warming Commission*] **Oregon  
17 Commission on Climate Change** constitutes a quorum for the transaction of business.

18 “(2) The commission shall meet at times and places specified by a majority of the members of  
19 the commission.

20 “**(3) Official action by the commission requires the approval of a majority of the voting  
21 members of the commission.**

22 “[~~(3)~~] **(4)** The State Department of Energy shall provide clerical, technical and management  
23 personnel to serve the commission. Other agencies shall provide support as requested by the de-  
24 partment or the commission.

25 “**SECTION 28.** ORS 468A.230 is amended to read:

26 “468A.230. The [*Oregon Global Warming Commission*] **Oregon Commission on Climate Change**  
27 may adopt by rule such standards and procedures as it considers necessary for the operation of the  
28 commission.

29 “**SECTION 29.** ORS 468A.235 is amended to read:

30 “468A.235. The [*Oregon Global Warming Commission*] **Oregon Commission on Climate Change**  
31 shall recommend ways to coordinate state and local efforts to reduce greenhouse gas emissions in  
32 Oregon consistent with the **levels of** greenhouse gas emissions [*reduction goals*] established by [*ORS*  
33 *468A.205*] **section 4 of this 2017 Act** and shall recommend efforts to help Oregon prepare for the  
34 effects of [*global warming*] **climate change**. The Office of the Governor and state agencies working  
35 on multistate and regional efforts to reduce greenhouse gas emissions shall inform the commission  
36 about these efforts and shall consider input from the commission for such efforts.

37 “**SECTION 30.** ORS 468A.240 is amended to read:

38 “468A.240. (1) In furtherance of **preventing exceedance of the levels of** greenhouse gas emis-  
39 sions [*reduction goals*] established by [*ORS 468A.205*] **section 4 of this 2017 Act**, the [*Oregon Global*  
40 *Warming Commission*] **Oregon Commission on Climate Change** may recommend statutory and  
41 administrative changes, policy measures and other recommendations to be carried out by state and  
42 local governments, businesses, nonprofit organizations or residents. In developing its recommen-  
43 dations, the commission shall consider economic, environmental, health and social costs, and the  
44 risks and benefits of alternative strategies, including least-cost options. The commission shall solicit  
45 and consider public comment relating to statutory, administrative or policy recommendations.

1 “[(2) *The commission shall examine greenhouse gas cap-and-trade systems, including a statewide*  
2 *and multistate carbon cap-and-trade system and market-based mechanisms, as a means of achieving the*  
3 *greenhouse gas emissions reduction goals established by ORS 468A.205.*]

4 “[3] (2) The commission shall examine possible funding mechanisms to obtain low-cost  
5 greenhouse gas emissions reductions and energy efficiency enhancements, including but not limited  
6 to those in the natural gas industry.

7 “**SECTION 31.** ORS 468A.245 is amended to read:

8 “468A.245. The [*Oregon Global Warming Commission*] **Oregon Commission on Climate Change**  
9 shall develop an outreach strategy to educate Oregonians about the scientific aspects and economic  
10 impacts of [*global warming*] **climate change** and to inform Oregonians of ways to reduce greenhouse  
11 gas emissions and ways to prepare for the effects of [*global warming*] **climate change**. The com-  
12 mission, at a minimum, shall work with state and local governments, the State Department of En-  
13 ergy, the Department of Education, the Higher Education Coordinating Commission and businesses  
14 to implement the outreach strategy.

15 “**SECTION 32.** ORS 468A.250 is amended to read:

16 “468A.250. (1) The [*Oregon Global Warming Commission*] **Oregon Commission on Climate**  
17 **Change** shall track and evaluate:

18 “(a) Economic, environmental, health and social assessments of [*global warming*] **climate**  
19 **change** impacts on Oregon and the Pacific Northwest;

20 “(b) Existing greenhouse gas emissions reduction policies and measures;

21 “(c) Economic, environmental, health and social costs, and the risks and benefits of alternative  
22 strategies, including least-cost options;

23 “(d) The physical science of [*global warming*] **climate change**;

24 “(e) Progress toward **preventing exceedance of** the greenhouse gas emissions [*reduction goals*]  
25 **levels** established by [*ORS 468A.205*] **section 4 of this 2017 Act**;

26 “(f) Greenhouse gases emitted by various sectors of the state economy, including but not limited  
27 to industrial, transportation and utility sectors;

28 “(g) Technological progress on sources of energy the use of which generates no or low  
29 greenhouse gas emissions and methods for carbon sequestration;

30 “(h) Efforts to identify the greenhouse gas emissions attributable to the residential and com-  
31 mercial building sectors;

32 “(i) The carbon sequestration potential of Oregon’s forests, alternative methods of forest man-  
33 agement that can increase carbon sequestration and reduce the loss of carbon sequestration to  
34 wildfire, changes in the mortality and distribution of tree and other plant species and the extent to  
35 which carbon is stored in tree-based building materials;

36 “(j) The advancement of regional, national and international policies to reduce greenhouse gas  
37 emissions;

38 “(k) Local and regional efforts to prepare for the effects of [*global warming*] **climate change**;  
39 and

40 “(L) Any other information, policies or analyses that the commission determines will aid in [*the*  
41 *achievement of the greenhouse gas emissions reduction goals established by ORS 468A.205*] **preventing**  
42 **exceedance of the greenhouse gas emissions levels established by section 4 of this 2017 Act**.

43 “(2) The commission shall:

44 “(a) Work with the State Department of Energy and the Department of Environmental Quality  
45 to evaluate all gases with the potential to be greenhouse gases and to determine a carbon dioxide

1 equivalency for those gases; and

2 “(b) Use regional and national baseline studies of building performance to identify incremental  
3 targets for the reduction of greenhouse gas emissions attributable to residential and commercial  
4 building construction and operations.

5 “**SECTION 33.** ORS 468A.255 is amended to read:

6 “468A.255. The [*Oregon Global Warming Commission*] **Oregon Commission on Climate Change**  
7 may recommend to the Governor the formation of citizen advisory groups to explore particular areas  
8 of concern with regard to the reduction of greenhouse gas emissions and the effects of [*global*  
9 *warming*] **climate change**.

10 “**SECTION 34.** ORS 468A.260 is amended to read:

11 “468A.260. The [*Oregon Global Warming Commission*] **Oregon Commission on Climate Change**  
12 shall submit a report to the Legislative Assembly, in the manner provided by ORS 192.245, by  
13 [*March 31 of each odd-numbered year*] **September 15 of each even-numbered year** that describes  
14 Oregon’s progress toward [*achievement of the greenhouse gas emissions reduction goals established*  
15 *by ORS 468A.205*] **preventing exceedance of the greenhouse gas emissions levels established**  
16 **by section 4 of this 2017 Act**. The report may include relevant issues and trends of significance,  
17 including trends of greenhouse gas emissions, emerging public policy and technological advances.  
18 The report also may discuss measures the state may adopt to mitigate the impacts of [*global warm-*  
19 *ing*] **climate change** on the environment, the economy and the residents of Oregon and to prepare  
20 for those impacts.

21  
22 **“CONFORMING AMENDMENTS OPERATIVE IN 2018**

23  
24 “**SECTION 35.** ORS 184.889 is amended to read:

25 “184.889. (1) The Oregon Transportation Commission, after consultation with and in cooperation  
26 with metropolitan planning organizations, other state agencies, local governments and stakeholders,  
27 as a part of the state transportation policy developed and maintained under ORS 184.618, shall adopt  
28 a statewide transportation strategy on greenhouse gas emissions to aid in [*achieving the greenhouse*  
29 *gas emissions reduction goals set forth in ORS 468A.205*] **preventing exceedance of the greenhouse**  
30 **gas emissions levels established by section 4 of this 2017 Act**. The commission shall focus on  
31 reducing greenhouse gas emissions resulting from transportation. In developing the strategy, the  
32 commission shall take into account state and federal programs, policies and incentives related to  
33 reducing greenhouse gas emissions.

34 “(2) The commission shall actively solicit public review and comment in the development of the  
35 strategy.

36 “**SECTION 36.** ORS 352.823 is amended to read:

37 “352.823. (1) The Oregon Climate Change Research Institute is established at Oregon State  
38 University. In administering the institute, Oregon State University may seek the cooperation of  
39 other public universities listed in ORS 352.002.

40 “(2) The purpose of the Oregon Climate Change Research Institute is to:

41 “(a) Facilitate research by faculty at public universities listed in ORS 352.002 on climate change  
42 and its effects on natural and human systems in Oregon;

43 “(b) Serve as a clearinghouse for climate change information;

44 “(c) Provide climate change information to the public in integrated and accessible formats;

45 “(d) Support the [*Oregon Global Warming Commission*] **Oregon Commission on Climate**

1 **Change** in developing strategies to prepare for and to mitigate the effects of climate change on  
2 natural and human systems; and

3 “(e) Provide technical assistance to local governments to assist them in developing climate  
4 change policies, practices and programs.

5 “(3) The Oregon Climate Change Research Institute shall assess, at least once each biennium,  
6 the state of climate change science, including biological, physical and social science, as it relates  
7 to Oregon and the likely effects of climate change on the state. The institute shall submit the as-  
8 sessment to the Legislative Assembly in the manner provided in ORS 192.245 and to the Governor.

9 “(4) State agencies may contract with the Oregon Climate Change Research Institute to fulfill  
10 agency needs regarding the collection, storage, integration, analysis, dissemination and monitoring  
11 of climate change information, research and training.

12 “**SECTION 37.** Section 9, chapter 751, Oregon Laws 2009, is amended to read:

13 “**Sec. 9.** (1) The Public Utility Commission shall develop estimates of the rate impacts for elec-  
14 tric companies and natural gas companies to meet the following alternative greenhouse gas emission  
15 reduction goals for 2020:

16 “(a) Ten percent below 1990 levels[, *as specified in ORS 468A.205*]; and

17 “(b) Fifteen percent below 2005 levels.

18 “(2) The commission shall submit a report presenting the estimates and explaining the analysis  
19 used to develop the estimates to the appropriate interim committee of the Legislative Assembly prior  
20 to November 1 of each even-numbered year.

21 “**SECTION 38.** Section 20, chapter 28, Oregon Laws 2016, is amended to read:

22 “**Sec. 20.** (1) As used in this section:

23 “(a) ‘Electric company’ has the meaning given that term in ORS 757.600.

24 “(b) ‘Transportation electrification’ means:

25 “(A) The use of electricity from external sources to provide power to all or part of a vehicle;

26 “(B) Programs related to developing the use of electricity for the purpose described in subpar-  
27 agraph (A) of this paragraph; and

28 “(C) Infrastructure investments related to developing the use of electricity for the purpose de-  
29 scribed in subparagraph (A) of this paragraph.

30 “(c) ‘Vehicle’ means a vehicle, vessel, train, boat or any other equipment that is mobile.

31 “(2) The Legislative Assembly finds and declares that:

32 “(a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels  
33 of energy efficiency and carbon reduction, meet federal and state air quality standards, [*meet this*  
34 *state’s greenhouse gas emissions reduction goals described in ORS 468A.205*] **prevent exceedance**  
35 **of the greenhouse gas emissions levels established by section 4 of this 2017 Act** and improve  
36 the public health and safety;

37 “(b) Widespread transportation electrification requires that electric companies increase access  
38 to the use of electricity as a transportation fuel;

39 “(c) Widespread transportation electrification requires that electric companies increase access  
40 to the use of electricity as a transportation fuel in low and moderate income communities;

41 “(d) Widespread transportation electrification should stimulate innovation and competition, pro-  
42 vide consumers with increased options in the use of charging equipment and in procuring services  
43 from suppliers of electricity, attract private capital investments and create high quality jobs in this  
44 state;

45 “(e) Transportation electrification and the purchase and use of electric vehicles should assist in

1 managing the electrical grid, integrating generation from renewable energy resources and improving  
2 electric system efficiency and operational flexibility, including the ability of an electric company to  
3 integrate variable generating resources;

4 “(f) Deploying transportation electrification and electric vehicles creates the opportunity for an  
5 electric company to propose, to the Public Utility Commission, that a net benefit for the customers  
6 of the electric company is attainable; and

7 “(g) Charging electric vehicles in a manner that provides benefits to electrical grid management  
8 affords fuel cost savings for vehicle drivers.

9 “(3) The Public Utility Commission shall direct each electric company to file applications, in a  
10 form and manner prescribed by the commission, for programs to accelerate transportation  
11 electrification. A program proposed by an electric company may include prudent investments in or  
12 customer rebates for electric vehicle charging and related infrastructure.

13 “(4) When considering a transportation electrification program and determining cost recovery  
14 for investments and other expenditures related to a program proposed by an electric company under  
15 subsection (3) of this section, the commission shall consider whether the investments and other  
16 expenditures:

17 “(a) Are within the service territory of the electric company;

18 “(b) Are prudent as determined by the commission;

19 “(c) Are reasonably expected to be used and useful as determined by the commission;

20 “(d) Are reasonably expected to enable the electric company to support the electric company’s  
21 electrical system;

22 “(e) Are reasonably expected to improve the electric company’s electrical system efficiency and  
23 operational flexibility, including the ability of the electric company to integrate variable generating  
24 resources; and

25 “(f) Are reasonably expected to stimulate innovation, competition and customer choice in elec-  
26 tric vehicle charging and related infrastructure and services.

27 “(5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of this section:

28 “(A) May allow a return of and a return on an investment made by an electric company under  
29 subsection (3) of this section; and

30 “(B) Shall be recovered from all customers of an electric company in a manner that is similar  
31 to the recovery of distribution system investments.

32 “(b) A return on investment allowed under this subsection may be earned for a period of time  
33 that does not exceed the depreciation schedule of the investment approved by the commission. When  
34 an electric company’s investment is fully depreciated, the commission may authorize the electric  
35 company to donate the electric vehicle charging infrastructure to the owner of the property on  
36 which the infrastructure is located.

37 “(6) For purposes of ORS 757.355, electric vehicle charging infrastructure provides utility ser-  
38 vice to the customers of an electric company.

39 “(7) In authorizing programs described in subsection (3) of this section, the commission shall  
40 review data concerning current and future adoption of electric vehicles and utilization of electric  
41 vehicle charging infrastructure. If market barriers unrelated to the investment made by an electric  
42 company prevent electric vehicles from adequately utilizing available electric vehicle charging  
43 infrastructure, the commission may not permit additional investments in transportation  
44 electrification without a reasonable showing that the investments would not result in long-term  
45 stranded costs recoverable from the customers of electric companies.



1 **Act.**

2 “(b) ‘Low carbon fuel standards’ means standards for the reduction of greenhouse gas emissions,  
3 on average, per unit of fuel energy.

4 “(c) ‘Motor vehicle’ has the meaning given that term in ORS 801.360.

5 “(2)(a) The Environmental Quality Commission shall adopt by rule low carbon fuel standards for  
6 gasoline, diesel and fuels used as substitutes for gasoline or diesel.

7 “(b) The commission may adopt the following related to the standards, including but not limited  
8 to:

9 “(A) A schedule to phase in implementation of the standards in a manner that reduces the av-  
10 erage amount of greenhouse gas emissions per unit of fuel energy of the fuels by 10 percent below  
11 2010 levels by the year 2025 or by a later date if the commission determines that an extension is  
12 appropriate to implement the standards;

13 “(B) Standards for greenhouse gas emissions attributable to the fuels throughout their lifecycles,  
14 including but not limited to emissions from the production, storage, transportation and combustion  
15 of the fuels and from changes in land use associated with the fuels;

16 “(C) Provisions allowing the use of all types of low carbon fuels to meet the low carbon fuel  
17 standards, including but not limited to biofuels, biogas, natural gas, liquefied petroleum gas, gaso-  
18 line, diesel, hydrogen and electricity;

19 “(D) Standards for the issuance of deferrals, established with adequate lead time, as necessary  
20 to ensure adequate fuel supplies;

21 “(E) Exemptions for fuels that are used in volumes below thresholds established by the com-  
22 mission;

23 “(F) Standards, specifications, testing requirements and other measures as needed to ensure the  
24 quality of fuels produced in accordance with the low carbon fuel standards, including but not limited  
25 to the requirements of ORS 646.910 to 646.923 and administrative rules adopted by the State De-  
26 partment of Agriculture for motor fuel quality; and

27 “(G) Adjustments to the amounts of greenhouse gas emissions per unit of fuel energy assigned  
28 to fuels for combustion and drive train efficiency.

29 “(c) Before adopting standards under this section, the commission shall consider the low carbon  
30 fuel standards of other states, including but not limited to Washington, for the purpose of deter-  
31 mining schedules and goals for the reduction of the average amount of greenhouse gas emissions per  
32 unit of fuel energy and the default values for these reductions for applicable fuels.

33 “(d) The commission shall adopt by rule provisions for managing and containing the costs of  
34 compliance with the standards, including but not limited to provisions to facilitate compliance with  
35 the standards by ensuring that persons may obtain credits for fuels used as substitutes for gasoline  
36 or diesel and by creating opportunities for persons to trade credits.

37 “(e) The commission shall exempt from the standards any person who imports in a calendar year  
38 less than 500,000 gallons of gasoline and diesel fuel, in total. Any fuel imported by persons that are  
39 related or share common ownership or control shall be aggregated together to determine whether  
40 a person is exempt under this paragraph.

41 “(f)(A) The commission by rule shall prohibit fuels that contain biodiesel from being considered  
42 an alternative fuel under these standards unless the fuel meets the following standards:

43 “(i) Fuel that consists entirely of biodiesel, designated as B100, shall comply with ASTM D 6751  
44 and shall have an oxidation stability induction period of not less than eight hours as determined by  
45 the test method described in European standard EN 15751; and

1 “(ii) Fuel that consists of a blend of diesel fuel and between 6 and 20 volume percent biodiesel,  
2 and designated as biodiesel blends B6 to B20, shall comply with ASTM D 7467 and shall have an  
3 oxidation stability induction period of not less than 20 hours as determined by the test method de-  
4 scribed in European standard EN 15751.

5 “(B) The commission may adopt rules different from those required under subparagraph (A) of  
6 this paragraph if an ASTM or EN standard applicable to biodiesel is approved or amended after  
7 March 12, 2015, or if the commission finds that different rules are necessary due to changes in  
8 technology or fuel testing or production methods.

9 “(C) As used in this subsection, ‘biodiesel’ means a motor vehicle fuel consisting of mono-alkyl  
10 esters of long chain fatty acids derived from vegetable oils, animal fats or other nonpetroleum re-  
11 sources, not including palm oil.

12 “(3) In adopting rules under this section, the Environmental Quality Commission shall evaluate:

13 “(a) Safety, feasibility, net reduction of greenhouse gas emissions and cost-effectiveness;

14 “(b) Potential adverse impacts to public health and the environment, including but not limited  
15 to air quality, water quality and the generation and disposal of waste in this state;

16 “(c) Flexible implementation approaches to minimize compliance costs; and

17 “(d) Technical and economic studies of comparable greenhouse gas emissions reduction measures  
18 implemented in other states and any other studies as determined by the commission.

19 “(4)(a) The provisions of this section do not apply to fuel that is demonstrated to have been used  
20 in any of the following:

21 “(A) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300.

22 “(B) Farm tractors, as defined in ORS 801.265.

23 “(C) Implements of husbandry, as defined in ORS 801.310.

24 “(D) Motor trucks, as defined in ORS 801.355, used primarily to transport logs.

25 “(E) Motor vehicles that are not designed primarily to transport persons or property, that are  
26 operated on highways only incidentally, and that are used primarily for construction work.

27 “(F) Watercraft.

28 “(G) Railroad locomotives.

29 “(b) The Environmental Quality Commission shall by rule adopt standards for persons to qualify  
30 for the exemptions provided in this subsection.

31 “**SECTION 42.** ORS 757.528 is amended to read:

32 “757.528. (1) Unless modified by rule by the State Department of Energy as provided in this  
33 section, the greenhouse gas emissions standard that applies to consumer-owned utilities is 1,100  
34 pounds of greenhouse gases per megawatt-hour for a generating facility.

35 “(2) Unless modified pursuant to subsection (4) of this section, the greenhouse gas emissions  
36 standard includes only carbon dioxide emissions.

37 “(3) For purposes of applying the emissions standard to cogeneration facilities, the department  
38 shall establish an output-based methodology to ensure that the calculation of emissions of  
39 greenhouse gases for cogeneration facilities recognizes the total usable energy output of the process  
40 and includes all greenhouse gases emitted by the facility in the production of both electrical and  
41 thermal energy.

42 “(4) The department shall review the greenhouse gas emissions standard established under this  
43 section no more than once every three years. After public notice and hearing, and consultation with  
44 the Public Utility Commission, the department may:

45 “(a) Modify the emissions standard to include other greenhouse gases as defined in [ORS

1 468A.210] **section 8 of this 2017 Act**, with the other greenhouse gases expressed as their carbon  
2 dioxide equivalent; and

3 “(b) Modify the emissions standard based upon current information on the rate of greenhouse  
4 gas emissions from a commercially available combined-cycle natural gas generating facility that:

5 “(A) Employs a combination of one or more gas turbines and one or more steam turbines and  
6 produces electricity in the steam turbines from waste heat produced by the gas turbines;

7 “(B) Has a heat rate at high elevation within the boundaries of the Western Electricity Coor-  
8 dinating Council; and

9 “(C) Has a heat rate at ambient temperatures when operating during the hottest day of the year.

10 “(5) In modifying the greenhouse gas emissions standard, the department shall:

11 “(a) Use an output-based methodology to ensure that the calculation of greenhouse gas emissions  
12 through cogeneration recognizes the total usable energy output of the process and includes all  
13 greenhouse gases emitted by the generating facility in the production of both electrical and thermal  
14 energy; and

15 “(b) Consider the effects of the emissions standard on system reliability and overall costs to  
16 electricity consumers.

17 “(6) If upon a review conducted pursuant to subsection (4) of this section, the department de-  
18 termines that a mandatory greenhouse gas emissions limit has been established pursuant to state  
19 or federal law, the department shall issue a report to the appropriate legislative committees of the  
20 Legislative Assembly stating which portions, if any, of the greenhouse gas emissions standard are  
21 no longer necessary as a matter of state law.

22 “**SECTION 43.** ORS 468A.020 is amended to read:

23 “468A.020. (1) Except as provided in subsection (2) of this section, the air pollution laws con-  
24 tained in ORS chapters 468, 468A and 468B do not apply to:

25 “(a) Agricultural operations, including but not limited to:

26 “(A) Growing or harvesting crops;

27 “(B) Raising fowl or animals;

28 “(C) Clearing or grading agricultural land;

29 “(D) Propagating and raising nursery stock;

30 “(E) Propane flaming of mint stubble; and

31 “(F) Stack or pile burning of residue from Christmas trees, as defined in ORS 571.505, during the  
32 period beginning October 1 and ending May 31 of the following year.

33 “(b) Equipment used in agricultural operations, except boilers used in connection with propa-  
34 gating and raising nursery stock.

35 “(c) Barbecue equipment used in connection with any residence.

36 “(d) Heating equipment in or used in connection with residences used exclusively as dwellings  
37 for not more than four families, except solid fuel burning devices, as defined in ORS 468A.485, that  
38 are subject to regulation under this section and ORS 468A.140 and 468A.460 to 468A.515.

39 “(e) Fires set or permitted by any public agency when such fire is set or permitted in the per-  
40 formance of its official duty for the purpose of weed abatement, prevention or elimination of a fire  
41 hazard, or instruction of employees in the methods of fire fighting, which in the opinion of the  
42 agency is necessary.

43 “(f) Fires set pursuant to permit for the purpose of instruction of employees of private industrial  
44 concerns in methods of fire fighting, or for civil defense instruction.

45 “(2) Subsection (1) of this section does not apply to the extent:

1 “(a) Otherwise provided in ORS 468A.555 to 468A.620, 468A.790, 468A.992, 476.380 and 478.960;

2 “(b) Necessary to implement the federal Clean Air Act (P.L. 88-206 as amended) under ORS  
3 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and 468A.300 to 468A.330; or

4 “(c) Necessary for the Environmental Quality Commission, in the commission’s discretion, to  
5 implement a recommendation of the Task Force on Dairy Air Quality created under section 3,  
6 chapter 799, Oregon Laws 2007, for the regulation of dairy air contaminant emissions.

7 “(3)(a) Except to the extent necessary to implement the federal Clean Air Act (P.L. 88-206 as  
8 amended), [*the air pollution laws contained in*] ORS 468A.025, 468A.030, 468A.035, 468A.040, 468A.045  
9 and 468A.300 to 468A.330 **and sections 6 to 19 of this 2017 Act** do not apply to carbon dioxide  
10 emissions from the combustion or decomposition of biomass.

11 “(b) As used in this subsection, ‘biomass’ means:

12 “(A) Nonfossilized and biodegradable organic materials that originate from plants, animals and  
13 microorganisms and that are products, byproducts, residues or wastes from agriculture, forestry and  
14 related industries;

15 “(B) Nonfossilized and biodegradable organic fractions of industrial and municipal wastes; and

16 “(C) Gases and liquids recovered from the decomposition of nonfossilized and biodegradable or-  
17 ganic matter.

18  
19 **“OPERATIVE DATES**

20  
21 **“SECTION 44. (1)(a) Sections 1, 3 and 4 of this 2017 Act, the amendments to ORS 184.889,**  
22 **352.823, 468A.200, 468A.210, 468A.215, 468A.220, 468A.225, 468A.230, 468A.235, 468A.240,**  
23 **468A.245, 468A.250, 468A.255 and 468A.260 and section 9, chapter 751, Oregon Laws 2009, and**  
24 **section 20, chapter 28, Oregon Laws 2016, by sections 23 to 38 of this 2017 Act and the repeal**  
25 **of ORS 468A.205 by section 2 of this 2017 Act become operative on January 1, 2018.**

26 **“(b) The Environmental Quality Commission may adopt rules or take any actions before**  
27 **the operative date specified in paragraph (a) of this subsection that are necessary to enable**  
28 **the commission, on and after the operative date specified in paragraph (a) of this subsection,**  
29 **to carry out the provisions of section 4 of this 2017 Act and the amendments to ORS 184.889,**  
30 **352.823, 468A.200, 468A.210, 468A.215, 468A.220, 468A.225, 468A.230, 468A.235, 468A.240,**  
31 **468A.245, 468A.250, 468A.255 and 468A.260 and section 9, chapter 751, Oregon Laws 2009, and**  
32 **section 20, chapter 28, Oregon Laws 2016, by sections 23 to 38 of this 2017 Act. Any rules**  
33 **adopted by the commission under this subsection may not become operative until January**  
34 **1, 2018.**

35 **“(2)(a) Sections 5, 6 to 19 and 22 of this 2017 Act, the amendments to ORS 468A.020,**  
36 **468A.050, 468A.270, 468A.275, 468A.280 and 757.528 by sections 20, 21 and 40 to 43 of this 2017**  
37 **Act and the repeal of ORS 468A.210 by section 39 of this 2017 Act become operative on Jan-**  
38 **uary 1, 2021.**

39 **“(b) The Environmental Quality Commission, the Public Utility Commission, the Depart-**  
40 **ment of Transportation and the Oregon Business Development Department may adopt rules**  
41 **or take any actions before the operative date specified in paragraph (a) of this subsection**  
42 **that are necessary to enable the commissions and departments, on and after the operative**  
43 **date specified in paragraph (a) of this subsection, to carry out the provisions of sections 6**  
44 **to 19 and 22 of this 2017 Act and the amendments to ORS 468A.050 and 468A.280 by sections**  
45 **20 and 21 of this 2017 Act. Any rules adopted by the Environmental Quality Commission, the**

1 Public Utility Commission, the Department of Transportation or the Oregon Business De-  
2 velopment Department under this subsection may not become operative until January 1,  
3 2021.

4  
5 **“REPORT**

6  
7 **“SECTION 45.** On or before September 15, 2019, the Department of Environmental Qual-  
8 ity shall report on the actions being taken by the Environmental Quality Commission and the  
9 department to prepare for implementation of sections 6 to 19 and 22 of this 2017 Act and the  
10 amendments to ORS 468A.050 and 468A.280 by sections 20 and 21 of this 2017 Act to the in-  
11 terim legislative committees on the environment and natural resources.

12  
13 **“CAPTIONS**

14  
15 **“SECTION 46.** The unit captions used in this 2017 Act are provided only for the conven-  
16 ience of the reader and do not become part of the statutory law of this state or express any  
17 legislative intent in the enactment of this 2017 Act.

18  
19 **“NAME CHANGE**

20  
21 **“SECTION 47.** (1) The amendments to ORS 352.823, 468A.215, 468A.220, 468A.225, 468A.230,  
22 468A.235, 468A.240, 468A.245, 468A.250, 468A.255 and 468A.260 by sections 25 to 34 and 36 of  
23 this 2017 Act are intended to change the name of the ‘Oregon Global Warming Commission’  
24 to the ‘Oregon Commission on Climate Change.’

25 **“(2)** For the purpose of harmonizing and clarifying statutory law, the Legislative Counsel  
26 may substitute for words designating the ‘Oregon Global Warming Commission,’ wherever  
27 they occur in statutory law, other words designating the ‘Oregon Commission on Climate  
28 Change.’

29  
30 **“EMERGENCY CLAUSE**

31  
32 **“SECTION 48.** This 2017 Act being necessary for the immediate preservation of the public  
33 peace, health and safety, an emergency is declared to exist, and this 2017 Act takes effect  
34 on its passage.”.