

D R A F T

SUMMARY

Repeals greenhouse gas emissions reduction goals. Directs Environmental Quality Commission to adopt by rule statewide greenhouse gas emissions limits.

Authorizes commission to adopt by rule greenhouse gas regulatory programs.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to greenhouse gas emissions; creating new provisions; amending ORS 184.617, 184.621, 283.398, 283.401, 468A.005, 468A.210, 468A.235, 468A.240, 468A.250, 468A.260, 468A.265, 468A.279, 468A.280, 757.357 and 757.528; repealing ORS 468A.205; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

“GREENHOUSE GAS” DEFINED FOR PURPOSES OF AIR QUALITY LAWS

SECTION 1. ORS 468A.005 is amended to read:

468A.005. As used in ORS chapters 468, 468A and 468B, unless the context requires otherwise:

(1) “Air-cleaning device” means any method, process or equipment *[which]* **that** removes, reduces or renders less noxious air contaminants prior to their discharge in the atmosphere.

(2) “Air contaminant” means a dust, fume, gas, mist, odor, smoke, vapor, pollen, soot, carbon, acid or particulate matter or any combination thereof.

1 (3) “Air contamination” means the presence in the outdoor atmosphere
2 of one or more air contaminants [*which*] **that** contribute to a condition of
3 air pollution.

4 (4) “Air contamination source” means any source at, from, or by reason
5 of which there is emitted into the atmosphere any air contaminant, regard-
6 less of who the person may be who owns or operates the building, premises
7 or other property in, at or on which such source is located, or the facility,
8 equipment or other property by which the emission is caused or from which
9 the emission comes.

10 (5) “Air pollution” means the presence in the outdoor atmosphere of one
11 or more air contaminants, or any combination thereof, in sufficient quanti-
12 ties and of such characteristics and of a duration as are or are likely to be
13 injurious to public welfare, to the health of human, plant or animal life or
14 to property or to interfere unreasonably with enjoyment of life and property
15 throughout such area of the state as shall be affected thereby.

16 (6) “Area of the state” means any city or county or portion thereof or
17 other geographical area of the state as may be designated by the Environ-
18 mental Quality Commission.

19 (7) “Greenhouse gas” includes, but is not limited to, carbon dioxide,
20 methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur
21 hexafluoride and nitrogen trifluoride.

22

23 **STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS**

24

25 **SECTION 2. ORS 468A.205 is repealed.**

26 **SECTION 3. Section 4 of this 2020 Act is added to and made a part**
27 **of ORS chapter 468A.**

28 **SECTION 4. (1) As used in this section, “statewide greenhouse gas**
29 **emissions” means:**

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

1 (b) All emissions of greenhouse gases from outside this state that
2 are attributable to the generation of electricity that is delivered to and
3 consumed in this state, accounting for transmission and distribution
4 line losses.

5 (2) The Environmental Quality Commission shall adopt by rule:

6 (a) A statewide greenhouse gas emissions limit that, for the year
7 2035, requires greenhouse gas emissions to be reduced to levels that
8 are at least 45 percent below 1990 levels; and

9 (b) A statewide greenhouse gas emissions limit that, for the year
10 2050, requires greenhouse gas emissions to be reduced to levels that
11 are at least 80 percent below 1990 levels.

12
13 **AUTHORIZATION FOR ENVIRONMENTAL QUALITY COMMISSION**
14 **TO ADOPT GREENHOUSE GAS REGULATORY PROGRAMS**

15
16 **SECTION 5.** (1) Section 7 of this 2020 Act becomes operative on
17 **August 1, 2021.**

18 (2) Any rules adopted by the Environmental Quality Commission
19 under section 7 of this 2020 Act may not become operative until Jan-
20 uary 1, 2022.

21 **SECTION 6.** Section 7 of this 2020 Act is added to and made a part
22 of ORS chapter 468A.

23 **SECTION 7.** (1) The Environmental Quality Commission shall, by
24 rule, adopt programs for regulating greenhouse gas emissions attrib-
25 utable to:

26 (a) Persons in control of air contamination sources of any class for
27 which registration and reporting are required under ORS 468A.050;

28 (b) Persons who import, sell, allocate or distribute electricity for
29 use in this state;

30 (c) Persons who import, sell, allocate or distribute natural gas for
31 use in this state; and

1 (d) Persons who import, sell or distribute for use in this state liquid
2 or gaseous fuel other than natural gas that emits greenhouse gases
3 when combusted.

4 (2) The purpose of programs adopted under this section shall be to
5 reduce the total anthropogenic greenhouse gas emissions by all per-
6 sons subject to each program as a proportionate share of statewide
7 greenhouse gas emissions, as defined in section 4 of this 2020 Act, that
8 must be reduced to prevent exceedance of the statewide greenhouse
9 gas emissions limits established under section 4 of this 2020 Act.

10 (3) The commission by rule may adopt a schedule of fees reasonably
11 calculated not to exceed the costs to the Department of Environmental
12 Quality in developing and administering programs adopted under this
13 section.

14
15 **CONFORMING PROVISIONS**

16
17 **SECTION 8.** ORS 184.617 is amended to read:

18 184.617. (1) The Oregon Transportation Commission shall:

19 (a) Establish the policies for the operation of the Department of Trans-
20 portation in a manner consistent with the policies and purposes of ORS
21 184.610 to 184.665.

22 (b) Develop and maintain state transportation policies, including but not
23 limited to policies related to the management, construction and maintenance
24 of highways and other transportation systems in Oregon, including but not
25 limited to aviation, ports and rail.

26 (c) Develop and maintain a comprehensive, 20-year long-range plan for a
27 safe, multimodal transportation system for the state which encompasses
28 economic efficiency, orderly economic development and environmental qual-
29 ity. The comprehensive, long-range plan:

30 (A) Must include, but not be limited to, aviation, highways, mass transit,
31 ports, rails and waterways; and

1 (B) Must be used by all agencies and officers to guide and coordinate
2 transportation activities and to ensure transportation planning utilizes the
3 potential of all existing and developing modes of transportation.

4 (d) In coordination with the State Marine Board, the Oregon Business
5 Development Department, the State Aviation Board, cities, counties, mass
6 transit districts organized under ORS 267.010 to 267.394 and transportation
7 districts organized under ORS 267.510 to 267.650, develop plans for each mode
8 of transportation and multimodal plans for the movement of people and
9 freight. Subject to paragraph (c) of this subsection, the plans must include
10 a list of projects needed to maintain and develop the transportation
11 infrastructure of this state for at least 20 years in the future.

12 (e) For the plans developed under paragraph (d) of this subsection, include
13 a list of projects for at least 20 years into the future that are capable of
14 being accomplished using the resources reasonably expected to be available.
15 As the plans are developed by the commission, the Director of Transportation
16 shall prepare and submit implementation programs to the commission for
17 approval. Work approved by the commission to carry out the plans shall be
18 assigned to the appropriate unit of the Department of Transportation or
19 other appropriate public body, as defined in ORS 174.109.

20 (f) Initiate studies, as it deems necessary, to guide the director concerning
21 the transportation needs of Oregon.

22 (g) Prescribe the administrative practices followed by the director in the
23 performance of any duty imposed on the director by law.

24 (h) Seek to enter into intergovernmental agreements with local govern-
25 ments and local service districts, as those terms are defined in ORS 174.116,
26 to encourage cooperation between the department and local governments and
27 local service districts to maximize the efficiency of transportation systems
28 in Oregon.

29 (i) Review and approve the department's:

30 (A) Proposed transportation projects, as described in the Statewide
31 Transportation Improvement Program, and any significant transportation

1 project modifications, as determined by the commission;

2 (B) Proposed budget form prior to the department submitting the form to
3 the Oregon Department of Administrative Services under ORS 291.208;

4 (C) Anticipated capital construction requirements;

5 (D) Construction priorities; and

6 (E) Selection, vacation or abandonment of state highways.

7 (j) Adopt a statewide transportation strategy on greenhouse gas emissions
8 to aid in achieving the greenhouse gas emissions reduction goals set forth
9 in ORS 468A.205 (2019 Edition). The commission shall focus on reducing
10 greenhouse gas emissions resulting from transportation. In developing the
11 strategy, the commission shall consider state and federal programs, policies
12 and incentives related to reducing greenhouse gas emissions. The commission
13 shall consult and cooperate with metropolitan planning organizations, other
14 state agencies, local governments and stakeholders and shall actively solicit
15 public review and comment in the development of the strategy. **The com-
16 mission shall periodically assess, update and modify the strategy as
17 necessary to prevent exceedance of the statewide greenhouse gas
18 emissions limits established under section 4 of this 2020 Act.**

19 (k) Perform any other duty vested in it by law.

20 (2) The commission has general power to take any action necessary to
21 coordinate and administer programs relating to highways, motor carriers,
22 motor vehicles, public transit, rail, transportation safety and such other
23 programs related to transportation.

24 (3) The commission may require the director to furnish whatever reports,
25 statistics, information or assistance the commission may request in order to
26 study the department or transportation-related issues.

27 **SECTION 9.** ORS 283.398 is amended to read:

28 283.398. (1) As used in this section and ORS 283.401, “zero-emission vehi-
29 cle” means a battery electric vehicle, a plug-in hybrid electric vehicle or a
30 hydrogen fuel cell vehicle or any type of vehicle defined by the State De-
31 partment of Energy or the Environmental Quality Commission by rule as a

1 “zero-emission vehicle” if the vehicle’s type and fuel are consistent with the
2 goals set forth in this section.

3 (2) The Legislative Assembly finds that:

4 (a) Motor vehicle emissions contribute significantly to air pollution in
5 this state.

6 (b) In 2019, the Oregon transportation sector was responsible for approx-
7 imately 40 percent of this state’s greenhouse gas emissions, and light-duty
8 vehicles were responsible for more than half of the transportation sector’s
9 emissions.

10 (c) Motor vehicle emissions, especially greenhouse gases, are difficult to
11 reduce and will rise over time if not limited by additional laws and regu-
12 lations.

13 (d) Absent significant changes in the types of motor vehicles used by
14 people and businesses in Oregon, the state will not meet the greenhouse gas
15 emissions [*reduction goals set forth in ORS 468A.205*] **limits established**
16 **under section 4 of this 2020 Act.**

17 (e) In ORS 757.357, the Legislative Assembly found that transportation
18 electrification is necessary to reduce petroleum use, achieve optimum levels
19 of energy efficiency and carbon reduction, meet federal and state air quality
20 standards, meet this state’s greenhouse gas emissions [*reduction goals set*
21 *forth in ORS 468A.205*] **limits established under section 4 of this 2020**
22 **Act** and improve the public health and safety.

23 (f) Existing federal and state incentives and programs are insufficient to
24 transform the motor vehicle market on a timeline that will protect
25 Oregonians from the worst impacts of global climate change.

26 (g) The purchase and ownership of zero-emission vehicles can reduce the
27 overall energy costs paid by Oregon households and the specific costs asso-
28 ciated with meeting transportation needs.

29 (h) A robust and well-operating market for zero-emission vehicles is es-
30 sential to meeting this state’s greenhouse gas emissions reduction goals.

31 (i) Certain residents and communities face greater barriers to purchasing

1 or leasing zero-emission vehicles, and additional support and innovative sol-
2 utions are necessary to ensure that all Oregon households benefit from
3 transportation electrification.

4 (3) The Legislative Assembly declares the following goals:

5 (a) Transformation of the motor vehicle market must occur no later than
6 2035.

7 (b) Programs and support must be provided to accelerate Oregonians'
8 purchase and use of zero-emission vehicles until greenhouse gas emissions
9 from vehicles are declining at a rate consistent with [*this state's greenhouse*
10 *gas emissions reduction goals set forth in ORS 468A.205*] **section 4 of this**
11 **2020 Act.**

12 (c) The adoption and use of zero-emission vehicles must be evaluated
13 regularly to determine whether the rate of the adoption and use of zero-
14 emission vehicles will put the state on course to [*meet its greenhouse gas*
15 *emissions reduction goals*] **prevent exceedance of the statewide**
16 **greenhouse gas emissions limits.**

17 (4) To promote acquisition and use of zero-emission vehicles, all entities
18 of the executive department, as defined in ORS 174.112, shall lead by example
19 by:

20 (a) Purchasing or leasing light-duty or medium-duty zero-emission vehi-
21 cles, consistent with ORS 283.327, when purchasing or leasing vehicles;

22 (b) Adopting policies and rules that promote the goals set forth in this
23 section; and

24 (c) Considering recommendations submitted in the report required by ORS
25 283.401 that relate to zero-emission vehicles and adopting the recommen-
26 dations when feasible.

27 **SECTION 10.** ORS 283.401 is amended to read:

28 283.401. (1) On or before September 15 of each odd-numbered year, the
29 State Department of Energy shall submit to the Governor and an interim
30 committee of the Legislative Assembly related to the environment a report
31 on adoption of zero-emission vehicles in this state and the progress the state

1 is making to achieve reductions in greenhouse gas emissions in the trans-
2 portation sector. The report shall provide:

3 (a) A review, using existing studies, market reports, polling data or other
4 publicly available information, of the market in this state for zero-emission
5 vehicles and any barriers to adopting zero-emission vehicles in this state;

6 (b) An assessment of the state's progress in promoting the goals set forth
7 in ORS 283.398; and

8 (c) The date on which the state is predicted to meet the goals set forth
9 in ORS 283.398.

10 (2) The department may contract with third parties to assist in performing
11 the duties described in subsection (1) of this section.

12 (3) The department shall assess the state's progress under subsection
13 (1)(b) of this section. The assessment must focus on commercially available,
14 or near-commercially available, zero-emission vehicle technology, to the ex-
15 tent possible, and rely on existing studies, data and analysis. In the assess-
16 ment, the department shall evaluate:

17 (a) Whether the transportation sector is on course to reduce the share
18 of greenhouse gas emissions from motor vehicles, as defined in ORS 801.360,
19 consistent with [*the greenhouse gas emissions reduction goals set forth in*
20 **ORS 468A.205] section 4 of this 2020 Act.**

21 (b) The sales figures and numbers of zero-emission vehicles that are
22 owned in Oregon, including forecasts as to whether:

23 (A) By 2020, 50,000 registered motor vehicles will be zero-emission vehi-
24 cles;

25 (B) By 2025, at least 250,000 registered motor vehicles will be zero-
26 emission vehicles;

27 (C) By 2030, at least 25 percent of registered motor vehicles, and at least
28 50 percent of new motor vehicles sold annually, will be zero-emission vehi-
29 cles; and

30 (D) By 2035, at least 90 percent of new motor vehicles sold annually will
31 be zero-emission vehicles.

1 (c) The sales figures and numbers of zero-emission vehicles that are owned
2 in Oregon, differentiated, to the extent feasible, by demographic factors, in-
3 cluding whether persons that own zero-emission vehicles reside in urban or
4 rural areas.

5 (d) The availability and reliability of public and private electric vehicle
6 charging infrastructure that is needed to support the targets for zero-
7 emission vehicle sales and registration identified in paragraph (b) of this
8 subsection. The department shall assess reliability under this paragraph only
9 if the department requests and obtains information on reliability from pro-
10 viders of electric vehicle charging infrastructure.

11 (e) The incremental purchase cost difference, before and after federal and
12 state incentives, between the purchase cost of a zero-emission vehicle and the
13 purchase cost of a comparable vehicle powered by an internal combustion
14 engine.

15 (f) The zero-emission vehicles that are available for purchase in all mar-
16 ket segments.

17 (g) Oregonians' awareness of motor vehicle options, the benefits of owning
18 zero-emission vehicles and the true costs of motor vehicle ownership.

19 (h) The carbon intensity of fuel consumed by the Oregon transportation
20 sector as a whole.

21 (i) The general progress toward electrification of all fossil fuel-based
22 transportation modes.

23 (j) Opportunities to minimize impacts to the electric grid from transpor-
24 tation electrification, including rate design, managed charging, vehicle-to-
25 grid services and electricity conservation techniques.

26 (k) In consultation with the Department of Transportation, the impact of
27 the sales and ownership of zero-emission vehicles on revenues that would
28 otherwise accrue to the State Highway Fund under ORS 366.505.

29 (4) If the State Department of Energy determines that the state is not on
30 course to meet the goals set forth in ORS 283.398, the department shall make
31 recommendations in the report required by this section, including recom-

1 mendations for legislation. Recommended legislation:

2 (a) May not mandate required levels of motor vehicle sales.

3 (b) Must promote the zero-emission vehicle market, address barriers to
4 adoption of zero-emission vehicles in the light-duty portion of the transpor-
5 tation sector, encourage transportation electrification and further the goals
6 set forth in ORS 283.398.

7 **SECTION 11.** ORS 468A.210 is amended to read:

8 468A.210. As used in ORS 352.823 and 468A.200 to 468A.260,[:]

9 [(1)] “global warming” means an increase in the average temperature of
10 the earth’s atmosphere that is associated with the release of greenhouse
11 gases.

12 [(2)] “Greenhouse gas” means any gas that contributes to anthropogenic
13 global warming including, but not limited to, carbon dioxide, methane, nitrous
14 oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.]

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

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

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

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

20 **SECTION 12.** ORS 468A.235 is amended to read:

21 468A.235. The Oregon Global Warming Commission shall recommend ways
22 to coordinate state and local efforts to reduce greenhouse gas emissions in
23 Oregon consistent with [*the greenhouse gas emissions reduction goals estab-*
24 *lished by ORS 468A.205*] **section 4 of this 2020 Act** and shall recommend
25 efforts to help Oregon prepare for the effects of global warming. The Office
26 of the Governor and state agencies working on multistate and regional ef-
27 forts to reduce greenhouse gas emissions shall inform the commission about
28 these efforts and shall consider input from the commission for such efforts.

29 **SECTION 13.** ORS 468A.240 is amended to read:

30 468A.240. (1) In furtherance of [*the greenhouse gas emissions reduction*
31 *goals established by ORS 468A.205*] **section 4 of this 2020 Act**, the Oregon

1 Global Warming Commission may recommend statutory and administrative
2 changes, policy measures and other recommendations to be carried out by
3 state and local governments, businesses, nonprofit organizations or residents.
4 In developing its recommendations, the commission shall consider economic,
5 environmental, health and social costs, and the risks and benefits of alter-
6 native strategies, including least-cost options. The commission shall solicit
7 and consider public comment relating to statutory, administrative or policy
8 recommendations.

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

13 [(3)] (2) The commission shall examine possible funding mechanisms to
14 obtain low-cost greenhouse gas emissions reductions and energy efficiency
15 enhancements, including but not limited to those in the natural gas industry.

16 **SECTION 14.** ORS 468A.250 is amended to read:

17 468A.250. (1) The Oregon Global Warming Commission shall track and
18 evaluate:

19 (a) Economic, environmental, health and social assessments of global
20 warming impacts on Oregon and the Pacific Northwest;

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

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

24 (d) The physical science of global warming;

25 (e) Progress toward *[the greenhouse gas emissions reduction goals estab-*
26 *lished by ORS 468A.205]* **preventing exceedance of the statewide**
27 **greenhouse gas emissions limits established under section 4 of this 2020**
28 **Act;**

29 (f) Greenhouse gases emitted by various sectors of the state economy, in-
30 cluding but not limited to industrial, transportation and utility sectors;

31 (g) Technological progress on sources of energy the use of which gener-

1 ates no or low greenhouse gas emissions and methods for carbon
2 sequestration;

3 (h) Efforts to identify the greenhouse gas emissions attributable to the
4 residential and commercial building sectors;

5 (i) The carbon sequestration potential of Oregon's forests, alternative
6 methods of forest management that can increase carbon sequestration and
7 reduce the loss of carbon sequestration to wildfire, changes in the mortality
8 and distribution of tree and other plant species and the extent to which
9 carbon is stored in tree-based building materials;

10 (j) The advancement of regional, national and international policies to
11 reduce greenhouse gas emissions;

12 (k) Local and regional efforts to prepare for the effects of global warming;
13 and

14 (L) Any other information, policies or analyses that the commission de-
15 termines will aid in *[the achievement of the greenhouse gas emissions re-*
16 *duction goals established by ORS 468A.205]* **preventing exceedance of the**
17 **statewide greenhouse gas emissions limits established under section 4**
18 **of this 2020 Act.**

19 (2) The commission shall:

20 (a) Work with the State Department of Energy and the Department of
21 Environmental Quality to evaluate all gases with the potential to be
22 greenhouse gases and to determine a carbon dioxide equivalency for those
23 gases; and

24 (b) Use regional and national baseline studies of building performance to
25 identify incremental targets for the reduction of greenhouse gas emissions
26 attributable to residential and commercial building construction and oper-
27 ations.

28 **SECTION 15.** ORS 468A.260 is amended to read:

29 468A.260. The Oregon Global Warming Commission shall submit a report
30 to the **appropriate interim committee of the** Legislative Assembly, in the
31 manner provided by ORS 192.245, by *[March 31 of each odd-numbered]* **Sep-**

1 **tember 15 of each even-numbered** year that describes Oregon’s progress
 2 toward [*achievement of the greenhouse gas emissions reduction goals estab-*
 3 *lished by ORS 468A.205*] **preventing exceedance of the statewide**
 4 **greenhouse gas emissions limits established under section 4 of this 2020**
 5 **Act.** The report may include relevant issues and trends of significance, in-
 6 cluding trends of greenhouse gas emissions, emerging public policy and
 7 technological advances. The report also may discuss measures the state may
 8 adopt to mitigate the impacts of global warming on the environment, the
 9 economy and the residents of Oregon and to prepare for those impacts.

10 **SECTION 16.** ORS 468A.265 is amended to read:

11 468A.265. As used in ORS 468A.265 to 468A.277:

12 (1) “Biodiesel” means a motor vehicle fuel consisting of mono-alkyl esters
 13 of long chain fatty acids derived from vegetable oils, animal fats or other
 14 nonpetroleum resources, not including palm oil.

15 (2) “Clean fuels program” means the program adopted by rule by the En-
 16 vironmental Quality Commission under ORS 468A.266 (1)(b).

17 (3) “Compliance period” means the calendar year during which a regu-
 18 lated party must demonstrate compliance with the low carbon fuel standards
 19 through participation in the clean fuels program.

20 (4) “Credit” means a unit of measure generated when a fuel with a carbon
 21 intensity that is less than the applicable low carbon fuel standard is
 22 produced, imported or dispensed for use in Oregon, such that one credit is
 23 equal to one metric ton of carbon dioxide equivalent.

24 (5) “Credit aggregator” means a person who voluntarily registers to par-
 25 ticipate in the clean fuels program to facilitate credit generation on behalf
 26 of a credit generator and to trade credits with regulated parties, credit gen-
 27 erators and other credit aggregators.

28 (6) “Credit generator” means a person eligible to generate credits by
 29 providing fuels for use in Oregon with carbon intensities less than the ap-
 30 plicable low carbon fuel standard.

31 (7) “Deferral” means a delay or change in the applicability of a scheduled

1 applicable low carbon fuel standard for a period of time, accomplished pur-
2 suant to an order issued under ORS 468A.273 or 468A.274.

3 (8) “Deficit” means a unit of measure generated when a fuel with a carbon
4 intensity that is more than the applicable low carbon fuel standard is
5 produced, imported or dispensed for use in Oregon, such that one deficit is
6 equal to one metric ton of carbon dioxide equivalent.

7 [(9) “Greenhouse gas” has the meaning given that term in ORS 468A.210.]

8 [(10)] (9) “Low carbon fuel standard” means a standard adopted by the
9 commission by rule under ORS 468A.266 for the reduction of greenhouse gas
10 emissions, on average, per unit of fuel energy.

11 [(11)] (10) “Motor vehicle” has the meaning given that term in ORS
12 801.360.

13 [(12)] (11) “Regulated party” means a person responsible for complying
14 with the low carbon fuel standards.

15 [(13)] (12) “Small deficit” means a net deficit balance at the end of a
16 compliance period, after retirement of all credits held by a regulated party,
17 that does not exceed a percentage set by the commission by rule of the total
18 number of deficits that the regulated party generated for a compliance period
19 and that may not be greater than 10 percent of the total number of deficits
20 that the regulated party generated for a compliance period.

21 **SECTION 17.** ORS 468A.279 is amended to read:

22 468A.279. (1) As used in this section,[:]

23 [(a) “Greenhouse gas” has the meaning given that term in ORS 468A.210.]

24 [(b)] “motor vehicle” has the meaning given that term in ORS 801.360.

25 (2) The Environmental Quality Commission may adopt by rule standards
26 and requirements described in this section to reduce greenhouse gas emis-
27 sions.

28 (3)(a) The commission may adopt requirements to prevent the tampering,
29 alteration and modification of the original design or performance of motor
30 vehicle pollution control systems.

31 (b) Before adopting requirements under this section, the commission shall

1 consider the antitampering requirements and exemptions of the State of
2 California.

3 (4) The commission may adopt requirements for motor vehicle service
4 providers to check and inflate tire pressure according to the tire
5 manufacturer's or motor vehicle manufacturer's recommended specifications,
6 provided that the requirements:

7 (a) Do not apply when the primary purpose of the motor vehicle service
8 is fueling vehicles; and

9 (b) Do not require motor vehicle service providers to purchase equipment
10 to check and inflate tire pressure.

11 (5) The commission may adopt restrictions on engine use by commercial
12 ships while at port, and requirements that ports provide alternatives to en-
13 gine use such as electric power, provided that:

14 (a) Engine use shall be allowed when necessary to power mechanical or
15 electrical operations if alternatives are not reasonably available;

16 (b) Engine use shall be allowed when necessary for reasonable periods due
17 to emergencies and other considerations as determined by the commission;
18 and

19 (c) The requirements must be developed in consultation with represen-
20 tatives of Oregon ports and take into account operational considerations,
21 operational agreements, international protocols and limitations, the ability
22 to fund the purchase and use of electric power equipment and the potential
23 effect of the requirements on competition with other ports.

24 (6) In adopting rules under this section, the commission shall evaluate:

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

27 (b) Potential adverse impacts to public health and the environment, in-
28 cluding but not limited to air quality, water quality and the generation and
29 disposal of waste in this state;

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

31 (d) Technical and economic studies of comparable greenhouse gas emis-

1 sions reduction measures implemented in other states and any other studies
2 as determined by the commission.

3 (7) The provisions of this section do not apply to:

4 (a) Motor vehicles registered as farm vehicles under the provisions of
5 ORS 805.300.

6 (b) Farm tractors, as defined in ORS 801.265.

7 (c) Implements of husbandry, as defined in ORS 801.310.

8 (d) Motor trucks, as defined in ORS 801.355, used primarily to transport
9 logs.

10 **SECTION 18.** ORS 468A.280 is amended to read:

11 468A.280. (1) In addition to any registration and reporting that may be
12 required under ORS 468A.050, the Environmental Quality Commission by
13 rule may require registration and reporting by:

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

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

18 (2) Rules adopted by the commission under this section for electricity that
19 is imported, sold, allocated or distributed for use in this state may require
20 reporting of information necessary to determine greenhouse gas emissions
21 from generating facilities used to produce the electricity and related elec-
22 tricity transmission line losses.

23 (3)(a) The commission shall allow consumer-owned utilities, as defined in
24 ORS 757.270, to comply with reporting requirements imposed under this sec-
25 tion by the submission of a report prepared by a third party. A report sub-
26 mitted under this paragraph may include information for more than one
27 consumer-owned utility, but must include all information required by the
28 commission for each individual utility.

29 (b) For the purpose of determining greenhouse gas emissions related to
30 electricity purchased from the Bonneville Power Administration by a
31 consumer-owned utility, as defined in ORS 757.270, the commission may re-

1 quire only that the utility report:

2 (A) The number of megawatt-hours of electricity purchased by the utility
3 from the Bonneville Power Administration, segregated by the types of con-
4 tracts entered into by the utility with the Bonneville Power Administration;
5 and

6 (B) The percentage of each fuel or energy type used to produce electricity
7 purchased under each type of contract.

8 (4)(a) Rules adopted by the commission pursuant to this section for elec-
9 tricity that is purchased, imported, sold, allocated or distributed for use in
10 this state by an electric company, as defined in ORS 757.600, must be limited
11 to the reporting of:

12 (A) Greenhouse gas emissions emitted from generating facilities owned
13 or operated by the electric company;

14 (B) Greenhouse gas emissions emitted from transmission equipment owned
15 or operated by the electric company;

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

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

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

20 (D) An estimate of the amount of greenhouse gas emissions, using default
21 greenhouse gas emissions factors established by the commission by rule, at-
22 tributable to:

23 (i) Electricity purchases made by a particular seller to the electric com-
24 pany;

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

27 (iii) Electricity purchases for which a renewable energy certificate under
28 ORS 469A.130 has been issued but subsequently transferred or sold to a per-
29 son 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

1 equipment owned or operated by the electric company.

2 (b) Pursuant to paragraph (a) of this subsection, a multijurisdictional
3 electric company may rely upon a cost allocation methodology approved by
4 the Public Utility Commission for reporting emissions allocated in this state.

5 (5) Rules adopted by the commission under this section for fossil fuel that
6 is imported, sold or distributed for use in this state may require reporting
7 of the type and quantity of the fuel and any additional information necessary
8 to determine the carbon content of the fuel. For the purpose of determining
9 greenhouse gas emissions related to liquefied petroleum gas, the commission
10 shall allow reporting using publications or submission of data by the Amer-
11 ican Petroleum Institute but may require reporting of such other information
12 necessary to achieve the purposes of the rules adopted by the commission
13 under this section.

14 (6) To an extent that is consistent with the purposes of the rules adopted
15 by the commission under this section, the commission shall minimize the
16 burden of the reporting required under this section by:

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

19 (b) Allowing electronic reporting;

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

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

25 (e) Requiring reporting by the fewest number of persons in a fuel dis-
26 tribution system that will allow the commission to acquire the information
27 needed by the commission; or

28 (f) Other appropriate means and procedures determined by the commis-
29 sion.

30 [(7) As used in this section, "greenhouse gas" has the meaning given that
31 term in ORS 468A.210.]

1 **SECTION 19.** ORS 757.357 is amended to read:

2 757.357. (1) As used in this section:

3 (a) “Electric company” has the meaning given that term in ORS 757.600.

4 (b) “Transportation electrification” means:

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

7 (B) Programs related to developing the use of electricity for the purpose
8 described in subparagraph (A) of this paragraph; and

9 (C) Infrastructure investments related to developing the use of electricity
10 for the purpose described in subparagraph (A) of this paragraph.

11 (c) “Vehicle” means a vehicle, vessel, train, boat or any other equipment
12 that is mobile.

13 (2) The Legislative Assembly finds and declares that:

14 (a) Transportation electrification is necessary to reduce petroleum use,
15 achieve optimum levels of energy efficiency and carbon reduction, meet fed-
16 eral and state air quality standards, [*meet this state’s greenhouse gas emis-*
17 *sions reduction goals described in ORS 468A.205*] **prevent exceedance of the**
18 **statewide greenhouse gas emissions limits established under section 4**
19 **of this 2020 Act** and improve the public health and safety;

20 (b) Widespread transportation electrification requires that electric com-
21 panies increase access to the use of electricity as a transportation fuel;

22 (c) Widespread transportation electrification requires that electric com-
23 panies increase access to the use of electricity as a transportation fuel in low
24 and moderate income communities;

25 (d) Widespread transportation electrification should stimulate innovation
26 and competition, provide consumers with increased options in the use of
27 charging equipment and in procuring services from suppliers of electricity,
28 attract private capital investments and create high quality jobs in this state;

29 (e) Transportation electrification and the purchase and use of electric
30 vehicles should assist in managing the electrical grid, integrating generation
31 from renewable energy resources and improving electric system efficiency

1 and operational flexibility, including the ability of an electric company to
2 integrate variable generating resources;

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

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

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

14 (4) When considering a transportation electrification program and deter-
15 mining cost recovery for investments and other expenditures related to a
16 program proposed by an electric company under subsection (3) of this sec-
17 tion, the commission shall consider whether the investments and other ex-
18 penditures:

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

20 (b) Are prudent as determined by the commission;

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

23 (d) Are reasonably expected to enable the electric company to support the
24 electric company's electrical system;

25 (e) Are reasonably expected to improve the electric company's electrical
26 system efficiency and operational flexibility, including the ability of the
27 electric company to integrate variable generating resources; and

28 (f) Are reasonably expected to stimulate innovation, competition and
29 customer choice in electric vehicle charging and related infrastructure and
30 services.

31 (5)(a) Tariff schedules and rates allowed pursuant to subsection (3) of this

1 section:

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

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

6 (b) A return on investment allowed under this subsection may be earned
7 for a period of time that does not exceed the depreciation schedule of the
8 investment approved by the commission. When an electric company's invest-
9 ment is fully depreciated, the commission may authorize the electric company
10 to donate the electric vehicle charging infrastructure to the owner of the
11 property on which the infrastructure is located.

12 (6) For purposes of ORS 757.355, electric vehicle charging infrastructure
13 provides utility service to the customers of an electric company.

14 (7) In authorizing programs described in subsection (3) of this section, the
15 commission shall review data concerning current and future adoption of
16 electric vehicles and utilization of electric vehicle charging infrastructure.
17 If market barriers unrelated to the investment made by an electric company
18 prevent electric vehicles from adequately utilizing available electric vehicle
19 charging infrastructure, the commission may not permit additional invest-
20 ments in transportation electrification without a reasonable showing that
21 the investments would not result in long-term stranded costs recoverable
22 from the customers of electric companies.

23 **SECTION 20.** ORS 757.528 is amended to read:

24 757.528. (1) Unless modified by rule by the State Department of Energy
25 as provided in this section, the greenhouse gas emissions standard that ap-
26 plies to consumer-owned utilities is 1,100 pounds of greenhouse gases per
27 megawatt-hour for a generating facility.

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

30 (3) For purposes of applying the emissions standard to cogeneration fa-
31 cilities, the department shall establish an output-based methodology to en-

1 sure that the calculation of emissions of greenhouse gases for cogeneration
2 facilities recognizes the total usable energy output of the process and in-
3 cludes all greenhouse gases emitted by the facility in the production of both
4 electrical and thermal energy.

5 (4) The department shall review the greenhouse gas emissions standard
6 established under this section no more than once every three years. After
7 public notice and hearing, and consultation with the Public Utility Com-
8 mission, the department may:

9 (a) Modify the emissions standard to include other greenhouse gases as
10 defined in ORS [468A.210] **468A.005**, with the other greenhouse gases ex-
11 pressed as their carbon dioxide equivalent; and

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

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

18 (B) Has a heat rate at high elevation within the boundaries of the West-
19 ern Electricity Coordinating Council; and

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

22 (5) In modifying the greenhouse gas emissions standard, the department
23 shall:

24 (a) Use an output-based methodology to ensure that the calculation of
25 greenhouse gas emissions through cogeneration recognizes the total usable
26 energy output of the process and includes all greenhouse gases emitted by
27 the generating facility in the production of both electrical and thermal en-
28 ergy; and

29 (b) Consider the effects of the emissions standard on system reliability
30 and overall costs to electricity consumers.

31 (6) If upon a review conducted pursuant to subsection (4) of this section,

1 the department determines that a mandatory greenhouse gas emissions limit
2 has been established pursuant to state or federal law, the department shall
3 issue a report to the appropriate legislative committees of the Legislative
4 Assembly stating which portions, if any, of the greenhouse gas emissions
5 standard are no longer necessary as a matter of state law.

6 **SECTION 21.** ORS 184.621 is amended to read:

7 184.621. The Oregon Transportation Commission shall work with
8 stakeholders to review and update the criteria used to select projects within
9 the Statewide Transportation Improvement Program. When revising the
10 project selection criteria, the commission shall consider whether the project:

11 (1) Improves the state highway system or major access routes to the state
12 highway system on the local road system to relieve congestion by expanding
13 capacity, enhancing operations or otherwise improving travel times within
14 high-congestion corridors.

15 (2) Enhances the safety of the traveling public by decreasing traffic crash
16 rates, promoting the efficient movement of people and goods and preserving
17 the public investment in the transportation system.

18 (3) Supports improvements necessary for Oregon's economic growth and
19 competitiveness, accessibility to industries and economic development.

20 (4) Provides the greatest benefit in relation to project costs as analyzed
21 under ORS 184.659.

22 (5) Fosters livable communities by demonstrating that the investment
23 does not undermine sustainable urban development.

24 (6) Enhances the value of transportation projects through designs and
25 development that reflect environmental stewardship and community sensi-
26 tivity.

27 (7) Is consistent with [*the state's greenhouse gas emissions reduction*
28 *goals*] **section 4 of this 2020 Act** and reduces Oregon's dependence on for-
29 eign oil.

30 (8) To the extent practicable, ensures that the state's transportation
31 infrastructure is resilient in the event of a natural disaster.

1 (9) Is located near operations conducted for mining aggregate or process-
2 ing aggregate as described in ORS 215.213 (2)(d) or 215.283 (2)(b).

3 **SECTION 22. ORS 468A.200 to 468A.260 are added to and made a part**
4 **of ORS chapter 468A.**

5
6 **CAPTIONS**

7
8 **SECTION 23. The unit captions used in this 2020 Act are provided**
9 **only for the convenience of the reader and do not become part of the**
10 **statutory law of this state or express any legislative intent in the**
11 **enactment of this 2020 Act.**

12
13 **EMERGENCY CLAUSE**

14
15 **SECTION 24. This 2020 Act being necessary for the immediate**
16 **preservation of the public peace, health and safety, an emergency is**
17 **declared to exist, and this 2020 Act takes effect on its passage.**

18
