

D R A F T

SUMMARY

Establishes standard for carbon intensity and other characteristics of diesel fuel used in on-road motor vehicles. Establishes timeline for Oregon fuel standard to apply to regions of state.

Directs State Department of Agriculture to suspend requirement that fuels meet standard if supply is insufficient to meet anticipated demand. Directs department to suspend requirement that fuels meet standard if the price of fuels that meet standard exceeds the price of petroleum diesel.

A BILL FOR AN ACT

1
2 Relating to diesel fuel.

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

4 **SECTION 1. As used in sections 1 to 6 of this 2023 Act:**

5 (1) **“Carbon intensity value” means the amount of lifecycle**
6 **greenhouse gas emissions per unit of energy of a transportation fuel,**
7 **expressed in grams of carbon dioxide equivalent per megajoule of en-**
8 **ergy, determined using the Oregon Greenhouse Gases, Regulated**
9 **Emissions, and Energy Use in Transportation model maintained by the**
10 **Department of Environmental Quality or a successor model.**

11 (2) **“Eastern Oregon” means that portion of the State of Oregon**
12 **lying east of a line beginning at the intersection of the northern**
13 **boundary of the state and the western boundary of Hood River County,**
14 **then continuing south along the western boundaries of the counties**
15 **of Hood River, Wasco, Jefferson, Deschutes and Klamath to the**
16 **southern boundary of the state.**

17 (3) **“Motor vehicle” means every self-propelled vehicle operated on**
18 **the highway, except an implement of husbandry used in agricultural**

1 operations and only incidentally operated or moved upon the highway.

2 (4) “Oregon renewable fuel standard” means the standard described
3 in section 2 of this 2023 Act for diesel fuel sold or offered for sale for
4 use in a motor vehicle in this state.

5 (5) “Seller” has the meaning given that term in ORS 319.520.

6 (6) “Use in a motor vehicle” means receiving, into any receptacle
7 on a motor vehicle, fuel to be consumed in propelling the motor ve-
8 hicle on the highways of this state.

9 (7) “Western Oregon” means that portion of the State of Oregon
10 lying west of a line beginning at the intersection of the northern
11 boundary of the state and the western boundary of Hood River County,
12 then continuing south along the western boundaries of the counties
13 of Hood River, Wasco, Jefferson, Deschutes and Klamath to the
14 southern boundary of the state.

15 **SECTION 2.** To meet the Oregon renewable fuel standard, diesel
16 fuel sold or offered for sale for use in a motor vehicle must be:

17 (1) A diesel fuel substitute, with a carbon intensity value of 60
18 grams of carbon dioxide equivalent per megajoule or less, produced
19 from nonfossil renewable resources, that meets ASTM D975 specifica-
20 tions and can be used in an engine designed to operate on conventional
21 diesel fuel;

22 (2) A diesel fuel blend where at least 99 percent of the mixture by
23 volume meets the standards described in subsection (1) of this section
24 and no more than one percent of the mixture is petroleum diesel; or

25 (3) Any diesel fuel blend produced from nonfossil renewable re-
26 sources, with a carbon intensity value of 60 grams of carbon dioxide
27 equivalent per megajoule or less.

28 **SECTION 3.** (1) Diesel fuel sold or offered for sale for use in a motor
29 vehicle must meet the Oregon renewable fuel standard on or after the
30 following dates:

31 (a) January 1, 2026, for diesel fuel sold at a seller’s establishment

1 located in Clackamas, Washington or Multnomah County.

2 (b) January 1, 2028, for diesel fuel sold at a seller's establishment
3 located in western Oregon.

4 (c) January 1, 2030, for diesel fuel sold at a seller's establishment
5 located anywhere in this state.

6 (2) Notwithstanding subsection (1) of this section, during the period
7 beginning on October 1 of each year and ending on February 28 of the
8 following year, a seller may offer for sale in eastern Oregon diesel fuel
9 that does not meet the Oregon renewable fuel standard if:

10 (a) Substances to prevent congealing or gelling have been added to
11 the diesel fuel, including petroleum diesel in concentrations higher
12 than one percent; and

13 (b) The diesel fuel would have otherwise met the Oregon renewable
14 fuel standard but for the addition of substances described in paragraph
15 (a) of this subsection.

16 (3) All retail dealers, nonretail dealers and wholesale dealers, as
17 those terms are defined in ORS 646.905, in this state are required to
18 provide, upon the request of the State Department of Agriculture, a
19 certificate of analysis for renewable fuels received.

20 SECTION 4. (1) The State Department of Agriculture, in consulta-
21 tion with the Department of Environmental Quality, shall study:

22 (a) The current and forecasted supply in this state of petroleum
23 diesel;

24 (b) The current and forecasted supply in this state of fuels that
25 meet the Oregon renewable fuel standard that can be used as an al-
26 ternative to petroleum diesel; and

27 (c) Whether the supply of fuels that meet the Oregon renewable fuel
28 standard that can be used as alternatives to petroleum diesel is suffi-
29 cient to meet the anticipated demand for diesel fuel consistent with
30 section 3 of this 2023 Act.

31 (2) If the State Department of Agriculture determines under sub-

1 section (1) of this section that the anticipated supply in this state of
2 fuels that meet the Oregon renewable fuel standard is insufficient to
3 meet anticipated demand, the department shall suspend enforcement
4 of section 3 of this 2023 Act for a period of no less than one year. The
5 department may resume enforcement of section 3 of this 2023 Act if,
6 in a subsequent report under subsection (3) of this section, the de-
7 partment determines that the anticipated supply of fuels that meet the
8 Oregon renewable fuel standard is sufficient to meet anticipated de-
9 mand.

10 (3) The department shall annually report the results of the study
11 conducted under subsection (1) of this section to the interim commit-
12 tees of the Legislative Assembly related to energy in the manner pro-
13 vided by ORS 192.245.

14 SECTION 5. (1) Every 14 days, the State Department of Agriculture
15 shall determine the average price of fuels available to consumers in
16 Oregon that meet the Oregon renewable fuel standard and that can
17 be used as alternatives to petroleum diesel.

18 (2) If the average price determined under subsection (1) of this
19 section exceeds the price of petroleum diesel, as measured by the Oil
20 Price Information Service (OPIS), made available at a storage terminal
21 located in Portland, Eugene or Umatilla County for a period of 14
22 consecutive days, the department shall suspend for a period of 90 days
23 enforcement of the provisions of section 3 of this 2023 Act.

24 SECTION 6. The State Department of Agriculture shall enforce the
25 provisions of sections 1 to 6 of this 2023 Act and is authorized to make
26 any rules necessary to carry out the provisions of sections 1 to 6 of
27 this 2023 Act in accordance with the applicable provisions of ORS
28 chapter 183.

29 SECTION 7. Section 3 of this 2023 Act is amended to read:

30 **Sec. 3.** (1) Diesel fuel sold or offered for sale for use in a motor vehicle
31 must meet the Oregon renewable fuel standard. [*on or after the following*

1 *dates:]*

2 *[(a) January 1, 2026, for diesel fuel sold at a seller's establishment located*
3 *in Clackamas, Washington or Multnomah County.]*

4 *[(b) January 1, 2028, for diesel fuel sold at a seller's establishment located*
5 *in western Oregon.]*

6 *[(c) January 1, 2030, for diesel fuel sold at a seller's establishment located*
7 *anywhere in this state.]*

8 (2) Notwithstanding subsection (1) of this section, during the period be-
9 ginning on October 1 of each year and ending on February 28 of the follow-
10 ing year, a seller may offer for sale in eastern Oregon diesel fuel that does
11 not meet the Oregon renewable fuel standard if:

12 (a) Substances to prevent congealing or gelling have been added to the
13 diesel fuel, including petroleum diesel in concentrations higher than one
14 percent; and

15 (b) The diesel fuel would have otherwise met the Oregon renewable fuel
16 standard but for the addition of substances described in paragraph (a) of this
17 subsection.

18 (3) All retail dealers, nonretail dealers and wholesale dealers, as those
19 terms are defined in ORS 646.905, in this state are required to provide, upon
20 the request of the State Department of Agriculture, a certificate of analysis
21 for renewable fuels received.

22 **SECTION 8. The amendments to section 3 of this 2023 Act by section**
23 **7 of this 2023 Act become operative on January 1, 2030.**

24