

# Climate Protection Program

## Senate Energy & Environment Committee

May 28, 2025

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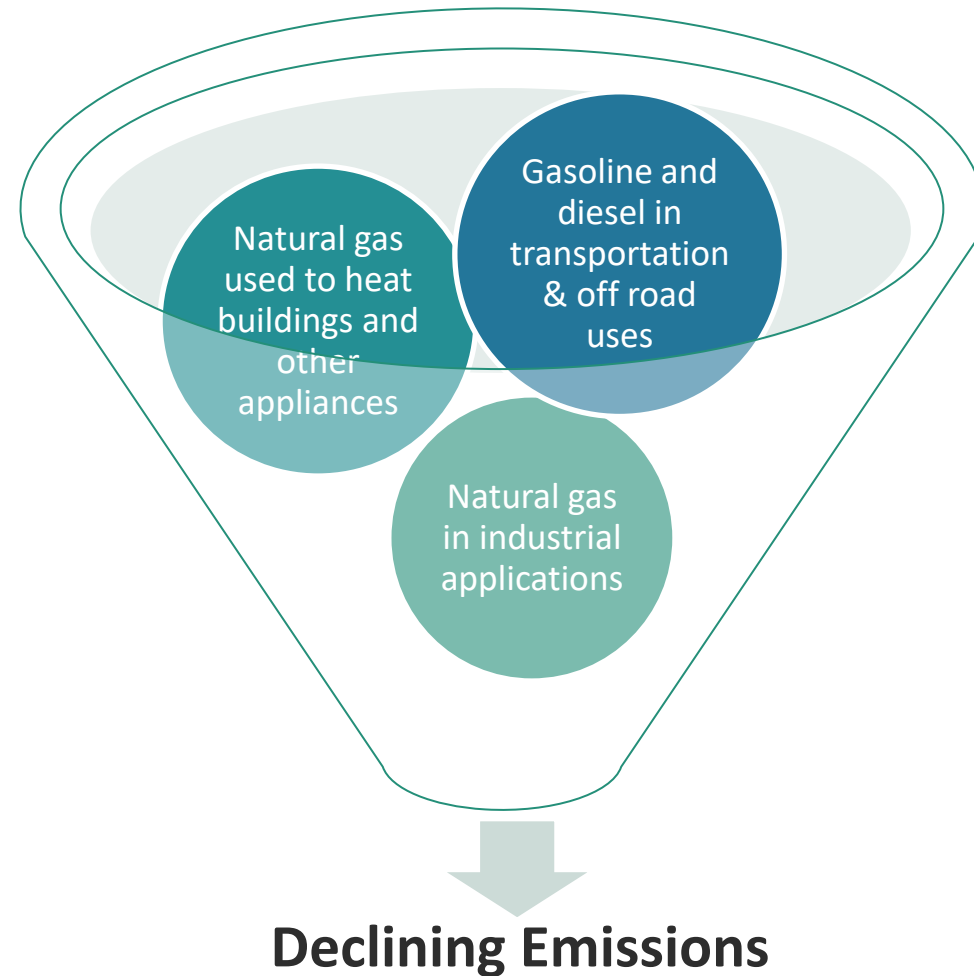
# What is the Climate Protection Program?

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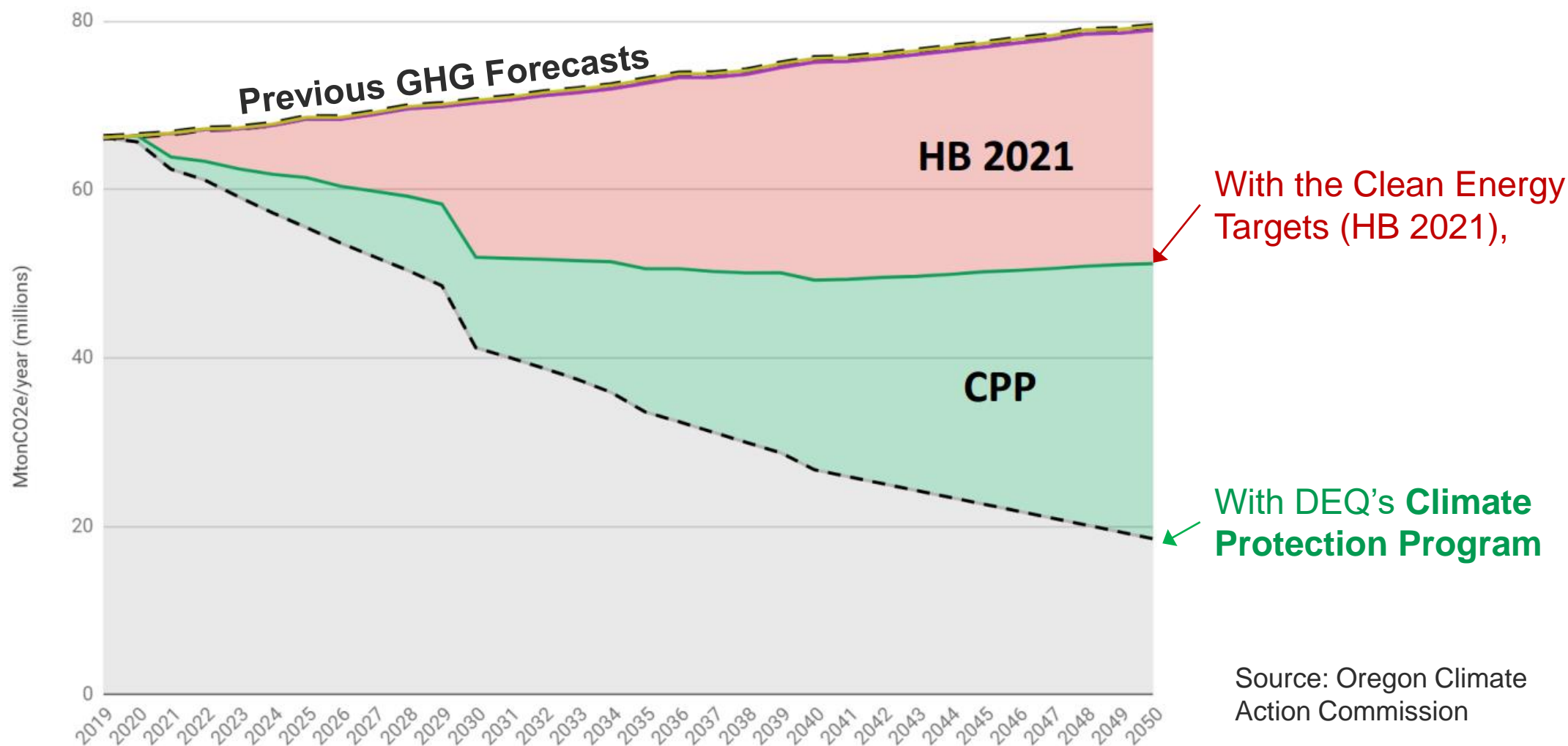
- A central policy at decarbonizing Oregon's economy
- Supports many other climate programs
  - Vehicle standards
  - Fuel standards
  - Building codes and efficiency programs
  - Heat pumps and other incentive programs
- Designed to support an equitable clean energy transition

# What is the Climate Protection Program?

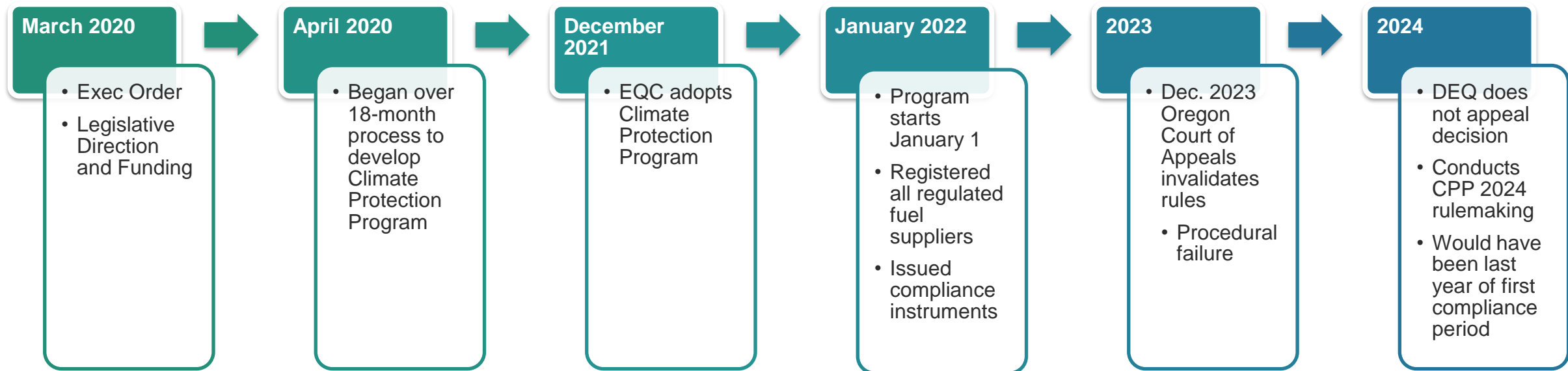
- Mandatory limits on climate pollution from fossil fuel use
  - Natural gas
  - Gasoline
  - Diesel
  - Propane
- Doesn't include electricity sector



# What to expect from Climate Protection Program



# Climate Protection Program timeline



# What were takeaways from 2022-2023?

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- In just 2 years, significant reductions in emissions from fossil fuels
- Biofuels and electricity were key replacements
- Program flexibilities were important to regulated companies
- Significant progress towards implementing Community Climate Investments
  - Takes time and resources
  - Monitoring, verification and reporting are critical

# What were takeaways from 2022-2023?

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- Importance of continued focus on not leaving communities behind
  - Supporting those most vulnerable to pollution and energy costs
  - Same communities are least able to benefit without investments
- No program operates in a vacuum: complementary programs, policies, and actions are important
- Program review and evaluation key to continued success
- Be prepared to adapt program based on learning from implementation

# What did we hear in 2024?



- We heard a lot
- Listening sessions with targeted interested parties
- Advisory committee meetings
- 100s of remote participants & comments
- Over 10,000 comments in public comment period



# What did we hear in 2024?



**Reinstate the Climate Protection Program quickly with equivalent ambition**



**Provide more compliance options and flexibility for regulated companies to better contain costs**



**Concerns about impacts on natural gas rates and energy affordability for customers**



**Better incentivize reductions in industrial emissions while supporting competitiveness**

# What did we hear in 2024?



**Design better measures to prevent emissions and business leakage and maintain Oregon's manufacturing**



**Community Climate Investments central to program and should be maintained / strengthened**



**Improve accountability and transparency in Community Climate Investments implementation**



**DEQ should address delayed action and delayed program benefits for communities**

# CPP 2024 summary

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## 3 key elements from CPP 2021

- Emissions reduction trajectory
- Community Climate Investments as flexibility mechanism
- Prioritizing investments in Oregon's environmental justice communities

## 3 key new elements for CPP

- Regulation of industry
- Direction to staff to design new rules to accommodate industry
- Coordination with PUC on tracking natural gas rates

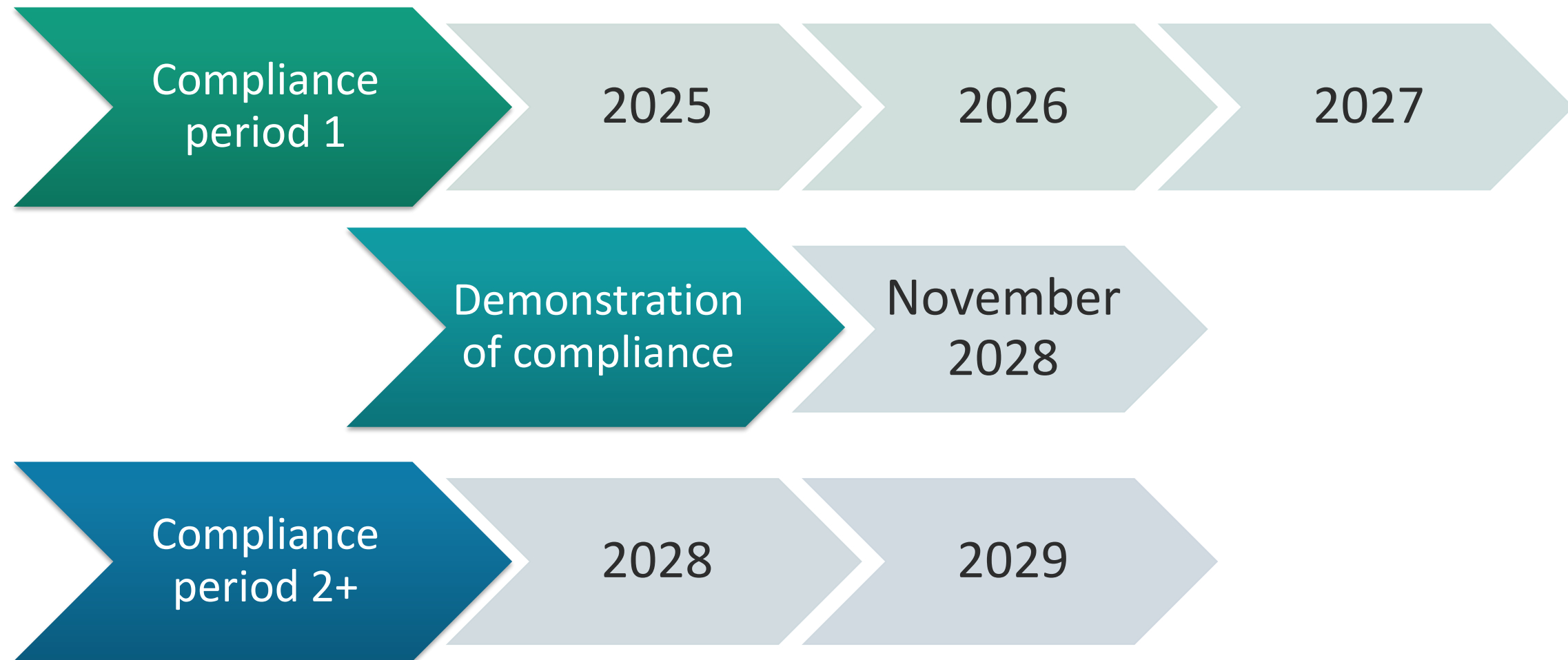
# EITE regulation

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DEQ will develop rules to better accommodate industrial growth

- Slower emissions reduction trajectory for these sources
- Intensity targets better able to accommodate changes in production
- Intensity targets specific to source's manufacturing processes

# Compliance periods

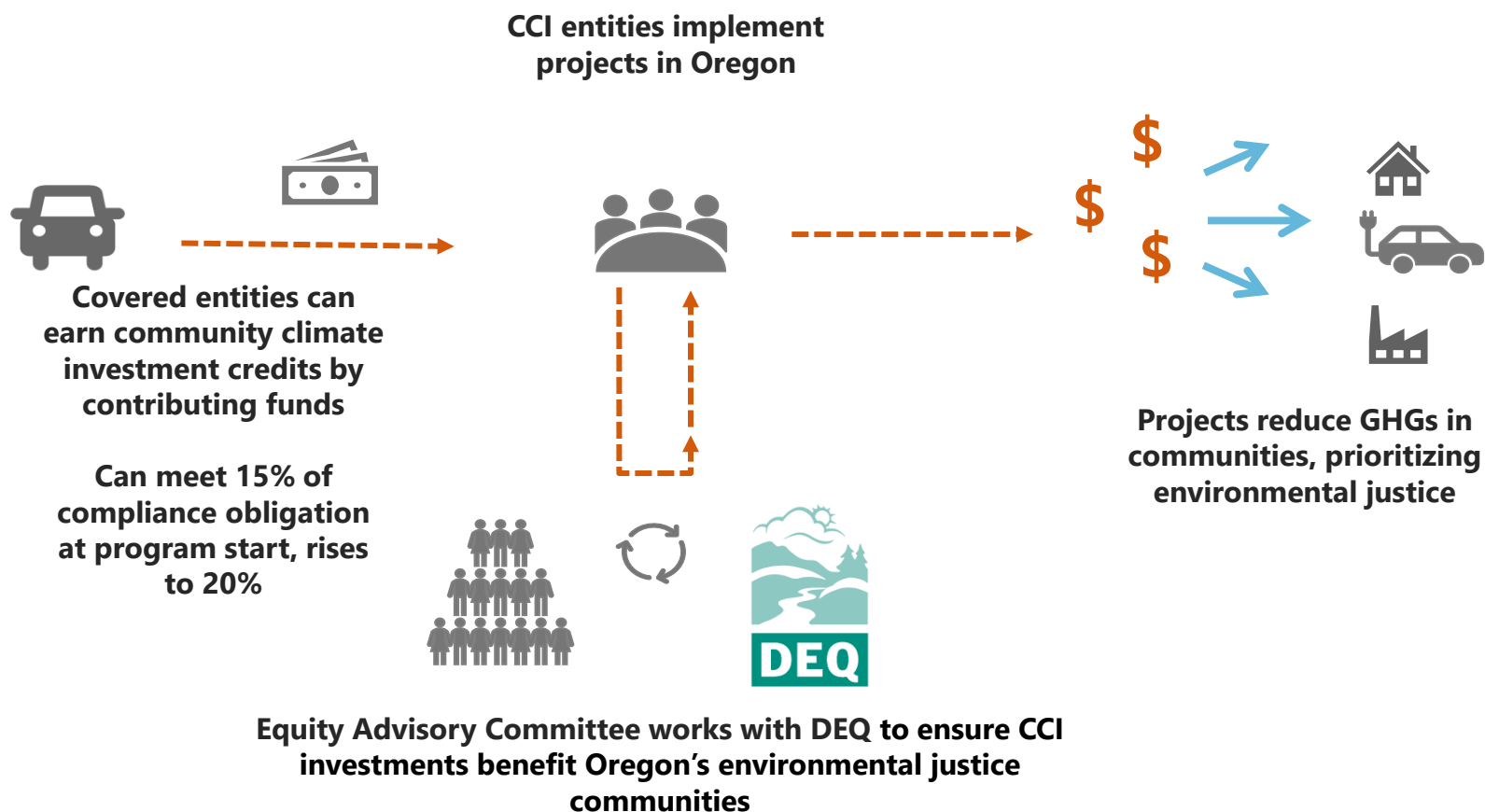


# Cost containment for natural gas

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- DEQ will request information from PUC to determine changes in utilities' rates that may be attributable projected or actual costs of compliance with CPP
- Request information at least once per compliance period
- Compare rates to neighboring states to determine if customer rates have increased or will increase significantly due to CPP
  - If yes, DEQ will recommend changes to EQC to moderate cost impacts

# Community climate investments



- Reduce anthropogenic greenhouse gas emissions
- Projects in residential, industrial, commercial transportation, sectors
- 15% of funds benefit tribes and tribal communities in Oregon

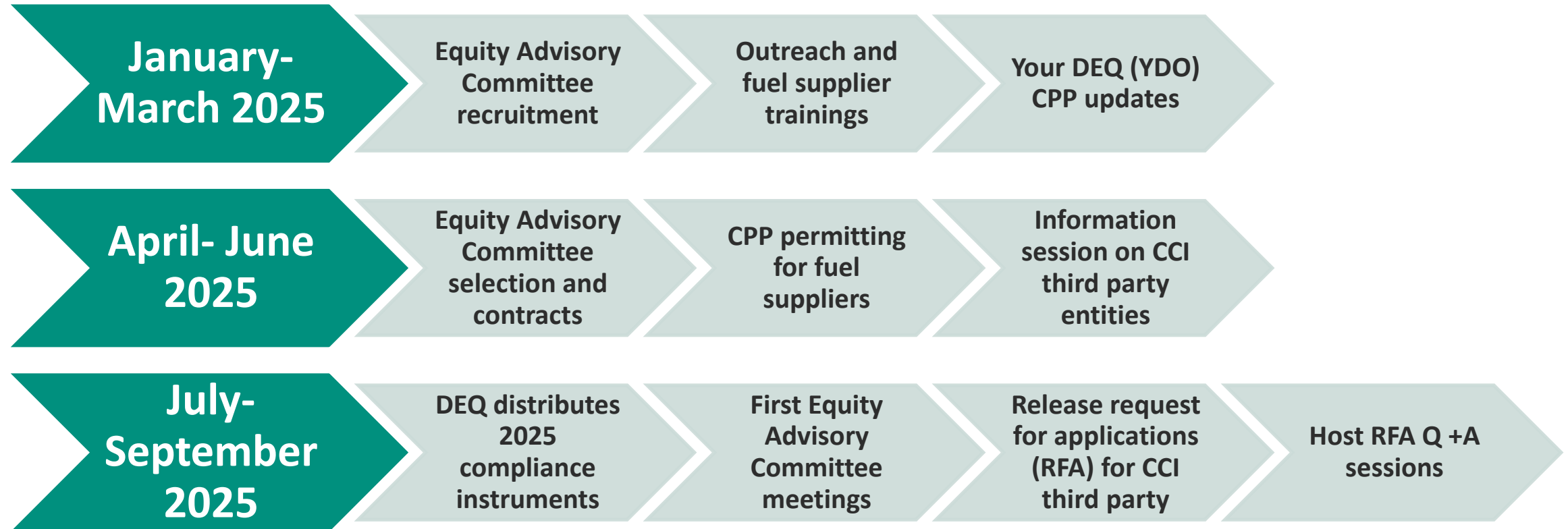
# CCI entity oversight and monitoring

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- Fee on CCI third-parties, as directed by '23 Legislature
- Ensure agency oversight, administration, implementation
- Allow for greater transparency on investments and impacts
- Funds internal and external audits



# Where we are now?



# How does CPP compare to cap-and-invest programs in CA & WA?

## Similarities

- GHG emission limits
- Multi-sector
- Trading, banking, multi-year compliance
- Each are key programs to achieving jurisdictions' climate goals

## Differences

- CPP does not include electricity
- CPP does not auction
- CPP cannot link across jurisdictions
- CCI program unique to CPP
- CA & WA have Offsets

# Questions?

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