

LC 1239  
2017 Regular Session  
11/21/16 (MAM/ps)

# D R A F T

## SUMMARY

Repeals greenhouse gas emissions goals and requires Environmental Quality Commission to adopt by rule statewide greenhouse gas emissions goal for 2025, and limits for years 2035 and 2050.

Requires Environmental Quality Commission to adopt carbon pollution market by rule. Requires commission to consult with certain interested persons and be advised by advisory committee in adopting rules. Provides for minimum requirements of carbon pollution market. Declares legislative purposes of carbon pollution market.

Establishes Climate Investments Account within State Highway Fund. Requires that certain auction proceeds be deposited in account for purpose of funding programs consistent with legislative purposes of carbon pollution market.

Establishes Oregon Climate Investments Fund. Requires that certain auction proceeds be deposited in fund, to be distributed through Climate Investments Grant Program adopted by Environmental Quality Commission by rule.

Creates Climate Investments in Disadvantaged Communities Advisory Committee. Requires committee to advise on distributions of certain auction proceeds.

Establishes Just Transition Fund. Requires that certain auction proceeds be deposited in fund, to be distributed through Just Transition Grant Program adopted by Oregon Business Development Department by rule.

Makes all provisions related to carbon pollution market and distribution of auction proceeds operative January 1, 2021. Authorizes Environmental Quality Commission, Public Utility Commission and Oregon Business Development Department to adopt rules prior to operative date.

Requires registration and reporting by certain sources of greenhouse gas emissions. Becomes operative January 1, 2018.

Changes name of Oregon Global Warming Commission to Oregon Commission on Climate Change. Becomes operative January 1, 2018.

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

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Relating to entities that contribute to greenhouse gas emissions; creating new provisions; amending ORS 184.889, 352.823, 468A.020, 468A.050, 468A.200, 468A.210, 468A.215, 468A.220, 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250, 468A.255, 468A.260, 468A.270, 468A.275, 468A.280 and 757.528 and section 9, chapter 751, Oregon Laws 2009, and section 20, chapter 28, Oregon Laws 2016; repealing ORS 468A.205 and 468A.210; and declaring an emergency.

Whereas climate change and ocean acidification caused by greenhouse gas emissions threaten to have significant detrimental effects on public health and the economic vitality, natural resources and environment of this state; and

Whereas the diverse impacts of climate change and ocean acidification include the exacerbation of air quality problems, a reduction in the quantity and quality of water available to this state from mountain snowpack, a rise in sea levels resulting in the displacement of thousands of coastal businesses and residences, damage to marine ecosystems and food sources, the degradation of the natural environment from increased severity of forest fires and pest infestations of stressed land-based ecosystems, extreme weather events and an increase in the incidences of infectious diseases, asthma and other human health-related problems; and

Whereas climate change and ocean acidification will have detrimental effects on some of this state’s most important industries, including agriculture, forestry, commercial fishing, recreation and tourism; and

Whereas climate change will strain the electricity and domestic water supplies that are necessary for economic stability and the most basic levels of human well-being and survival in this state; and

Whereas national and international actions are necessary to fully address climate change and ocean acidification; and

Whereas national actions in the United States are emerging too slowly to address the scope, magnitude and urgency of climate change and ocean

1 acidification; and

2 Whereas many greenhouse gases persist in the atmosphere for millennia,  
3 meaning that the costs of early policy inaction will be severe; and

4 Whereas in the absence of effective national engagement, it is the re-  
5 sponsibility of the individual states, deemed to be the laboratories of process,  
6 to take immediate leadership actions to address climate change and ocean  
7 acidification; and

8 Whereas by exercising a leadership role in addressing climate change and  
9 ocean acidification, the State of Oregon will position its economy, technol-  
10 ogy centers, financial institutions and businesses to benefit from the national  
11 and international efforts that must occur to reduce greenhouse gas emis-  
12 sions; and

13 Whereas by joining together with other leadership jurisdictions similarly  
14 resolved to address climate change and ocean acidification, Oregon will help  
15 encourage more states, the federal government and the international com-  
16 munity to act; and

17 Whereas global climate change has a disproportionate effect on disad-  
18 vantaged communities, which typically have fewer resources to adapt to cli-  
19 mate change and are therefore the most vulnerable to displacement, adverse  
20 health effects, job loss, property damage and other effects of climate change;  
21 and

22 Whereas climate change policies can be designed to protect disadvantaged  
23 communities, rural communities and workers from economic costs and can  
24 provide co-benefits to and within these communities that include, but are not  
25 limited to, opportunities for job creation and training, investments in  
26 infrastructure, affordable housing investment, economic development, air  
27 quality improvements, energy savings and conservation and increased utili-  
28 zation of clean energy technologies; and

29 Whereas any climate policy should address leakage to ensure a level  
30 playing field between in-state and out-of-state companies to prevent jobs from  
31 leaving this state; and

1 Whereas the climate crisis is pressing; and

2 Whereas it is the intent of the Legislative Assembly to obtain reductions  
3 in greenhouse gas emissions through legally binding market-based mech-  
4 anisms; now, therefore,

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

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

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9 **STATEWIDE GREENHOUSE GAS EMISSIONS LIMITS**

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

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

14 **SECTION 4. (1) As used in this section, “statewide greenhouse gas**  
15 **emissions” means the total annual emissions of greenhouse gases in**  
16 **this state and all emissions of greenhouse gases from outside this state**  
17 **that are attributable to the generation of electricity that is delivered**  
18 **to and consumed in this state, accounting for transmission and dis-**  
19 **tribution line losses.**

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

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

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

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

30  
31 **GREENHOUSE GAS CAP AND INVESTMENT PROGRAM**

(Statement of Purposes)

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

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

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

(a) May not be interpreted to limit the authority of any state agency to adopt and implement measures to reduce greenhouse gas emissions; and

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

(Rules Advisory Committee)

**SECTION 7.** In adopting rules as required by sections 9, 10, 11 and 15 of this 2017 Act, the Environmental Quality Commission shall consult with the Environmental Justice Task Force, Indian tribes, the Public Utility Commission, the State Department of Energy, the Department of Transportation and other interested state and federal agencies, and shall be advised by an advisory committee appointed by the Governor. The advisory committee may be composed of any number of individuals with qualifications that the Governor determines necessary. However, the Governor shall include members on the advisory committee who reflect the geographic and demographic diversity of this state, as well as the diversity of interests relating to efforts by the state to limit greenhouse gas emissions consistent with section 4

1 of this 2017 Act. In appointing members to the advisory committee, the  
2 Governor shall give preference to individuals who can represent the  
3 interests of multiple constituencies.

4  
5 (Definitions)  
6

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

9 (1) "Allowance" means a tradable authorization to emit up to:

10 (a) One metric ton of carbon dioxide; or

11 (b) One unit of carbon dioxide equivalent.

12 (2) "Annual allowance budget" means the total number of allow-  
13 ances allocated by the Environmental Quality Commission for auction  
14 or distribution in one calendar year.

15 (3) "Carbon dioxide equivalent" means the potential contribution  
16 of a greenhouse gas to anthropogenic climate change expressed such  
17 that the potential contribution of one unit of carbon dioxide equivalent  
18 is equal to the potential contribution of one metric ton of carbon  
19 dioxide.

20 (4) "Carbon pollution market" means the system for regulating  
21 greenhouse gas emissions established by the Environmental Quality  
22 Commission by rule under section 9 of this 2017 Act.

23 (5) "Compliance instrument" means an allowance or an offset credit  
24 that may be used to fulfill a compliance obligation.

25 (6) "Compliance obligation" means the quantity of compliance in-  
26 struments that an entity is required to surrender to the Department  
27 of Environmental Quality during a compliance period under the car-  
28 bon pollution market.

29 (7) "Covered entity" means a source that is required by the Envi-  
30 ronmental Quality Commission to participate in the carbon pollution  
31 market.

1 (8) **“Disadvantaged communities” includes, but is not limited to:**

2 (a) **Communities with a high percentage of people of color, low-**  
3 **income households, immigrants or refugees relative to other commu-**  
4 **nities;**

5 (b) **Linguistically isolated communities; and**

6 (c) **Communities with high exposures to pollution or toxics relative**  
7 **to other communities.**

8 (9) **“Economically distressed area” means an area designated as**  
9 **distressed by the Oregon Business Development Department under**  
10 **ORS 285A.020 and 285A.075.**

11 (10) **“Electric utility” has the meaning given that term in ORS**  
12 **757.600.**

13 (11) **“General market participant” means a person that:**

14 (a) **Is a registered entity;**

15 (b) **Is not a covered entity or an opt-in entity; and**

16 (c) **Intends to purchase, hold, sell or voluntarily retire compliance**  
17 **instruments in the carbon pollution market.**

18 (12) **“Greenhouse gas” means any gas that contributes to**  
19 **anthropogenic climate change, including but not limited to carbon**  
20 **dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons**  
21 **and sulfur hexafluoride.**

22 (13) **“High road agreement” means an agreement among multiple**  
23 **stakeholders that specifies goals for a project or program that are re-**  
24 **lated to the quality and accessibility of economic opportunities pro-**  
25 **vided by that project or program, and that includes:**

26 (a) **Strategies for advancing the specified goals based on metrics**  
27 **that may include but are not limited to:**

28 (A) **Requirements for wages and benefits;**

29 (B) **Workforce and business diversity;**

30 (C) **Training and career development; and**

31 (D) **Environmental benefits;**

1 (b) A mechanism for implementing the agreement; and

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

4 (14) “Leakage” means a reduction in greenhouse gas emissions  
5 within this state that is offset by an increase in greenhouse gas  
6 emissions outside this state.

7 (15) “Natural gas utility” means a natural gas utility regulated by  
8 the Public Utility Commission under ORS chapter 757.

9 (16) “Offset credit” means a tradable compliance instrument that  
10 is generated by an offset project. One offset credit equals one allow-  
11 ance.

12 (17) “Offset project” means a project, implemented by a person that  
13 is not a covered entity, that reduces or removes greenhouse gas  
14 emissions that are attributable to persons that are not covered enti-  
15 ties.

16 (18) “Opt-in entity” means a source that is not required to partic-  
17 ipate in the carbon pollution market and that voluntarily chooses to  
18 participate in the carbon pollution market as if it were a covered en-  
19 tity.

20 (19) “Project labor agreement” means a collective bargaining  
21 agreement with one or more labor organizations that establishes the  
22 terms and conditions of employment for a specific construction project  
23 and that, at a minimum:

24 (a) Binds all contractors and subcontractors on the construction  
25 project through the inclusion of appropriate specifications in all rele-  
26 vant solicitation provisions and contract documents;

27 (b) Allows all contractors and subcontractors to compete for con-  
28 tracts and subcontracts without regard to whether they are parties to  
29 any other collective bargaining agreement;

30 (c) Contains guarantees against strikes, lockouts and similar job  
31 disruptions; and



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

4 (20) "Registered entity" means a covered entity, opt-in entity, or  
5 general market participant that has successfully registered to partic-  
6 ipate in the carbon pollution market.

7 (21) "Retire" means to permanently remove a compliance instru-  
8 ment from the carbon pollution market such that the compliance in-  
9 strument may not be sold, traded or otherwise used again.

10 (22) "Source" means:

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

12 (b) Any person that imports, sells, allocates or distributes for use  
13 in this state electricity, the generation of which emits greenhouse  
14 gases; or

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

17 (23) "Surrender" means to transfer a compliance instrument to the  
18 Department of Environmental Quality:

19 (a) To meet a compliance obligation;

20 (b) To satisfy a penalty imposed; or

21 (c) On a voluntary basis.

22  
23 (Carbon Pollution Market)  
24

25 **SECTION 9.** (1) The Environmental Quality Commission shall adopt  
26 a carbon pollution market by rule. Rules adopted under this subsection  
27 must, at a minimum:

28 (a) Identify sources subject to the carbon pollution market. In  
29 adopting rules under this subsection, the commission may not require  
30 a source to be subject to the carbon pollution market unless or until  
31 the annual verified greenhouse gas emissions reported under ORS

1 468A.050 or 468A.280 attributable to that source meet or exceed 25,000  
2 metric tons of carbon dioxide.

3 (b) Set a cap on the total combined greenhouse gas emissions al-  
4 lowed from covered entities during the calendar year 2021, and a  
5 schedule for the cap to decrease by a predetermined amount each  
6 calendar year until 2050. The cap and schedule shall reflect the total  
7 greenhouse gas emissions from covered entities, as a proportionate  
8 share of statewide greenhouse gas emissions as defined in section 4 of  
9 this 2017 Act, that must be reduced in order to prevent exceedance of  
10 the statewide greenhouse gas emissions levels established by section 4  
11 of this 2017 Act.

12 (c) Establish an annual allowance budget for the calendar year 2021,  
13 and a schedule for the annual allowance budget to decrease by a pre-  
14 determined amount each calendar year until 2050, consistent with the  
15 cap set under paragraph (b) of this subsection and taking into account  
16 the effect of offset projects.

17 (d) Establish a market for allowances and criteria for the distrib-  
18 ution of allowances either directly at no cost or through an auction  
19 administered by the Department of Environmental Quality pursuant  
20 to section 10 of this 2017 Act. In distributing allowances, the depart-  
21 ment:

22 (A) Shall place a certain percentage of allowances, as determined  
23 necessary by the commission by rule, directly in an allowance price  
24 containment reserve designed to assist in containing compliance costs  
25 for covered entities in the event of unanticipated high costs for com-  
26 pliance instruments;

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

30 (C) Shall, in order to address leakage and as determined necessary  
31 by the commission, distribute allowances directly and free of charge

1 to covered entities that include, but are not limited to, covered entities  
2 that are part of an emissions-intensive, trade-exposed industry; and

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

6 (e) Allow for the trading of compliance instruments.

7 (f) Establish three-year compliance periods, standards for calculat-  
8 ing covered entities' compliance obligations relative to the annual al-  
9 lowance budgets applicable during each compliance period and, subject  
10 to section 11 of this 2017 Act, procedures by which covered entities  
11 shall meet their compliance obligations.

12 (g) Allow opt-in entities and general market participants to partic-  
13 ipate in the carbon pollution market.

14 (2)(a) The commission shall adopt by rule standards for offset  
15 projects that may generate offset credits and standards for covered  
16 entities to use offset credits in meeting their compliance obligations  
17 under the carbon pollution market.

18 (b) Offset projects:

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

20 (B) Must result in greenhouse gas emissions reductions or removals  
21 that are in addition to greenhouse gas emissions reductions or re-  
22 movals otherwise required by law, that would not otherwise have oc-  
23 curred if the emissions reduction or removal activity had not been  
24 implemented as part of the offset project and that meet the require-  
25 ments of subsection (4) of this section.

26 (c) Standards adopted under this subsection must ensure that offset  
27 credits may be used to account for no more than 50 percent of the  
28 greenhouse gas emissions reductions required of a covered entity dur-  
29 ing a compliance period, relative to the previous compliance period.

30 (d) In adopting standards under this subsection, the commission  
31 shall take into consideration any standards for offset projects and

1 **offset credits established by other states and countries with compara-**  
2 **ble carbon pollution markets.**

3 **(3) All covered entities, opt-in entities and general market partic-**  
4 **ipants must register as registered entities to participate in the carbon**  
5 **pollution market. The commission shall adopt by rule registration re-**  
6 **quirements and any additional requirements necessary for registered**  
7 **entities to participate in auctions administered by the department**  
8 **under section 10 of this 2017 Act. The commission may adopt a**  
9 **schedule of fees for registration under this subsection. Fees shall be**  
10 **reasonably calculated not to exceed the costs to the department in**  
11 **administering the carbon pollution market.**

12 **(4) Greenhouse gas emissions reductions achieved pursuant to the**  
13 **carbon pollution market developed under this section must be real,**  
14 **permanent, quantifiable, verifiable and enforceable.**

15 **(5) In developing and administering the carbon pollution market**  
16 **under this section, the commission may pursue linkage agreements**  
17 **with market-based programs in other states or countries.**

18 **SECTION 10. (1) Except as provided in subsection (2) of this section,**  
19 **auctions of allowances under the carbon pollution market shall be**  
20 **open to registered entities. The Environmental Quality Commission**  
21 **shall adopt rules necessary for the Department of Environmental**  
22 **Quality to administer the auctions. Rules adopted under this sub-**  
23 **section must, at a minimum:**

24 **(a) Require the department to hold a maximum of four auctions**  
25 **annually. An auction may include allowances from the annual allow-**  
26 **ance budget of the current year and allowances from the annual al-**  
27 **lowance budgets from prior years that remained unsold at previous**  
28 **auctions. The department may auction allowances from future annual**  
29 **allowance budgets separately from allowances from current and pre-**  
30 **vious annual allowance budgets.**

31 **(b) Require the department to engage:**

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

2 (B) A qualified financial services administrator to hold bid guaran-  
3 tees, evaluate bid guarantees and inform the department of the value  
4 of bid guarantees once the bids are accepted.

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

9 (d) Set an auction floor price and a schedule for the floor price to  
10 increase by a predetermined amount each calendar year as necessary  
11 for proper functioning of the carbon pollution market. The depart-  
12 ment may not sell allowances at bids lower than the auction floor  
13 price.

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

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

24 (g) Require a registered entity intending to participate in an auction  
25 to submit an application to participate at least 30 days prior to the  
26 auction.

27 (h) Include provisions to guard against bidder collusion and mini-  
28 mize the potential for market manipulation.

29 (2)(a) The department shall conduct reserve auctions of allowances  
30 from the allowance price containment reserve once each calendar  
31 quarter, separate from the auction of other allowances. Allowances

1 **unsold at a reserve auction must be made available again at future**  
2 **reserve auctions.**

3 **(b) Only covered entities may participate in reserve auctions.**

4 **(c) The department shall follow the procedures for auctions adopted**  
5 **by rule under subsection (1) of this section for reserve auctions, except**  
6 **that the department may choose to establish multiple price tiers for**  
7 **the allowances from the allowance price containment reserve.**

8 **(3) Upon completion and verification of the results of an auction**  
9 **conducted under this section, the financial services administrator**  
10 **shall notify winning bidders and transfer the proceeds of the auction**  
11 **as follows:**

12 **(a) For auction proceeds from allowances consigned to the state for**  
13 **auction under subsection (1)(f) of this section, to the electric utilities**  
14 **and natural gas utilities that consigned the allowances, to be used only**  
15 **as specified in section 12 of this 2017 Act;**

16 **(b) For auction proceeds that constitute revenues described in Ar-**  
17 **ticle IX, section 3a, of the Oregon Constitution, to the State Treasurer**  
18 **to be deposited in the Climate Investments Account in the State**  
19 **Highway Fund; and**

20 **(c) For auction proceeds remaining after completion of the trans-**  
21 **fers under paragraphs (a) and (b) of this subsection, to the State**  
22 **Treasurer to be deposited as follows:**

23 **(A) Eighty-five percent in the Oregon Climate Investments Fund;**  
24 **and**

25 **(B) Fifteen percent in the Just Transition Fund.**

26 **SECTION 11. (1) A covered entity subject to the carbon pollution**  
27 **market developed under section 9 of this 2017 Act must surrender to**  
28 **the Department of Environmental Quality the quantity of compliance**  
29 **instruments equal to the entity's compliance obligation no later than**  
30 **the surrender date for a compliance period specified by the Environ-**  
31 **mental Quality Commission by rule or order.**



1 (2) The Public Utility Commission shall adopt rules necessary to  
2 implement this section. In adopting rules under this section, the  
3 commission shall consult with the advisory committee established  
4 under section 7 of this 2017 Act.

5 **SECTION 13.** (1) The Climate Investments Account is established  
6 within the State Highway Fund. Interest earned by the Climate In-  
7 vestments Account shall be credited to the account. Moneys in the  
8 account are continuously appropriated to the Department of Trans-  
9 portation to be used only for activities that further the purposes of  
10 sections 6 to 19 of this 2017 Act as stated in section 6 of this 2017 Act.

11 (2) The Climate Investments Account shall consist of moneys de-  
12 posited in the account under section 10 (3)(b) of this 2017 Act.

13 (3)(a) Of the moneys deposited in the account each biennium:

14 (A) At least 20 percent must be used to support projects that are  
15 geographically located in disadvantaged communities; and

16 (B) At least 20 percent must be used to support projects that oth-  
17 erwise benefit disadvantaged communities.

18 (b) For purposes of this section, the Department of Transportation  
19 shall designate disadvantaged communities using the methodology  
20 adopted by the Environmental Quality Commission by rule under sec-  
21 tion 15 of this 2017 Act.

22 (4) In distributing moneys in the account, the Department of  
23 Transportation shall:

24 (a) Consult with the Climate Investments in Disadvantaged Com-  
25 munities Advisory Committee created under section 16 of this 2017 Act;  
26 and

27 (b) To the maximum extent feasible and practicable, give funding  
28 preference to projects that will result in the greatest greenhouse gas  
29 emissions reductions.

30 (5) If a construction project is funded in whole or in part by moneys  
31 from the account, the primary contractor participating in the con-



1 **struction project:**

2 **(a) Must participate in an apprenticeship program registered with**  
3 **the State Apprenticeship and Training Council;**

4 **(b) May not be a contractor listed by the Commissioner of the Bu-**  
5 **reau of Labor and Industries under ORS 279C.860 as ineligible to re-**  
6 **ceive a contract or subcontract for public works;**

7 **(c) Must demonstrate a history of compliance with the rules and**  
8 **other requirements of the Construction Contractors Board and of the**  
9 **Workers' Compensation Division and the Occupational Safety and**  
10 **Health Division of the Department of Consumer and Business Services;**  
11 **and**

12 **(d) Must demonstrate a history of compliance with federal and state**  
13 **wage and hour laws.**

14 **(6) If a construction project is funded in whole or in part by moneys**  
15 **from the account, the Department of Transportation may, on a**  
16 **project-by-project basis, require the use of a high road agreement or**  
17 **a project labor agreement if the use of either type of agreement would**  
18 **advance the public interest and be consistent with law.**

19 **SECTION 14. (1) The Oregon Climate Investments Fund is estab-**  
20 **lished in the State Treasury, separate and distinct from the General**  
21 **Fund. Interest earned by the Oregon Climate Investments Fund shall**  
22 **be credited to the fund. Moneys in the fund are continuously appro-**  
23 **priated to the Department of Environmental Quality to be distributed**  
24 **pursuant to the Climate Investments Grant Program adopted under**  
25 **section 15 of this 2017 Act.**

26 **(2) The Oregon Climate Investments Fund shall consist of moneys**  
27 **deposited in the fund under section 10 (3)(c)(A) of this 2017 Act.**

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

31 **SECTION 15. (1) The Environmental Quality Commission shall**

1 adopt by rule a Climate Investments Grant Program for distributing  
2 moneys in the Oregon Climate Investments Fund. The grant program  
3 must carry out the purposes of sections 6 to 19 of this 2017 Act as  
4 stated in section 6 of this 2017 Act.

5 (2)(a) Moneys must be distributed through the grant program de-  
6 veloped under this section such that, of the moneys deposited in or  
7 credited to the Oregon Climate Investments Fund each biennium:

8 (A) At least 40 percent of the moneys are distributed to projects or  
9 programs that are geographically located in disadvantaged communi-  
10 ties; and

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

15 (b) Disadvantaged communities and economically distressed areas  
16 may be, but need not be, considered mutually exclusive for purposes  
17 of this subsection.

18 (c) The commission shall consult with the Environmental Justice  
19 Task Force, other state agencies, local agencies and local officials in  
20 adopting by rule a methodology for designating disadvantaged com-  
21 munities for purposes of this subsection.

22 (3) The grant program shall include the appointment of a grant  
23 committee. Members of the grant committee shall be appointed by the  
24 Governor. The grant committee may be composed of any number of  
25 individuals with qualifications that the Governor determines neces-  
26 sary. However, the Governor shall appoint at least one member from  
27 each congressional district in this state and shall include individuals  
28 with experience in administering state grant programs. The appoint-  
29 ment of members of the grant committee is subject to confirmation  
30 by the Senate in the manner prescribed in ORS 171.562 and 171.565.

31 (4) The commission shall determine the form and method of apply-

1 **ing for grants from the grant program, the eligibility requirements for**  
2 **grant applicants and general terms and conditions of the grants.**

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

10 **(a) Maximize multiple benefits in this state, including but not lim-**  
11 **ited to environmental, social and economic benefits;**

12 **(b) Result in greenhouse gas emissions reductions that are cost ef-**  
13 **fective or that are the product of business and research development**  
14 **interests in this state;**

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

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

19 **(e) Protect disadvantaged communities and economically distressed**  
20 **areas from economic uncertainties associated with climate change or**  
21 **climate change policies; or**

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

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

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

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

30 **(7) If a construction project is funded in whole or in part by a grant**  
31 **awarded under the grant program, the grant agreement shall require**

1 **that the primary contractor participating in the construction project:**

2 **(a) Must participate in an apprenticeship program registered with**  
3 **the State Apprenticeship and Training Council;**

4 **(b) May not be a contractor listed by the Commissioner of the Bu-**  
5 **reau of Labor and Industries under ORS 279C.860 as ineligible to re-**  
6 **ceive a contract or subcontract for public works;**

7 **(c) Must demonstrate a history of compliance with the rules and**  
8 **other requirements of the Construction Contractors Board and of the**  
9 **Workers' Compensation Division and the Occupational Safety and**  
10 **Health Division of the Department of Consumer and Business Services;**  
11 **and**

12 **(d) Must demonstrate a history of compliance with federal and state**  
13 **wage and hour laws.**

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

20 **(9) Subject to the rules adopted by the commission, and subject to**  
21 **reevaluation by the commission on appeal, the grant committee has**  
22 **the responsibility to review grant applications and make funding de-**  
23 **terminations under the grant program adopted pursuant to this sec-**  
24 **tion.**

25 **SECTION 16. (1) There is created a Climate Investments in Disad-**  
26 **vantaged Communities Advisory Committee consisting of 17 members**  
27 **appointed by the Governor, with at least one member from each con-**  
28 **gressional district in this state. The Governor shall appoint members**  
29 **to the advisory committee as follows:**

30 **(a) Eight members must be recommended by the Environmental**  
31 **Justice Task Force and have experience in working to support envi-**

1 **ronmental justice in disadvantaged communities;**

2 **(b) Three members must represent labor interests;**

3 **(c) Three members must have experience in sustainable develop-**  
4 **ment;**

5 **(d) One member must represent the interests of cities;**

6 **(e) One member must represent the interests of counties; and**

7 **(f) One member must represent the interests of business.**

8 **(2) The advisory committee shall consult with and make recom-**  
9 **mendations to the following public bodies regarding the investment**  
10 **of funds in projects and programs that are geographically located in**  
11 **disadvantaged communities or that otherwise benefit disadvantaged**  
12 **communities:**

13 **(a) The Department of Transportation with relation to the use of**  
14 **moneys in the Climate Investments Account; and**

15 **(b) The grant committee appointed by the Governor under section**  
16 **15 of this 2017 Act with relation to the award of grants under the Cli-**  
17 **mate Investments Grant Program.**

18 **(3) A majority of the members of the advisory committee consti-**  
19 **tutes a quorum for the transaction of business.**

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

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

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

29 **SECTION 17. Notwithstanding the term of office specified by section**  
30 **16 of this 2017 Act, of the members first appointed to the Climate In-**  
31 **vestments in Disadvantaged Communities Advisory Committee:**

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

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

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

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

5 **SECTION 18.** (1) The Just Transition Fund is established in the  
6 State Treasury, separate and distinct from the General Fund. Interest  
7 earned by the Just Transition Fund shall be credited to the fund.  
8 Moneys in the fund are continuously appropriated to the Oregon  
9 Business Development Department to be distributed pursuant to the  
10 Just Transition Grant Program developed under section 19 of this 2017  
11 Act.

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

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

17 **SECTION 19.** (1) The Oregon Business Development Department  
18 shall adopt by rule a Just Transition Grant Program for the disburse-  
19 ment of moneys in the Just Transition Fund. In developing the grant  
20 program, the department shall consult with the advisory committee  
21 created under section 7 of this 2017 Act. The purpose of the grant  
22 program shall be to support economic diversification, job creation, job  
23 training and other employment and mental health services for workers  
24 and communities in this state that are adversely affected by climate  
25 change or climate change policies.

26 (2) The grant program shall include the appointment of a grant  
27 committee. Members of the grant committee shall be appointed by the  
28 Governor, subject to confirmation by the Senate in the manner pro-  
29 vided in ORS 171.562 and 171.565. The grant committee may be com-  
30 posed of any number of individuals with qualifications that the  
31 Governor determines necessary. However, the Governor shall include

1 on the grant committee:

2 (a) Individuals who have experience in administering state grant  
3 programs;

4 (b) Individuals recommended by the Environmental Justice Task  
5 Force who have experience in working to support environmental jus-  
6 tice in disadvantaged communities;

7 (c) Representatives of labor organizations;

8 (d) Individuals with energy and climate policy expertise; and

9 (e) At least one individual from each congressional district in this  
10 state.

11 (3) Subject to the rules adopted by the department, and subject to  
12 reevaluation by the department on appeal, the grant committee has  
13 the responsibility to review grant applications and make funding de-  
14 terminations under the grant program adopted pursuant to this sec-  
15 tion.

16 (4) The department shall determine the form and method of apply-  
17 ing for grants from the grant program, the eligibility requirements for  
18 grant applicants and general terms and conditions of the grants.

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

20 (a) Require that a grant applicant provide matching funds for  
21 completion of the project or program for which a grant is awarded;  
22 and

23 (b) Allow an applicant to appeal to the department for reevaluation  
24 of any determination of grant funding.

25

26 **GREENHOUSE GAS EMISSIONS REGISTRATION AND REPORTING**

27

28 **SECTION 20.** ORS 468A.280 is amended to read:

29 468A.280. (1) In addition to any registration and reporting that may be  
30 required under ORS 468A.050, the Environmental Quality Commission by  
31 rule may require registration and reporting by:

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

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

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

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

16 (b) For the purpose of determining greenhouse gas emissions related to  
17 electricity purchased from the Bonneville Power Administration by a  
18 consumer-owned utility, as defined in ORS 757.270, the commission may re-  
19 quire only that the utility report:

20 (A) The number of megawatt-hours of electricity purchased by the utility  
21 from the Bonneville Power Administration, segregated by the types of con-  
22 tracts entered into by the utility with the Bonneville Power Administration;  
23 and

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

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

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



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

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

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

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

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

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

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

14 (iii) Electricity purchases for which a renewable energy certificate under  
15 ORS 469A.130 has been issued but subsequently transferred or sold to a per-  
16 son other than the electric company;

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

18 (v) Total energy losses from electricity transmission and distribution  
19 equipment owned or operated by the electric company.

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

23 (5) Rules adopted by the commission under this section for fossil fuel that  
24 is imported, sold or distributed for use in this state may require reporting  
25 of the type and quantity of the fuel and any additional information necessary  
26 to determine the carbon content of the fuel. For the purpose of determining  
27 greenhouse gas emissions related to liquefied petroleum gas, the commission  
28 shall allow reporting using publications or submission of data by the Amer-  
29 ican Petroleum Institute but may require reporting of such other information  
30 necessary to achieve the purposes of the rules adopted by the commission  
31 under this section.

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

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

6 (b) Allowing electronic reporting;

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

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

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

15 (f) Other appropriate means and procedures determined by the commis-  
16 sion.

17 **(7)(a) Rules adopted under this section must support implementa-**  
18 **tion of the carbon pollution market developed under section 9 of this**  
19 **2017 Act.**

20 **(b) If a person that has a compliance obligation under the carbon**  
21 **pollution market developed under section 9 of this 2017 Act fails to**  
22 **submit a report under this section, the department shall develop an**  
23 **assigned greenhouse gas emissions level for that person for purposes**  
24 **of participation in the carbon pollution market.**

25 [(7)] **(8) As used in this section, “greenhouse gas” [has the meaning given**  
26 *that term in ORS 468A.210]* **means any gas that contributes to**  
27 **anthropogenic climate change, including but not limited to carbon**  
28 **dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons**  
29 **and sulfur hexafluoride.**

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

31 468A.050. (1) By rule the Environmental Quality Commission may classify

1 air contamination sources according to levels and types of emissions and  
2 other characteristics [*which*] **that** cause or tend to cause or contribute to  
3 air pollution and may require registration or reporting or both for any such  
4 class or classes.

5 (2) Any person in control of an air contamination source of any class for  
6 which registration and reporting is required under subsection (1) of this  
7 section shall register with the Department of Environmental Quality and  
8 make reports containing such information as the commission by rule may  
9 require concerning location, size and height of air contaminant outlets, pro-  
10 cesses employed, fuels used and the amounts, nature and duration of air  
11 contaminant emissions and such other information as is relevant to air pol-  
12 lution.

13 **(3)(a) In addition to any other registration or reporting required**  
14 **under subsection (1) of this section, the commission shall by rule re-**  
15 **quire registration and reporting of greenhouse gas emissions by air**  
16 **contamination sources classified pursuant to subsection (1) of this**  
17 **section. Rules adopted under this subsection must support implemen-**  
18 **tation of the carbon pollution market developed under section 9 of this**  
19 **2017 Act.**

20 **(b) If an air contamination source that has a compliance obligation**  
21 **under the carbon pollution market developed under section 9 of this**  
22 **2017 Act fails to submit a report under this section, the department**  
23 **shall develop an assigned emissions level for that air contamination**  
24 **source for purposes of participation in the carbon pollution market.**

25 [(3)] (4) By rule the commission may establish a schedule of fees for the  
26 registration of any class of air contamination sources classified pursuant to  
27 subsection (1) of this section for which a person is required to obtain a per-  
28 mit under ORS 468A.040 or 468A.155 but chooses instead to register if al-  
29 lowed by the commission by rule. The commission shall base the fees on the  
30 anticipated cost of developing and implementing programs related to the  
31 different classes, including but not limited to the cost of processing regis-

1 trations, compliance inspections and enforcement. A registration must be  
2 accompanied by any fee specified by the commission by rule, and a subse-  
3 quent annual registration fee is payable as prescribed by rule of the com-  
4 mission.

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

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

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

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

24 (a) **The standards established by the International Organization for**  
25 **Standardization under ISO 14064; or**

26 (b) **Other standards that meet criteria identified by the department**  
27 **for calculating emissions on a complete life cycle basis, including the**  
28 **emissions attributable to the extraction, production, storage, trans-**  
29 **portation, delivery and final use combustion of a greenhouse gas and**  
30 **fugitive losses, expressed in carbon dioxide equivalents.**

31 (2) **If the department determines that it is feasible, pursuant to the**

1 study required by subsection (1) of this section, the Environmental  
2 Quality Commission may require greenhouse gas emissions to be  
3 quantified and reported under ORS 468A.050 and 468A.280 in a manner  
4 that meets the standards specified in subsection (1)(a) or (b) of this  
5 section.

6  
7 **OREGON GLOBAL WARMING COMMISSION NAME CHANGE**

8  
9 **SECTION 23.** ORS 468A.200 is amended to read:

10 468A.200. The Legislative Assembly finds that:

11 (1) In December 2004 the Governor's Advisory Group on Global Warming  
12 issued its report calling for immediate and significant action to address  
13 [*global warming*] **climate change**, to reduce Oregon's exposure to the risks  
14 of [*global warming*] **climate change** and to begin to prepare for the effects  
15 of [*global warming*] **climate change**. The advisory group also identified 46  
16 specific recommendations for measurable reductions in the state's greenhouse  
17 gas emissions.

18 (2) In partnership with the Governor's advisory group, 50 scientists signed  
19 the "Scientific Consensus Statement on the Likely Impacts of Climate  
20 Change on the Pacific Northwest," which examined the potential effects of  
21 climate change on temperature, precipitation, sea level, marine ecosystems  
22 and terrestrial ecosystems. The scientists recommended additional, improved  
23 scientific studies and modeling of the effects of climate change on the at-  
24 mosphere, oceans and land, as well as modeling of the effects of economic  
25 and management policies.

26 (3) [*Global warming*] **Climate change** poses a serious threat to the eco-  
27 nomic well-being, public health, natural resources and environment of  
28 Oregon.

29 (4) Oregon relies on snowpack for summer stream flows to provide energy,  
30 municipal water, watershed health and irrigation. Also, a potential rise in  
31 sea levels threatens Oregon's coastal communities. Reduced snowpack,

1 changes in the timing of stream flows, extreme or unusual weather events,  
2 rising sea levels, increased occurrences of vector-borne diseases and impacts  
3 on forest health could significantly impact the economy, environment and  
4 quality of life in Oregon.

5 (5) Oregon forests play a significant role in sequestering atmospheric  
6 carbon, and losing this potential to sequester carbon will have a significant  
7 negative effect on the reduction of carbon levels in the atmosphere.

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

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

19 (8) Oregon has been a national leader in energy conservation and envi-  
20 ronmental stewardship, including the areas of energy efficiency requirements  
21 and investments, renewable energy investments, natural resource conserva-  
22 tion, greenhouse gas offset requirements and investments, and global warm-  
23 ing pollution standards for passenger vehicles. Significant opportunities  
24 remain to reduce greenhouse gas emissions statewide, especially from major  
25 contributors of greenhouse gas emissions, including electricity production,  
26 transportation, building construction and operation, and the residential and  
27 consumer sectors.

28 (9) Actions to reduce greenhouse gas emissions will reduce Oregon's reli-  
29 ance on foreign sources of energy, lead to the development of technology,  
30 attract new businesses to Oregon and increase energy efficiency throughout  
31 the state, resulting in benefits to the economy and to individual businesses

1 and residents.

2 (10) In devising measures to achieve reduction of greenhouse gas emis-  
3 sions, Oregon must strive to not disadvantage Oregon businesses as com-  
4 pared to businesses in other states with which Oregon cooperates on regional  
5 greenhouse gas emissions reduction strategies.

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

7 (a) In concert with complementary policies and actions by other states  
8 and the federal government, substantially reduce the global levels of  
9 greenhouse gas emissions and the impacts of those emissions;

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

11 (c) Inform and shape national policies and actions in ways that are ad-  
12 vantageous to Oregon residents and businesses; and

13 (d) Directly benefit the state and local governments, businesses and resi-  
14 dents.

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

16 468A.210. As used in ORS 352.823 and 468A.200 to 468A.260:

17 (1) [*“Global warming”*] **“Climate change”** means an increase in the av-  
18 erage temperature of the earth’s atmosphere that is associated with the re-  
19 lease of greenhouse gases.

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

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

24 [(a) *Establishes a total cap on greenhouse gas emissions from an identified*  
25 *group of emitters;*]

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

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

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

29 468A.215. (1) There is created the [*Oregon Global Warming Commission*]  
30 **Oregon Commission on Climate Change.** The commission shall consist of  
31 25 members, including 11 voting members appointed by the Governor under

1 this section and 14 ex officio nonvoting members specified in ORS 468A.220.

2 (2) Members of the commission appointed under this section shall be ap-  
3 pointed so as to be representative of the social, environmental, cultural and  
4 economic diversity of the state and to be representative of the policy, sci-  
5 ence, education and implementation elements of the efforts to reduce  
6 greenhouse gas emissions and to prepare Oregon for the effects of [*global*  
7 *warming*] **climate change**. Of the members appointed by the Governor under  
8 this section:

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

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

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

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

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

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

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

17 (4) The term of office of a member appointed under this section is four  
18 years. Before the expiration of the term of a member, the Governor shall  
19 appoint a successor whose term begins on January 31 next following. A  
20 member appointed under this section is eligible for reappointment. In case  
21 of vacancy for any cause, the Governor shall make an appointment to become  
22 immediately effective for the unexpired term.

23 (5) The members of the commission appointed under this section must be  
24 residents of this state. Failure of a member to maintain compliance with the  
25 eligibility requirements related to the member's appointment shall result in  
26 disqualification from serving on the commission.

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

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

30 468A.220. (1) In addition to the members appointed under ORS 468A.215,  
31 the [*Oregon Global Warming Commission*] **Oregon Commission on Climate**



1 **Change** includes the following ex officio nonvoting **members and addi-**  
2 **tional nonvoting** members:

- 3 (a) The Director of the State Department of Energy;
- 4 (b) The Director of Transportation;
- 5 (c) The chairperson of the Public Utility Commission of Oregon;
- 6 (d) The Director of the Department of Environmental Quality;
- 7 (e) The Director of Agriculture;
- 8 (f) The State Forester;
- 9 (g) The Water Resources Director; and
- 10 (h) Three additional [*ex officio*] nonvoting members, each from a state  
11 agency or an academic institution.

12 (2) The following representatives of the Legislative Assembly also shall  
13 serve as ex officio nonvoting members:

- 14 (a) Two members of the Senate, not from the same political party, ap-  
15 pointed by the President of the Senate; and
- 16 (b) Two members of the House of Representatives, not from the same  
17 political party, appointed by the Speaker of the House of Representatives.

18 [(3) *Each legislative member serves at the pleasure of the appointing au-*  
19 *thority and may serve so long as the member remains in the chamber of the*  
20 *Legislative Assembly from which the member was appointed.*]

21 [(4)] (3) Notwithstanding ORS 171.072, members of the commission who  
22 are members of the Legislative Assembly are not entitled to mileage expenses  
23 or a per diem and serve as volunteers on the commission.

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

25 468A.225. (1) A majority of the members of the [*Oregon Global Warming*  
26 *Commission*] **Oregon Commission on Climate Change** constitutes a quo-  
27 rum for the transaction of business.

28 (2) The commission shall meet at times and places specified by a majority  
29 of the members of the commission.

30 (3) **Official action by the commission requires the approval of a**  
31 **majority of the voting members of the commission.**

1 [(3)] (4) The State Department of Energy shall provide clerical, technical  
 2 and management personnel to serve the commission. Other agencies shall  
 3 provide support as requested by the department or the commission.

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

5 468A.230. The [*Oregon Global Warming Commission*] **Oregon Commis-**  
 6 **sion on Climate Change** may adopt by rule such standards and procedures  
 7 as it considers necessary for the operation of the commission.

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

9 468A.235. The [*Oregon Global Warming Commission*] **Oregon Commis-**  
 10 **sion on Climate Change** shall recommend ways to coordinate state and lo-  
 11 cal efforts to reduce greenhouse gas emissions in Oregon consistent with the  
 12 **levels of** greenhouse gas emissions [*reduction goals*] established by [*ORS*  
 13 *468A.205*] **section 4 of this 2017 Act** and shall recommend efforts to help  
 14 Oregon prepare for the effects of [*global warming*] **climate change**. The  
 15 Office of the Governor and state agencies working on multistate and regional  
 16 efforts to reduce greenhouse gas emissions shall inform the commission about  
 17 these efforts and shall consider input from the commission for such efforts.

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

19 468A.240. (1) In furtherance of the **levels of** greenhouse gas emissions  
 20 [*reduction goals*] established by [*ORS 468A.205*] **section 4 of this 2017 Act**,  
 21 the [*Oregon Global Warming Commission*] **Oregon Commission on Climate**  
 22 **Change** may recommend statutory and administrative changes, policy meas-  
 23 ures and other recommendations to be carried out by state and local gov-  
 24 ernments, businesses, nonprofit organizations or residents. In developing its  
 25 recommendations, the commission shall consider economic, environmental,  
 26 health and social costs, and the risks and benefits of alternative strategies,  
 27 including least-cost options. The commission shall solicit and consider public  
 28 comment relating to statutory, administrative or policy recommendations.

29 [(2) *The commission shall examine greenhouse gas cap-and-trade systems,*  
 30 *including a statewide and multistate carbon cap-and-trade system and*  
 31 *market-based mechanisms, as a means of achieving the greenhouse gas emis-*

1 *sions reduction goals established by ORS 468A.205.]*

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

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

6 468A.245. The [*Oregon Global Warming Commission*] **Oregon Commis-**  
7 **sion on Climate Change** shall develop an outreach strategy to educate  
8 Oregonians about the scientific aspects and economic impacts of [*global*  
9 *warming*] **climate change** and to inform Oregonians of ways to reduce  
10 greenhouse gas emissions and ways to prepare for the effects of [*global*  
11 *warming*] **climate change**. The commission, at a minimum, shall work with  
12 state and local governments, the State Department of Energy, the Depart-  
13 ment of Education, the Higher Education Coordinating Commission and  
14 businesses 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 Com-**  
17 **mission on Climate Change** shall track and evaluate:

18 (a) Economic, environmental, health and social assessments of [*global*  
19 *warming*] **climate 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  
22 benefits of alternative 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 emis-  
25 sions [*reduction goals*] **levels** established by [*ORS 468A.205*] **section 4 of**  
26 **this 2017 Act**;

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

29 (g) Technological progress on sources of energy the use of which gener-  
30 ates no or low greenhouse gas emissions and methods for carbon  
31 sequestration;

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

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

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

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

12 (L) Any other information, policies or analyses that the commission de-  
13 termines will aid in [*the achievement of the greenhouse gas emissions re-*  
14 *duction goals established by ORS 468A.205*] **preventing exceedance of the**  
15 **greenhouse gas emissions levels established by section 4 of this 2017**  
16 **Act.**

17 (2) The commission shall:

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

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

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

27 468A.255. The [*Oregon Global Warming Commission*] **Oregon Commis-**  
28 **sion on Climate Change** may recommend to the Governor the formation of  
29 citizen advisory groups to explore particular areas of concern with regard  
30 to the reduction of greenhouse gas emissions and the effects of [*global*  
31 *warming*] **climate change.**

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

2        468A.260. The [*Oregon Global Warming Commission*] **Oregon Commis-**  
3 **sion on Climate Change** shall submit a report to the Legislative Assembly,  
4 in the manner provided by ORS 192.245, by [*March 31 of each odd-numbered*  
5 *year*] **September 15 of each even-numbered year** that describes Oregon's  
6 progress toward [*achievement of the greenhouse gas emissions reduction goals*  
7 *established by ORS 468A.205*] **preventing exceedance of the greenhouse**  
8 **gas emissions levels established by section 4 of this 2017 Act.** The report  
9 may include relevant issues and trends of significance, including trends of  
10 greenhouse gas emissions, emerging public policy and technological ad-  
11 vances. The report also may discuss measures the state may adopt to mitigate  
12 the impacts of [*global warming*] **climate change** on the environment, the  
13 economy and the residents of Oregon and to prepare for those impacts.

14  
15                    **CONFORMING AMENDMENTS OPERATIVE IN 2018**

16  
17        **SECTION 35.** ORS 184.889 is amended to read:

18        184.889. (1) The Oregon Transportation Commission, after consultation  
19 with and in cooperation with metropolitan planning organizations, other  
20 state agencies, local governments and stakeholders, as a part of the state  
21 transportation policy developed and maintained under ORS 184.618, shall  
22 adopt a statewide transportation strategy on greenhouse gas emissions to aid  
23 in [*achieving the greenhouse gas emissions reduction goals set forth in ORS*  
24 *468A.205*] **preventing exceedance of the greenhouse gas emissions levels**  
25 **established by section 4 of this 2017 Act.** The commission shall focus on  
26 reducing greenhouse gas emissions resulting from transportation. In devel-  
27 oping the strategy, the commission shall take into account state and federal  
28 programs, policies and incentives related to reducing greenhouse gas emis-  
29 sions.

30        (2) The commission shall actively solicit public review and comment in  
31 the development of the strategy.

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

2        352.823. (1) The Oregon Climate Change Research Institute is established  
3 at Oregon State University. In administering the institute, Oregon State  
4 University may seek the cooperation of other public universities listed in  
5 ORS 352.002.

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

7        (a) Facilitate research by faculty at public universities listed in ORS  
8 352.002 on climate change and its effects on natural and human systems in  
9 Oregon;

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

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

13       (d) Support the [*Oregon Global Warming Commission*] **Oregon Commis-**  
14 **sion on Climate Change** in developing strategies to prepare for and to  
15 mitigate the effects of climate change on natural and human systems; and

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

18       (3) The Oregon Climate Change Research Institute shall assess, at least  
19 once each biennium, the state of climate change science, including biological,  
20 physical and social science, as it relates to Oregon and the likely effects of  
21 climate change on the state. The institute shall submit the assessment to the  
22 Legislative Assembly in the manner provided in ORS 192.245 and to the  
23 Governor.

24       (4) State agencies may contract with the Oregon Climate Change Re-  
25 search Institute to fulfill agency needs regarding the collection, storage, in-  
26 tegration, analysis, dissemination and monitoring of climate change  
27 information, research and training.

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

30       **Sec. 9.** (1) The Public Utility Commission shall develop estimates of the  
31 rate impacts for electric companies and natural gas companies to meet the

1 following alternative greenhouse gas emission reduction goals for 2020:

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

3 (b) Fifteen percent below 2005 levels.

4 (2) The commission shall submit a report presenting the estimates and  
5 explaining the analysis used to develop the estimates to the appropriate in-  
6 terim committee of the Legislative Assembly prior to November 1 of each  
7 even-numbered year.

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

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

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

12 (b) “Transportation electrification” means:

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

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

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

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

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

22 (a) Transportation electrification is necessary to reduce petroleum use,  
23 achieve optimum levels of energy efficiency and carbon reduction, meet fed-  
24 eral and state air quality standards, [*meet this state’s greenhouse gas emis-*  
25 *sions reduction goals described in ORS 468A.205*] **prevent exceedance of the**  
26 **greenhouse gas emissions levels established by section 4 of this 2017**  
27 **Act** and improve the public health and safety;

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

30 (c) Widespread transportation electrification requires that electric com-  
31 panies increase access to the use of electricity as a transportation fuel in low

1 and moderate income communities;

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

6 (e) Transportation electrification and the purchase and use of electric  
7 vehicles should assist in managing the electrical grid, integrating generation  
8 from renewable energy resources and improving electric system efficiency  
9 and operational flexibility, including the ability of an electric company to  
10 integrate variable generating resources;

11 (f) Deploying transportation electrification and electric vehicles creates  
12 the opportunity for an electric company to propose, to the Public Utility  
13 Commission, that a net benefit for the customers of the electric company is  
14 attainable; and

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

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

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

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

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

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

31 (d) Are reasonably expected to enable the electric company to support the



1 electric company's electrical system;

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

5 (f) Are reasonably expected to stimulate innovation, competition and  
6 customer choice in electric vehicle charging and related infrastructure and  
7 services.

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

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

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

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

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

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

31

1                   **CONFORMING AMENDMENTS OPERATIVE IN 2021**

2  
3           **SECTION 39.** **ORS 468A.210 is repealed.**

4           **SECTION 40.** ORS 468A.270 is amended to read:

5           468A.270. (1) As used in this section:

6           (a) “Greenhouse gas” has the meaning given that term in [*ORS*  
7 *468A.210*] **section 8 of this 2017 Act.**

8           (b) “Motor vehicle” has the meaning given that term in ORS 801.360.

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

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

15          (b) Before adopting requirements under this section, the commission shall  
16 consider the antitampering requirements and exemptions of the State of  
17 California.

18          (4) The commission may adopt requirements for motor vehicle service  
19 providers to check and inflate tire pressure according to the tire  
20 manufacturer’s or motor vehicle manufacturer’s recommended specifications,  
21 provided that the requirements:

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

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

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

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

31           (b) Engine use shall be allowed when necessary for reasonable periods due

1 to emergencies and other considerations as determined by the commission;  
2 and

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

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

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

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

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

15 (d) Technical and economic studies of comparable greenhouse gas emis-  
16 sions reduction measures implemented in other states and any other studies  
17 as determined by the commission.

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

19 (a) Motor vehicles registered as farm vehicles under the provisions of  
20 ORS 805.300.

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

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

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

25 **SECTION 41.** ORS 468A.275 is amended to read:

26 468A.275. (1) As used in this section:

27 (a) "Greenhouse gas" has the meaning given that term in [ORS  
28 468A.210] **section 8 of this 2017 Act.**

29 (b) "Low carbon fuel standards" means standards for the reduction of  
30 greenhouse gas emissions, on average, per unit of fuel energy.

31 (c) "Motor vehicle" has the meaning given that term in ORS 801.360.

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

4 (b) The commission may adopt the following related to the standards, in-  
5 cluding but not limited to:

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

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

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

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

21 (E) Exemptions for fuels that are used in volumes below thresholds es-  
22 tablished by the commission;

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

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

30 (c) Before adopting standards under this section, the commission shall  
31 consider the low carbon fuel standards of other states, including but not

1 limited to Washington, for the purpose of determining schedules and goals  
2 for the reduction of the average amount of greenhouse gas emissions per unit  
3 of fuel energy and the default values for these reductions for applicable fuels.

4 (d) The commission shall adopt by rule provisions for managing and con-  
5 taining the costs of compliance with the standards, including but not limited  
6 to provisions to facilitate compliance with the standards by ensuring that  
7 persons may obtain credits for fuels used as substitutes for gasoline or diesel  
8 and by creating opportunities for persons to trade credits.

9 (e) The commission shall exempt from the standards any person who im-  
10 ports in a calendar year less than 500,000 gallons of gasoline and diesel fuel,  
11 in total. Any fuel imported by persons that are related or share common  
12 ownership or control shall be aggregated together to determine whether a  
13 person is exempt under this paragraph.

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

17 (i) Fuel that consists entirely of biodiesel, designated as B100, shall  
18 comply with ASTM D 6751 and shall have an oxidation stability induction  
19 period of not less than eight hours as determined by the test method de-  
20 scribed in European standard EN 15751; and

21 (ii) Fuel that consists of a blend of diesel fuel and between 6 and 20 vol-  
22 ume percent biodiesel, and designated as biodiesel blends B6 to B20, shall  
23 comply with ASTM D 7467 and shall have an oxidation stability induction  
24 period of not less than 20 hours as determined by the test method described  
25 in European standard EN 15751.

26 (B) The commission may adopt rules different from those required under  
27 subparagraph (A) of this paragraph if an ASTM or EN standard applicable  
28 to biodiesel is approved or amended after March 12, 2015, or if the commis-  
29 sion finds that different rules are necessary due to changes in technology  
30 or fuel testing or production methods.

31 (C) As used in this subsection, “biodiesel” means a motor vehicle fuel

1 consisting of mono-alkyl esters of long chain fatty acids derived from vege-  
2 table oils, animal fats or other nonpetroleum resources, not including palm  
3 oil.

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

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

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

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

12 (d) Technical and economic studies of comparable greenhouse gas emis-  
13 sions reduction measures implemented in other states and any other studies  
14 as determined by the commission.

15 (4)(a) The provisions of this section do not apply to fuel that is demon-  
16 strated to have been used in any of the following:

17 (A) Motor vehicles registered as farm vehicles under the provisions of  
18 ORS 805.300.

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

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

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

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

26 (F) Watercraft.

27 (G) Railroad locomotives.

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

30 **SECTION 42.** ORS 757.528 is amended to read:

31 757.528. (1) Unless modified by rule by the State Department of Energy

1 as provided in this section, the greenhouse gas emissions standard that ap-  
2 plies to consumer-owned utilities is 1,100 pounds of greenhouse gases per  
3 megawatt-hour for a generating facility.

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

6 (3) For purposes of applying the emissions standard to cogeneration fa-  
7 cilities, the department shall establish an output-based methodology to en-  
8 sure that the calculation of emissions of greenhouse gases for cogeneration  
9 facilities recognizes the total usable energy output of the process and in-  
10 cludes all greenhouse gases emitted by the facility in the production of both  
11 electrical and thermal energy.

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

16 (a) Modify the emissions standard to include other greenhouse gases as  
17 defined in [ORS 468A.210] **section 8 of this 2017 Act**, with the other  
18 greenhouse gases expressed as their carbon dioxide equivalent; and

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

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

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

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

29 (5) In modifying the greenhouse gas emissions standard, the department  
30 shall:

31 (a) Use an output-based methodology to ensure that the calculation of

1 greenhouse gas emissions through cogeneration recognizes the total usable  
2 energy output of the process and includes all greenhouse gases emitted by  
3 the generating facility in the production of both electrical and thermal en-  
4 ergy; and

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

7 (6) If upon a review conducted pursuant to subsection (4) of this section,  
8 the department determines that a mandatory greenhouse gas emissions limit  
9 has been established pursuant to state or federal law, the department shall  
10 issue a report to the appropriate legislative committees of the Legislative  
11 Assembly stating which portions, if any, of the greenhouse gas emissions  
12 standard are no longer necessary as a matter of state law.

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

14 468A.020. (1) Except as provided in subsection (2) of this section, the air  
15 pollution laws contained in ORS chapters 468, 468A and 468B do not apply  
16 to:

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

18 (A) Growing or harvesting crops;

19 (B) Raising fowl or animals;

20 (C) Clearing or grading agricultural land;

21 (D) Propagating and raising nursery stock;

22 (E) Propane flaming of mint stubble; and

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

26 (b) Equipment used in agricultural operations, except boilers used in  
27 connection with propagating and raising nursery stock.

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

29 (d) Heating equipment in or used in connection with residences used ex-  
30 clusively as dwellings for not more than four families, except solid fuel  
31 burning devices, as defined in ORS 468A.485, that are subject to regulation



1 under this section and ORS 468A.140 and 468A.460 to 468A.515.

2 (e) Fires set or permitted by any public agency when such fire is set or  
3 permitted in the performance of its official duty for the purpose of weed  
4 abatement, prevention or elimination of a fire hazard, or instruction of em-  
5 ployees in the methods of fire fighting, which in the opinion of the agency  
6 is necessary.

7 (f) Fires set pursuant to permit for the purpose of instruction of employ-  
8 ees of private industrial concerns in methods of fire fighting, or for civil  
9 defense instruction.

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

11 (a) Otherwise provided in ORS 468A.555 to 468A.620, 468A.790, 468A.992,  
12 476.380 and 478.960;

13 (b) Necessary to implement the federal Clean Air Act (P.L. 88-206 as  
14 amended) under ORS 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and  
15 468A.300 to 468A.330; or

16 (c) Necessary for the Environmental Quality Commission, in the  
17 commission's discretion, to implement a recommendation of the Task Force  
18 on Dairy Air Quality created under section 3, chapter 799, Oregon Laws 2007,  
19 for the regulation of dairy air contaminant emissions.

20 (3)(a) Except to the extent necessary to implement the federal Clean Air  
21 Act (P.L. 88-206 as amended), [*the air pollution laws contained in*] ORS  
22 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and 468A.300 to 468A.330  
23 **and sections 6 to 19 of this 2017 Act** do not apply to carbon dioxide emis-  
24 sions from the combustion or decomposition of biomass.

25 (b) As used in this subsection, "biomass" means:

26 (A) Nonfossilized and biodegradable organic materials that originate from  
27 plants, animals and microorganisms and that are products, byproducts, resi-  
28 dues or wastes from agriculture, forestry and related industries;

29 (B) Nonfossilized and biodegradable organic fractions of industrial and  
30 municipal wastes; and

31 (C) Gases and liquids recovered from the decomposition of nonfossilized

1 and biodegradable organic matter.

2

3

### OPERATIVE DATES

4

5 **SECTION 44. (1)(a) Sections 1, 3 and 4 of this 2017 Act, the amend-**  
6 **ments to ORS 184.889, 352.823, 468A.050, 468A.200, 468A.210, 468A.215,**  
7 **468A.220, 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250,**  
8 **468A.255, 468A.260 and 468A.280 and section 9, chapter 751, Oregon Laws**  
9 **2009, and section 20, chapter 28, Oregon Laws 2016, by sections 20, 21**  
10 **and 23 to 38 of this 2017 Act and the repeal of ORS 468A.205 by section**  
11 **2 of this 2017 Act become operative on January 1, 2018.**

12 **(b) The Environmental Quality Commission may adopt rules or take**  
13 **any actions before the operative date specified in paragraph (a) of this**  
14 **subsection that are necessary to carry out the provisions of section 4**  
15 **of this 2017 Act. Any rules adopted by the commission under this**  
16 **subsection may not become operative until January 1, 2018.**

17 **(2)(a) Sections 5, 6 to 19 and 22 of this 2017 Act, the amendments**  
18 **to ORS 468A.020, 468A.270, 468A.275 and 757.528 by sections 40 to 43 of**  
19 **this 2017 Act and the repeal of ORS 468A.210 by section 39 of this 2017**  
20 **Act become operative on January 1, 2021.**

21 **(b) The Environmental Quality Commission, the Public Utility**  
22 **Commission, the Department of Transportation and the Oregon Busi-**  
23 **ness Development Department may adopt rules or take any actions**  
24 **before the operative date specified in paragraph (a) of this subsection**  
25 **that are necessary to carry out the provisions of sections 6 to 19 and**  
26 **22 of this 2017 Act. Any rules adopted by the Environmental Quality**  
27 **Commission, the Public Utility Commission, the Department of**  
28 **Transportation or the Oregon Business Development Department un-**  
29 **der this subsection may not become operative until January 1, 2021.**

30

31

### REPORT

1 **SECTION 45.** The Department of Environmental Quality shall re-  
2 port on the implementation of sections 6 to 19 and 22 of this 2017 Act  
3 to the interim legislative committees on the environment and natural  
4 resources on or before September 15, 2019.

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6 **CAPTIONS**

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8 **SECTION 46.** The unit captions used in this 2017 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 2017 Act.

12  
13 **NAME CHANGE**

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15 **SECTION 47.** (1) The amendments to ORS 352.823, 468A.215, 468A.220,  
16 468A.225, 468A.230, 468A.235, 468A.240, 468A.245, 468A.250, 468A.255 and  
17 468A.260 by sections 25 to 34 and 36 of this 2017 Act are intended to  
18 change the name of the “Oregon Global Warming Commission” to the  
19 “Oregon Commission on Climate Change.”

20 (2) For the purpose of harmonizing and clarifying statutory law, the  
21 Legislative Counsel may substitute for words designating the “Oregon  
22 Global Warming Commission,” wherever they occur in statutory law,  
23 other words designating the “Oregon Commission on Climate  
24 Change.”

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26 **EMERGENCY CLAUSE**

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28 **SECTION 48.** This 2017 Act being necessary for the immediate  
29 preservation of the public peace, health and safety, an emergency is  
30 declared to exist, and this 2017 Act takes effect on its passage.