

Abbreviations Used

- CAP - (Oregon's) Climate Action Program
- CO₂e - Carbon dioxide equivalent
- CPO - Carbon Policy Office
- EI-TE - Emissions Intensive - Trade Exposed
- EQC - Environmental Quality Commission
- GHG - Greenhouse Gas
- ODF - Oregon Department of Forestry
- PUC - Public Utilities Commission

Goals:

- GHG emissions reduction goals of at least 45% by 2030, and at least 80% by 2050,
- Promoting GHG sequestration and mitigation, adaptation and resilience in Oregon's natural & working lands while assisting those impacted by climate change and the energy transition.
- Establishes CAP and CAP Operating Fund
- Establishes CPO in Governor's Dept of Administrative Services.

Covered Entities:

- GHG emissions of over 25,000 Metric tons annually CO₂e [approximately 100 entities 80 - 85% of emissions]
- Based on 3-year average 2018-2020.
- Includes electricity utilities regardless of emissions, utilities located out-state delivering electricity in-state, natural gas marketers, fuel producers or importers responsible for emissions from combustion of fuel.

Program:

- Number of allowances (per 1 ton of CO₂e emissions) are sold at auction and reduce annually on determined trajectory.
- Covered entities buy allowances at auction and submit compliance instruments equivalent to obligation determined by CO₂e emissions.

- Emitters can buy (trade for) unused allowances at market price.
- Emitters can substitute for emissions offsets equivalent to 8% of obligation (of which half must be in U.S or in linked jurisdictions.)
- Entities not submitting allowances sufficient to cover emissions shall pay above the obligation.

Offsets:

- Activities that reduce emissions or sequester GHGs from atmosphere.
- Must be in U.S. or a linked jurisdiction, and be real, permanent, quantifiable, verifiable and enforceable, would otherwise not occur. 4% must benefit Oregon
- Offsets may be restricted for industries in air quality containment area.
- Responsibility for forestry offset supervision and certification assigned to ODF.

Auction Proceeds Allocations:

- Separate from General Fund,
- Designated funds to Transportation Decarbonization Investments Account,
- Designated funds to Common School Fund,
- Remainder to Climate Investments Fund which prioritizes Impacted Communities, promotes air quality, tribes, women and minority businesses, reduces GHG emissions; ten percent allocated to tribes;
- Auction will have floor and ceiling prices,
- Rules developed to prevent market manipulation and bidder collusion.
- Director of CPO determines Funds for CAP administration and for Just Transition Fund.
- Reduce GHG emissions via Adaptation & resiliency in building, affordable housing,

transportation; local gov't planning; natural & working lands management for sequestration; clean energy infrastructure;

- Transportation Decarb Fund expenditures must promote CAP goals,
- Some funding to Higher Education

Coordination Commission for supporting just transition for economic diversification, job creation, job training for workers dislocated or suffering from climate change or policies.

- A percentage of allowances go to 'allowance price containment reserve' (to protect ratepayers against price surge),
- Electric companies receive 100% of compliance obligation allowances free for OR residents from 2021 to 2030, then declining with cap.
- PUC requires proceeds from their sale be used for GHG reductions or ratepayer assistance
- Non electric company electricity system managers get 100% allowances for Oregon residents; consumer-owned utilities use proceeds for low-income rate assistance.-
- Natural gas utilities get free allowances equivalent to low-income Oregon resident customers to minimize impacts on them.
- PUC requires electric companies and natural gas utilities to use proceeds from the sale of free allowances for GHG reductions or ratepayer assistance

Exemptions/Exclusions:

- Land disposal sites; landfill sites capturing methane emissions; cogeneration facilities owned by public universities or Oregon Health & Science University; combustion of aviation fuel, watercraft, RR locomotives;
- Consumer-owner utilities with 3-yr average below 25,000 tons emissions;
- De minimis emitters.
- Entities generating electricity delivered out-of-state.
- Fossil fuel distribution and storage facility or infrastructure, or an electric generating unit, may not receive allowances

Temporary Exclusions:

- Semi-conductor manufacturers until Jan 2026.
- Electric Companies get free allowances from 2021 - 2030 for Oregon residences, these then reduce with cap.
- Eighteen EI-TE manufacturing categories get free allowances in 2021 based on emissions per good produced; thence their free allowances decline with cap.

Linkage (to another cap program):

- Encouraged but cannot be less stringent

Project Contractors

- Must have Apprenticeship programs; not be ineligible; history of compliance;

Administrative:

Carbon Policy Office and *Director* in Governor's Department of Administrative Services (§4) Coordinates Oregon's Climate Action Program Reassigns EQC / DEQ climate personnel and activities to CPO, Director of CPO establishes rules.

House/Senate *Joint Committee on Climate Action* (§2) Oversees and reviews the program

Compliance Offsets Protocol Advisory Committee (§ 19) Reviews offsets program: (a) Scientists; (b) Public health experts; (c) Carbon market experts; (d) Representatives of Indian tribes; (e) Environmental justice advocates; (f) Labor and workforce representatives; (g) Forestry experts; (h) Agriculture experts; (i) Environmental advocates; (j) Conservation advocates; and (k) Dairy experts

Rulemaking Advisory Committee (§25) Nine members appointed by Governor impacted or interested in CAP; Advises on Climate Action Program

Citizen's Advisory Committee (§40) for developing/reviewing Biennial Climate Action Investment Plan reflecting the geographic, socioeconomic, racial and cultural diversity of Oregon