Southern Oregon Climate Action Now
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HB2020-94 STATEWIDE GREENHOUSE GAS EMISSIONS REDUCTION GOALS

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May 16, 2019

Preamble: Whereas Clauses

SECTION 1: Modifies state anthropogenic greenhouse gas (GHG) reduction levels to: at least 45 percent below 1990 emission levels by 2035; and at least 80 percent below 1990 emission levels by 2050.

JOINT COMMITTEE ON CLIMATE ACTION

SECTION 2: Establishes the Joint Committee on Climate Action (Joint Committee). Requires Joint Committee to be comprised of members appointed by President of Senate and Speaker of House. Establishes parameters for the Committees operation. Authorizes Legislative Policy Research Office Director to employ staff for the performance of Joint Committee functions but must use existing staff to greatest extent practicable. Requires all agencies to assist Joint Committee in performance of their duties.

SECTION 3: Requires Joint Committee to: provide general oversight of policy related to climate; examine, prioritize and making recommendations to the Joint Committee on Ways and Means (JWM) on expenditures and investments of state auction proceeds. Requires Joint Committee to consider recommendations in: biennial expenditure reports and audit; biennial climate action investment plan; and the Environmental Justice Task Force (EJTF) in developing recommendations to JWM.

CLIMATE POLICY OFFICE ESTABLISHED (Section 4-6)

SECTION 4. Climate Policy Office: Establishes the Climate Policy Office (CPO) within the Department of Administrative Services (DAS). Requires CPO to coordinate state actions toward achieving greenhouse gas emission reduction goals and other statutes, rules and policies that govern the state's and agencies actions to reduce GHG emissions; and carry out the duties, functions and powers established by Act and certain other statutes, rules or policies. Authorizes CPO to advise, consult and cooperate with other agencies, political subdivisions, states or federal governments with respect to any proceeding and all matters relating to GHG reduction emission levels. Authorizes CPO to employ personnel.

SECTION 5. Director: Stipulates the CPO is under the supervisions of director, appointed by Governor, who is responsible for duties, functions and powers of the office. Requires Governor to appoint director subject to Senate
Confirmation. Authorizes director to adopt rules to carry out duties committed to the CPO. Establishes parameters for the director and CPO's organization.

SECTION 6 Amends ORS244.050 to include Director of Climate Policy Office.

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Oregon Climate Board (Sections 7-10)

<u>SECTION 7</u> Establishes the Oregon Climate Board comprising one R and 1 D Senator and Representative, plus
occri rep
Env Justice Task Force rep
Dir of AG or designee
Dir of DEQ or designee
PUC member or designee
Dir of Transportation or designee
Dir Housing and Comm Serves or designee
Dir Water Resources or designee
Dir of DOE and Dir Health Authority or designee
Governor appoints 9 members:
1 tribal rep
2 from energy sector
1 from environmental interests
1 economist with conservation experience
1 industrial energy experience
1 Sustainable transportation
2 at large

<u>SECTION 8</u> Details officers and regular terms of office etc. of above

<u>SECTION 9</u> Details initial terms of office

<u>SECTION 10</u> Detail responsibilities of Oregon Climate Board to advise Climate Policy Office and to hold public hearings.

<u>SE CTION 11</u> Establishes enforcement procedures against those violating the essence of the act (Sections 15 - 40)

<u>SECTION 12</u> allows CPO to impose civil penalties on those violating Section 15 - 40 with each day as separate violation. Penalties paid into Oregon Climate Action Operating Fund.

<u>SECTION 13</u> add to general statutes the principle that false statements made under Sections 15 - 40 are a crime.

OREGON CLIMATE ACTION PROGRAM

<u>SECTION 14:</u> Declares the purpose of the sections 14, 15 to 40, 41 to 45, 46, 47, 48, 49, 50, 51, 52, 53, 54 to 59, 60 and 61 1 of Act, are (a) to achieve a reduction in total levels of regulated emissions of at least 45 percent below 1990 emissions levels by 2035 and at least 80 percent below 1990 emissions

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levels by 2050; b) promote GHG emissions sequestration and mitigation; c) promote adaptation and resilience of natural and working lands, fish and wildlife resources, communities and the economy, state's infrastructure in the face of climate change and ocean acidification; and d) to provide assistance to households, businesses and workers impacted by climate change and ocean acidification. Stipulates nothing in Oregon Climate Action program or rules adopted pursuant to Act can be interpreted to limit any state agency's authority to reduce GHG emissions and shall be interpreted in manner consistent with federal law.

GHG CAP AND MARKET-BASED COMPLIANCE MECHANISM

SECTION 15. Definitions: Defines key terms.

(1) Aggregation
(2) Allowance
(3) Annual Allowance Budget
(4) Anthropogenic greenhouse gas emissions
(5) Best available science
(6) Biogenic emissions
(7) Biomass-derived fuel
(8) Business unit
(9) Carbon dioxide equivalent
(10) Compliance instrument
(11) Compliance obligation.
(12) Consumer-owner utility (COU)
(13) Covered entity
(14) Direct environmental benefits in this state
(15) EITE entity
(16) Electric company
(17) Electric service supplier
(18) Electric system manager
(19) Eligible Indian Tribe
(20) General market participant
(21) Greenhouse gas
(22) Impacted community
(23) Indian trust funds
(24) Multistate jurisdictional electric company
(25) Natural and working lands
(26) Natural gas supplier
(27) Natural gas utility
(28) Offset credit
(29) Offset project.
(30) Opt-in entity
(31) Oregon Climate Action Program
(32) Permitted air contamination source.
(33) Person

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(34) Registered entity
(35) Regulated emissions
(36) Surrender

SECTION 16. Adoption of program; general provisions: *Establishment of the GHG emissions cap and market- based mechanism* – Requires the CPO Director to adopt and Oregon Climate Action Program (OCAP) by rule. Requires OCAP to: place a cap on the total regulated anthropogenic GHG emissions through setting allowance budgets starting in 2021 through 2050 and provide a market-based mechanism for covered entities to demonstrate compliance. Stipulates that the annual allowance budget for 2021 must be a number of allowances equal to baseline emissions. Requires allowances available each year to decline by constant amount as necessary during 2022 through 2035 and 2036 through 2050 to accomplish reduction levels. Establishes process for CPO to undertake to calculate baseline emissions attributable to covered entities.

Regulated entities – Requires CPO to designate the following as covered entities:

a) Certain permitted entities with emissions that meet or exceed 25,000 metric tons of carbon dioxide equivalent;
b) Certain permitted entities if the industry description and code listed under the North American Industry Classification System is 221112; and it's a natural gas facility *regardless* of emissions amount.
c) *An air contamination source that is a facility comprised of two or more business units collocated with a cogeneration facility that generates energy utilized by the air contamination source, if the business unit has attributable regulated emissions that meet or exceed 25,000 metric tons of carbon dioxide equivalent it will be covered for its own emissions and the proportion of emissions attributable to the cogeneration facility the business unit consumes.*
d) Electric system manager for purpose of addressing regulated emissions from outside of the state that are attributable to the electricity generated and scheduled for delivery and consumption in Oregon, including wholesale market purchases;
e) Natural gas supplier for purpose of addressing emissions attributable to combustion of natural gas sold for use in state by persons who are not designated as covered entities;
f) Natural gas utility for the purpose of addressing emissions attributable to combustion of natural gas that the utility imports, sells or distributes that are not accounted for through the regulation of an air contamination source; and
g) Entities that produce or import into Oregon fuel that is sold or distributed for use in this state.

Requires CPO Director to adopt rules for the market-based compliance mechanism that include: a) trading of compliance instruments; b) allowing registered entities to bank and carry forward allowances; c) prohibition on borrowing of allowances from future compliance periods; d) allowing opt in entities and general market participants to participate in OCAP; e) compliance periods, standards for calculating compliance obligations and procedures for entities to fulfill their obligations.

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Demonstrating Compliance – Stipulates covered or opt-in entity is required to surrender compliance instruments equal to compliance obligation no later than date specified by rule. Determines for purpose of determining compliance obligation for electric system manager electricity scheduled that is generated from renewable resource regardless of the renewable energy certificate disposition to be considered to have the emission attributes of the underlying renewable resource.

Natural gas utility or supplier delivering natural gas to covered or opt-in entity may not include costs of complying with Sections 15 - 40 of this Act in rates charged.

Stipulates in addition to any penalty provided by law, rules adopted by the CPO Director shall require that an entity that fails to timely surrender sufficient compliance instruments to surrender to the CPO a number of compliance instruments (as yet undefined) in addition to their obligation and may establish a process for placing restrictions on the holding account of a registered entity determined to have engaged in a violation of section 28 (public records section of Act)

Defines a compliance instrument issues by CPO as NOT property or a property right.

Program registration – Requires all covered or opt-in entities and general market participants to register to participate in the OCAP. Requires CPO Director to adopt registration and other necessary requirements for participating in auctions by rule.

<u>SECTION 17. Exemptions and exclusions:</u> Exempts land disposal site and a cogeneration facility owned or operated by a public university or Oregon Health and Science University. Requires CPO to exclude GHG emissions from the combustion of aviation, water craft or railroad locomotive fuel; and GHG emissions attributable to a consumer-owned utility if the three-year average of annual emissions is less than 25,000 metric tons of carbon dioxide equivalent. Authorizes CPO to exempt anyone that imports a de minimis amount of gasoline and diesel fuel as determined by rule.

<u>SECTION 18. Allocation of allowances, generally:</u> Requires CPO to allocate a percentage of allowances for each annual allowance budget to be distributed into an allowance price containment reserve. Authorizes the CPO to allocate percentage to voluntary renewable energy generation reserve and requires CPO Director to adopt rules for allowance distribution that begin operations on or after January 1, 2021. Shall allocate a number of allowances for retirement pursuant to Section 19; Requires CPO to allocate allowances for direct distribution at no cost to electric system managers as in Section 20 other than electric companies. Requires percentage of allowances from each annual budget to be directly distributed into electricity price containment reserve to protect ratepayers from cost increases due (for example) to hydropower generation variability and stipulates when it can be utilized. Requires CPO to allocate allowances for direct distribution at no cost to covered entities that are natural gas utilities as in Section 23. Requires CPO to allocate allowances for direct distribution at no cost to covered and opt in entities that are engaged in emission-intensive, trade-exposed (EITE) process as in Section 24 and 26. Requires CPO to allocate a percentage of allowances for each annual allowance budget to be distributed into an EITE process reserve account. Authorizes CPO to allocate allowances for direct distribution into any other reserve account established by rule that the CPO determines is necessary. Requires after

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making all allocations the CPO must allocate remaining allowances to auction holding account and distribute the annual allowance budget. Stipulates if allowances distributed into auction holding account remain unsold after two or more consecutive auctions the CPO may redistribute allowances to the allowance price containment reserve.

SECTION 19: Retirement of Allowances Beginning in 2021, CPO retires allowances equivalent to the: regulated emissions within the state of an entity exporting electricity, the reg7lated emissions of a Consumer Owned Utility if below 25,000 tons. These retired allowances count towards the obligation of the entity in question.

SECTION 20. Direct distribution of allowances for electric companies: Requires CPO Director, in consultation with Public Utility Commission (PUC), to adopt rules for allocating allowances for direct distribution at no cost to covered entities that are electric companies. Requires direct distribution to be for the exclusive benefit of retail customers. Requires rules to allow for electric company to use allowances to meet compliance obligations associated electricity use to serve the load of the company's retail consumers in Oregon - subject to PUC oversight. Requires rules to implement direct distribution as follows: 100 percent of the electric company's forecasted regulated emissions from 2021 – 2030 to align with the trajectory of emissions required under the renewable portfolio standard and statutes establishing the elimination of coal from the electricity supply; and from 2031 – 2050 the amount directly distributed must decline in amount proportionate to decline in the allowance budgets. Specifies what forecasted regulated emissions are based on.

SECTION 21. Direct distribution of allowances for certain electric system managers: Requires CPO to allocate allowances to electric system managers that are covered entities as follows: 100 percent during 2021 for eligible covered emissions; and in 2022 until 2050 a declining amount proportionate to the decline in the allowance budgets but never below 20% of 2021. Requires proceeds of the sale of directly distributed allowances to be used by the consumer-owned utility for the benefit of the rate payers and consistent with Section 14. Requires a consumer-owned utility's governing body, that sells directly distributed allowances, to report no later than September 15th of each even numbered year to the Joint Committee on the use of the proceeds from the sale of allowances.

SECTION 22 Calculation of 2021 baseline for electric system managers.

SECTION 23. Direct distribution of allowances for natural gas utilities: Requires CPO Director, in consultation with PUC, to adopt rules for allocating allowances for direct distribution at no cost to covered entities that are natural gas utilities. Requires natural gas utility to be directly distributed allowances at amount equal to emissions attributable to providing service to natural gas utility's low-income residential customers. Must be used to fulfill compliance obligation with the benefit of use accruing to low-income customers per Section 70 of bill which requires CPO to consult with the PUC in determining the quantity of allowances to allocate. §3 - The direct allowance distribution to natural gas company shall be 60% of weather-normalized anthropogenic regulated emissions forecast for 2021. From 2022 - 2050, the number of allowances declines proportional to the overall decline [Section 16.

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(1)(b)] §4 - Total allocation of allowances to natural gas utility may not exceed 75% weather-normalized anthropogenic regulated emissions for that year.
All allowances issued under §3 are returned to auction to be auctioned pursuant to §34.
Note: It seems like a two-tier system:
1 - an allocation to the utility for low-income customers that is submitted back to meet the compliance obligation but the benefit (i.e. that utility doesn't need to buy these allowances) must be used to serve low-income customers but which can include differential rates for different customers (Section 70 - PUC).
2 - an additional allocation to cover 60% of emissions (declining with overall cap) that is returned to the auction. Proceeds from the sale of these allowances are returned to the utility which must use to support purposes of Section 14 of bill, rate relief for all customers, GHG reductions. But the utilities still have to buy allowances to cover their emissions or otherwise meet their compliance obligations.

<u>SECTION 24. Designation of covered entities and opt-in entities engaged in emissions-intensive, trade exposed processes as EITE entities</u> Based on North American Industry Classification System:
(a) Sawmills and Wood Preservation, code 3211.
(b) Veneer, Plywood, and Engineered Wood Product Manufacturing, code 3212.
(c) Cement and Concrete Product Manufacturing, code 3273.
(d) Fruit and Vegetable Preserving and Specialty Food Manufacturing, code 3114.
(e) Iron and Steel Mills and Ferroalloy Manufacturing, code 3311.
(f) Basic Chemical Manufacturing, code 3251.
(g) Plastics Product Manufacturing, code 3261.
(h) Other Nonmetallic Mineral Product Manufacturing, code 3279.
(i) Glass and Glass Product Manufacturing, code 3272.
(j) Lime and Gypsum Product Manufacturing, code 3274.
(k) Pulp, Paper, and Paperboard Mills, code 3221.
(L) Semiconductor and Other Electronic Component Manufacturing, code 3344.
(m) Foundries, code 3315.
(n) Nonmetallic Mineral Mining and Quarrying, code 2123.

Requires CPO to designate a covered or opt-in as an emissions intensive, trade-exposed (EITE) entity if the entity is in control of an air contamination source and is engaged in manufacturing of goods though certain North American Industry Classification System (NAICS) codes. Requires CPO Director to contract with third-party organization to assist in gathering data and conducting necessary analyses. Authorizes rules adopted to allow for the CPO to assign a good manufactured by an EITE entity a temporary benchmark and to adjust the temporary benchmark after the close of the first compliance period. Prohibits fossil fuel distribution and storage facilities or infrastructure, or electric generating unit from being designated as an EITE entity and receiving allowances at no cost.

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SECTION 25. Leakage risk study: Requires CPO to complete study on leakage risk of air contamination sources that report between 10,000 and 25,000 metric tons of carbon dioxide equivalent no later than September 15, 2021. Establishes purpose of leakage risk study is to evaluate emission intensiveness and trade exposure of the sources as and to aid in implementing the process for designating certain EITE entities. Requires report to be provided to the Joint Committee.

SECTION 26. Direct distribution of allowances for EITE entities: Requires the annual allocation of allowances for direct distribution at no cost to an EITE entity to be the number of allowances equal to the sum of the total annual good-specific emissions calculations for the goods manufactures by the entity, multiplied by 95 percent. Specifies what annual good-specific emissions calculations are based on. Requires CPO to calculate and apply facility benchmark for each good manufactured in Oregon by each EITE for the calendar year 2020-2023. Establishes process for calculating facility benchmark. Requires CPO to apply a best available technology benchmark for each good manufactured in Oregon by EITE beginning in 2024 until 2050. Requires CPO to adopt best available technology benchmarks no later than January 1, 2024. Stipulates best available technology benchmark must represent the GHG emissions attributable to a manufacturer if the entity were to use the best available technology as of the date that the benchmark was last updated. Requires CPO to review and consider emission intensity audit reports produced by qualified independent third-party organization. Authorizes EITE to submit emission intensity audit report to CPO that includes specific analysis and information. Requires CPO director to adopt a means for attributing covered entities and opt in entities GHG emissions to the manufacturer and requirements for pertinent records to be submitted for verification. Requires CPO director to adopt process by rule for entity to apply for adjustment of allowance allocation.

SECTION 27 Operation of emissions efficiency benchmarks based on best available technology.

SECTION 28 Benchmark reviews every nine years.

SECTION 29. Benchmark report: Requires CPO to submit report to the Joint Committee no later than September 15, 2030 that assesses: the emissions intensity and trade exposure of covered and opt-in entities; reduction opportunities available; and whether the assessments required warrant an adjustment to the methods for calculating benchmarks.

SECTION 30. Offsets generally; rules: *Requirements for offset protocols* – Establishes offset projects: must be located in United States or approved by jurisdiction that Oregon has entered into linkage agreement with; must not be otherwise required by law; and must result in greenhouse gas emissions reductions or removals that are real, permanent, quantifiable, verifiable and enforceable; and are in addition to emission reductions otherwise required by law. Stipulates no more than 8 percent of a covered entities compliance obligation may be met by surrendering offset and no more than 4 percent may be met by surrendering credits from offset projects that do not provide direct environmental benefit in Oregon. Authorizes CPO Director to adopt by rule additional restrictions on the number of allowable offsets that may be surrendered by covered entity if air contamination source is in impacted community if: source is within nonattainment area, and source substantially contributes to or causes nonattainment; or source is in violation of any air quality permit issued by DEQ or regional air quality control authority.

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Requirements for offset rules – Requires CPO Director in adopting offset rules to: provide for development of offset protocol in manner that enables state to pursue linkage agreements with other jurisdictions; takes into consideration standards, rules or protocols for offset credits in similar programs and voluntary offset projects and the generation and use of offset credits as established by offset credit registries; allow for the broadest possible participation by landowners in developing and operating projects; encourages offset development in state; prioritizes projects that benefit impacted communities, members of eligible Indian tribes and natural and working lands; and address qualifications for persons and agencies that provide third-party verification and registration. Requires CPO to adopt by rule process for investigate and invalidate issued offset credit for certain reasons. Requires CPO to withhold percentage of offset credits issued for each project and deposit it in a n offset integrity account to be used to replace offset credits that are invalidated.

SECTION 31. Offset protocols: Requires any offset protocols and GHG inventory and monitoring requirements related to offset protocols must: be straightforward and effective to implement and administer; provide for flexibility for landowners and make use of aggregation or other mechanisms to increase development across the broadest possible variety of types and sizes of land.

Forestry offsets – Requires CPO to collaborate and consult with Oregon Department of Forestry (ODF) in the development and monitoring of offset protocols related to forestry. Requires forestry offset protocols to: prioritize reforestation, avoided forest conversion and improved forest management; be consistent with the Oregon Forest Practices Act and be able to be administered consistently with applicable state and local land use laws; and may include offset protocols for low carbon-impact building materials and urban forestry. Requires CPO and ODF to jointly convene a technical advisory committee to advise in the development and monitoring of offset protocols related to forestry.

Agriculture and conservation on natural and working lands offsets – Requires the CPO to collaborate and consult with all relevant state agencies, including but not limited to the State Department of Agriculture (ODA) and the Oregon Watershed Enhancement Board (OWEB), in the development and monitoring of offset protocols related to agriculture and conservation on natural and working lands. Requires the CPO in developing offset protocols to consider developing offset protocols for manure management that reduces methane emissions, avoided grassland conversions, and other categories that would result in the reduction of GHG emissions related to agricultural operations; and be able to be administered consistently with applicable state and local land use laws.

Requires the CPO Director to appoint a technical advisory committee composed of people with relevant expertise for any manner not addressed by forestry and agriculture and conservation on natural and working lands offset section. Requires the CPO to regularly review and update offset including any updates, as necessary, to the methods or technologies used for measuring and monitoring the greenhouse gas emissions reductions or removals attributable to the offset projects.

SECTION 32. Offsets; consultation and reporting: Requires CPO Director in adopting and updating offset protocol rules to: consult and consider the recommendations of ODA, ODF, EJTF, OWEB and other

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relevant state agencies and eligible Indian tribes; and persons and agencies that provide third-party verification and registration offset projects and offset credits; and may contract persons or agencies that provide third-party verification and registration of offset projects and offset credits to assist offset protocol development. Requires CPO Director to appoint a compliance offsets program advisory committee to advise in the developing and updating rules and offset protocols. Requires the compliance offsets program advisory committee to provide guidance to the CPO in designing the rules and offset protocols to promote offset projects that provide direct environmental benefits in this state and to prioritize offset projects that benefit impacted communities, members of eligible Indian tribes and natural and working lands. Establishes compliance offsets program advisory committee member requirements:

(a) Scientists;
(b) Public health experts;
(c) Carbon market experts;
(d) Representatives of eligible 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.

<u>SECTION 33. Methodology for designating impacted communities:</u> Requires CPO Director by rule, in consultation with Portland State University Population Research Center, Oregon Health Authority and other relevant agencies and officials, to designate impacted communities. Requires methodology to gives greater weight to the criteria that the CPO determines are the most accurate predictors of vulnerability to the impacts of climate change and ocean acidification. Requires CPO to review and update methodology and designation of impacted communities every five years.

<u>SECTION 34. Auctions:</u> Requires CPO to hold auction annually. Authorizes CPO to engage independent auction administrator; or qualified financial services administrator. Requires CPO to set auction floor price, and rate of increase, allowance price containment reserve floor price, and hard ceiling price for 2021 and a schedule for prices to increase by fixed percentage each year. Requires rules be adopted for making an unlimited number of allowances available for auction upon exceedance of hard price ceiling. Requires CPO to take action to minimize potential for market manipulation by specifying holding limits the maximum number of allowances that may be held for use or traded by registered entity at any time. Requires CPO to consider prevailing prices for carbon in other jurisdiction and setting prices in a manner that enables linkage agreements with other jurisdiction when adopting rules establishing floor and ceiling prices. Requires reserve allowance auction from the allowance price containment reserve to be conducted separately from other auctions for the purpose of addressing high costs of compliance instruments. Prohibits general market participants from participating in reserve auctions. Requires CPO to offer for sale allowances from any reserve at the ceiling price if the hard ceiling price for an auction is reached as necessary to meet demand. Directs auction proceeds must be transferred to the State

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Treasurer and deposited in Auction Proceeds Distribution Fund and any proceed from the sale of allowances must be transferred to the State Treasurer and deposited in the Oregon Climate Action Program Operating Fund.

SECTION 35. Auction Proceeds Distribution Fund: Establishes the Auction Proceeds Distribution Fund and requires CPO to certify amount available for distribution and distribute funds as follows: all money that constitutes revenues described in Article IX, section 3a, of the Oregon Constitution, must be transferred to the Transportation Decarbonization Investments Account; all money that constitutes revenues described in Article VIII, section 2 (1)(g), of the Oregon Constitution, must be transferred to the Common School Fund; an amount necessary must be transferred to the Oregon Climate Action Program Operating Fund; and the remainder to the Climate Investments Fund.

SECTION 36. Annual Oregon Climate Action Program report: Requires the CPO to annually submit a report to the Joint Committee on Climate Action detailing activity during the compliance period under the market-based compliance mechanism. Requires report to include: aggregated information on the following for the compliance period: number of allowances bought and sold at each auction and all auction prices; beginning and ending balances of all allowance reserves held by the office; regulated emissions reductions achieved during the compliance period and progress made toward achieving emissions reduction levels; and estimated impacts of the Oregon Climate Action Program on fuel, electricity and natural gas prices in Oregon.

SECTION 37 Participation in nonprofit corporation for administrative and technical support. Seeks membership on the board of directors of, participation in and the receipt of services from a nonprofit corporation to provide administrative and technical support for ghg emissions trading programs, to enhance security and effectiveness and lower admin costs.

SECTION 38. Linkage with market-based compliance mechanisms in other jurisdictions: Requires CPO Director to consider market-based compliance mechanisms designed to reduce greenhouse gas emission in other jurisdictions; and provide for implementation of OCAP in manner that avoids double counting of emissions or emission reductions and enables state to pursue linking agreements with other jurisdictions. Prohibits linking with other jurisdiction unless the CPO Director notifies the Governor of intention to link and the Governor makes certain findings. Requires Governor to issue findings within 45 days of receiving notice and directs Governor to provide findings to Legislative Assembly. Requires Governor to consider advice of the Attorney General in making findings. Stipulates findings issued are not subject to judicial review.

SECTION 39. Operating fund: Establishes Oregon Climate Action Program Operating Fund (OCAP Operating Fund) in the State Treasury and continuously appropriates money in OCAP Operating Fund to Oregon Department of Administrative Services for use by the CPO. Outlines what money in OCAP Operating Fund consists of. Requires that any civil penalty deposited is placed in sub account and used only for administering enforcement or providing technical assistance to covered and opt-in entities. Requires the proceeds from sales of allowances from a reserve account at the hard ceiling price must be

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deposited in a separate subaccount of the fund and used for the purchase and retirement of offset credits.

SECTION 40. Public records law; application: Legislative Assembly declares that it is the policy of the state that the market-based compliance mechanism of the OCAP operate free of abuse and disruptive activity. States Legislative Assembly intent that certain provisions of Act be implemented in a manner necessary to prevent fraud, abuse or market manipulation to the greatest extent possible while upholding the public interest in transparency in public process and government through making certain market activity information available in aggregated form. Requires certain information obtained by state be treated as confidential business information and is exempt from disclosure under the public records law and may not be disclosed to any person or entity except in aggregated form or to another state agency or executive department that Oregon has entered into a linkage agreement with. Requires any person who this information is disclosed to under linkage agreement must treat the information as confidential business information, exempt from disclosure under the public records law.

INVESTMENT OF STATE PROCEEDS FROM OREGON CLIMATE ACTION PROGRAM AUCTIONS
Transportation Decarbonization Investments Account (Section 41-45)

SECTION 41 Definitions: Defines key terms for Section 41-45
"(1) 'Eligible Indian tribe' has the meaning given that term in section15 of this 2019 Act.
"(2) 'Impacted community' has the meaning given that term in section 15 of this 2019 Act.
"(3) 'Metropolitan planning organization' has the meaning given that term in ORS 197.629..

SECTION 42. Transportation Decarbonization Investments Account: Establishes the Transportation Decarbonization Investments Account as a separate account within the State Highway Fund. Stipulates that of the money deposited in the Transportation Decarbonization Investments Account that 50 percent may be expended by the Department of Transportation (ODOT) for transportation projects selected by the Oregon Transportation Commission (OTC) pursuant to direction and 50 percent to provide grants for transportation projects and to provide technical assistance to applicants for and recipients of the grants. Examples:
"(a) Enhancing roadway drainage, improving slope stability, investment in the safe routes to schools program established under ORS 184.741, the repower, retrofit or replacement of certain diesel engines, reducing vehicle miles traveled through bike, pedestrian or other multimodal improvements and traffic signal optimization; and
"(b) Increasing the resilience of transportation infrastructure and evacuation routes against the effects of climate change, extreme precipitation, sea level rise, and extreme temperatures and wildfires.

SECTION 43. Grant program: Authorizes ODOT to provide grants to cities, counties and metropolitan planning organizations for transportation projects. Requires ODOT adopt rules specifying the competitive process used to apply for a grant including requirement that receiving entity provide a percentage of the moneys required for the transportation project and ODOT be advised by the Oregon Climate Action Program Advisory Committee.

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SECTION 44. Selection of transportation projects: Authorizes the OTC to select the transportation projects to be funded with moneys in the Transportation Decarbonization Investments Account. Prohibits a transportation project from being funded using Transportation Decarbonization Investments Account unless the OTC determines that the transportation project furthers the purposes of the Act and may constitutionally be funded by revenues described in Article IX, section 3a, of the Oregon Constitution. Requires OTC to seek input from the applicable area commission on transportation prior to selecting projects. Requires OTC to consider whether a proposed transportation project: will further the objectives of the statewide transportation strategy on greenhouse gas emissions adopted by the commission; will further the objectives of the biennial climate action investment plan adopted by the Carbon Policy Office; and is consistent with or complements investments that may be funded by moneys deposited in the Climate Investments Fund. Requires OTC to give priority to projects that:

- benefit impacted communities;
- complement efforts to achieve and maintain local air quality;
- provide opportunities for eligible Indian tribes, members of impacted communities and businesses owned by women or members of minority groups to participate in and benefit from statewide efforts to reduce greenhouse gas emissions;
- promote low carbon economic development opportunities and the creation of jobs that sustain living wages;
- will facilitate in the implementation or planning and developing of land use and transportation scenarios by metropolitan service districts and local governments;
- will, to the greatest extent practicable, serve to conserve, restore, preserve and enhance adjacent natural resources through the use of roadside vegetation in a manner designed to: minimize soil erosion; improve or maintain slope stability; reduce storm water runoff volume and velocity; promote water conservation and plant survivability; and otherwise address the full range of impacts associated with the use of the roadside vegetation.

Requires OTC to provide for a balanced distribution over time of moneys: among all geographic areas of this state; and to the extent practicable, in a manner that provides equal funding support between projects that result in greenhouse gas emissions reductions and projects that support climate change adaptation. Authorizes a project to be funded by both the Transportation Decarbonization Investments Account and the Climate Investments Fund If a transportation project is eligible only in part to be funded by the Transportation Decarbonization Investments Account.

SECTION 45. Procurement preferences: Requires a contracting agency, when using funds from the Transportation Decarbonization Investments Account to give a preference of not more than 10 percent to: building materials procured from manufacturers subject to a carbon pricing program; and nursery stock that is grown, propagated and sold entirely within this state, notwithstanding provisions of law requiring contract be awarded to lowest responsible bidder. Stipulates if the contracting agency finds that the building material is not available in the quantity, quality, type or timeframe required for the procurement, or if the cost of the building material is more than 10 percent the contracting agency may decline to give the building material preference. Stipulates if the department. Stipulates that if the department finds that the nursery stock is not available in the quantity, quality, type or timeframe required for the procurement, or if the cost of the nursery stock is more than 10 percent more than the

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contracting agency may decline to give the nursery stock preference. Declares that this section does not apply to emergency work, minor alterations, ordinary repairs or maintenance work for public improvements or to other construction contracts.

Climate Investments Fund (section 35-38)

SECTION 46. Climate Investments Fund: Establishes the Climate Investments Fund distinct from General Fund. Requires money in the Climate Investments Fund may only be used for projects, programs and activities that further the purposes set forth in the Act. Requires the Legislative Assembly to allocate the moneys deposited in the fund, as informed by the biennial climate action investment plan adopted by the Climate Policy Office. Requires that of the moneys deposited in the Climate Investments Fund each biennium:

10% shall be allocated for investments and expenditures that benefit eligible Indian tribes;

40% shall be allocated for investments and expenditures that benefit impacted communities;

20% shall be allocated to benefit natural and working lands that promote energy efficiency and emissions reductions in ag; sequestration an lands, improving health and resilience of forests (thinning & prescribed fire) and

no more than 1% shall be allocated to provide technical assistance to eligible applicants for above funds

$10 million allocated (per biennium??) to the Just Transition Fund (§ 52).

SECTION 47. Adjustment of certain funding percentage requirements: Amendment of § 46 by § 48 becomes operative July 1, 2027

SECTION 48 Effective July 1, 2027, removes provisions directing the following allocations from the Climate Investments Fund: 40 percent be allocated for investments and expenditures that benefit impacted communities; 20 percent for natural and working lands; no more than one percent shall be allocated to provide technical assistance to certain entities; and $10 million per biennium to be deposited in the Just Transition Fund.

SECTION 49. Procurement preferences: Requires a contracting agency, when using funds from the Climate Investments Fund to give a preference of not more than 10 percent to: building materials procured from manufacturers subject to a carbon pricing program notwithstanding provisions of law requiring contract be awarded to lowest responsible bidder. Stipulates if the contracting agency finds that the building material is not available in the quantity, quality, type or timeframe required for the procurement, or if the cost of the building material is more than 10 percent the contracting agency may decline to give the building material preference.

Labor and Contracting Provisions

SECTION 50. Construction projects funded by certain auction proceeds; requirements: Establishes if a construction project receives more than $50,000 in funding from moneys deposited in the Climate Investments Fund or the Transportation Decarbonization Investments Account the primary contractor participating in the construction project:

(a) Shall pay the prevailing rate of wage for an hour's work in the same trade or occupation in the locality where the labor is performed;

*Underlined text is new in the -31 Amendment

(b) Shall offer health care and retirement benefits to the employees performing the labor on the construction project;

(c) Shall participate in an apprenticeship program registered with the State Apprenticeship and Training Council;

(d) May not be a contractor listed by the Commissioner of the Bureau of Labor and Industries as ineligible to receive a contract or subcontract for public works under ORS 279C.860;

(e) Must demonstrate a history of compliance with the certain rules and requirements; and

(f) Must demonstrate a history of compliance with federal and state wage and hour laws. Prohibits farm labor contractor (ORS 658.405) from receiving moneys from the Climate Investments Fund or the Transportation Decarbonization Investments Account unless the farm labor contractor is in compliance with all licensing and any other requirements or regulations imposed upon farm labor contractors (ORS 658.405 to 658.503). Requires DAS to adopt model rules that specify labor, workforce and contracting procedures for all state agencies to use in administering funds for construction projects that received more than $50,000 in funding from moneys deposited in the Climate Investments Fund or the Transportation Decarbonization Investments Account. Requires model rules to require the use of a project labor agreement for construction projects that receive more than $200,000 in funding from moneys deposited in the Climate Investments Fund or the Transportation Decarbonization Investments Account. Specifies for all other construction the model rules shall: establish measurable, enforceable goals for the training and hiring of persons who are members of impacted communities and for contracting with businesses that are owned or operated by members of impacted communities; and establish wage, benefit and labor relations standards consistent with the Act. Requires model rules to promote best practices in procurement and contracting and that steel, iron, coatings for steel and iron and manufactured products that the contractor purchases for the project and that become part of a permanent structure be produced in the United States unless the administering agency finds that: the requirement is inconsistent with the public interest; steel, iron, coatings for steel and iron and manufactured products are not produced in the United States in sufficient and reasonably available quantities and with satisfactory quality; or it will increase the costs of the project, exclusive of labor costs involved in final assembly for manufactured products, by 25 percent or more. Requires a contractor to spend at least 75 percent of the total amount the contractor spends in connection with construction on steel, iron, coatings for steel and iron and manufactured products that become part of a permanent structure to purchase steel, iron, coatings for steel and iron and manufactured products that are produced in the United States. Requires DAS to consult with representatives of labor and workforce equity and contractor equity prior to adopting or amending rule.

Just Transition

SECTION 51: Establishes the Just Transition Fund and continuously appropriates fund to the Higher Education Coordinating Commission (HECC) to be used for certain purposes. Requires fund to include a reserve account to be maintained and used to fund programs or activities that provide financial support for workers dislocated or adversely affected by climate change or climate change policies.

*Underlined text is new in the -31 Amendment

SECTION 52: Requires the HECC in consultation with the Employment Department and other interested state agencies, to establish: Just Transition Program for the purpose of distributing moneys deposited in the Just Transition Fund; and a Just Transition Plan for the implementation and administration of the Just Transition Program. Requires HECC to submit a biennial report to the Governor and the Joint Committee that includes: information on implementation of the Just Transition Program; recommendations regarding the level of funding necessary to carry out activities; and recommendations regarding the funding necessary to maintain the reserve account and recommendations of how the reserve account would be best used. Requires money distributed through the Just Transition Program to be distributed to:
support economic diversification, job creation, job training and other employment services; provide financial support for workers dislocated or adversely affected by climate change or climate change policies; or other related workforce support to communities are adversely affected by climate change or climate change policies consistent with the purposes set forth in Act. Requires HECC to seek to develop and implement the Just Transition Program in a manner consistent and complementary to other programs, policies and incentives. Authorizes the Just Transition Program to include a competitive grant program. Stipulates a grant program adopted under this section may: encourage, but not require, a grant applicant to provide matching funds; and allow a grant applicant to appeal to the HECC for reevaluation of any determination of grant funding. Authorizes HECC to perform activities necessary to ensure compliance with applicable requirements and if applicant is determined to not have complied to refund money.

Common School Fund

SECTION 53: Any auction proceeds deposited in the Common School Fund are continuously appropriated to Department of State Lands to be used in manner that is consistent with Oregon Constitution and carries out purposes of Act.

Distribution of Auction Proceeds; Expenditure Reporting

SECTION 54. Biennial expenditure reporting; audit: Requires all public and private entities receiving money from the Climate Investments Fund to annually report to the CPO on moneys received and the results of the expenditures. Requires no later than January 1 of each even-numbered year, the CPO must deliver a biennial report to the Governor and the Joint Committee describing: the investments from the Climate Investments Fund; whether the investments met the requirements for allocations; and the effectiveness of those investments in carrying out the purposes of the Act. Requires all public and private entities receiving money from the Transportation Decarbonization Investments Account to annually report to ODOT on the moneys received and the results of the expenditures. Requires no later than January 1 of each even-numbered year, ODOT deliver a biennial report to the Governor and the Joint Committee describing: the transportation projects funded from the Transportation Decarbonization Investments Account; how the transportation projects met the requirements of the Act; and the results of the transportation projects in furthering the purposes set forth Act.

SECTION 55. Biennial expenditure audit: Requires CPO and ODOT to jointly select an independent third-party organization to prepare a biennial audit of all programs, projects or activities funded by the Climate Investments Fund and the Transportation Decarbonization Investments Account. Requires the

*Underlined text is new in the -31 Amendment

CPO and ODOT to provide the audit report together with the biennial reports to the Governor and the Joint Committee.

Biennial Climate Action Investments Plan (Section 45-49)

SECTION 56. Definitions: Defines Key terms.

SECTION 57. Biennial Climate Action Investment Plan: Directs the CPO to deliver biennial climate action plan no later than June 1 of each even-numbered year to the EJTF, the Governor and the Joint Committee. Requires the climate action investment plan to identify the short-term and long-term objectives of the state for making expenditures and investments of state proceeds from auctions for purposes of Act and consistent with the requirements of the Oregon Constitution. Requires the biennial climate action investment plan to be based on the best scientific and economic information available and must include: a plan for investments and expenditures of moneys in the Transportation Decarbonization Investments Account made in consultation with ODOT; proposal for investments and expenditures of moneys deposited in the Climate Investments Fund and a description of how the plan and proposal: furthers the purposes of the program, meets allocation requirements and carries out expenditure priorities; and description of how the proposal will result in a balanced and complementary package of investments and expenditures that represent the best opportunities available to the state. Requires the CPO to consult with ODOT, PUC, EJTF, any other relevant agencies, representatives of eligible Indian tribes; and the citizens' advisory committee. Requires CPO Director to convene a citizens' advisory committee to advise the office in carrying out the requirements of this section:

“(a) One member to represent the interests of urban environmental justice communities.
“(b) One member to represent the interests of rural environmental justice communities.
“(c) One member to represent eligible Indian tribes.
“(d) One member to represent agriculture or forestry.
“(e) One member to represent fisheries.
“(f) One member to represent covered entities, as defined in section 15 of this 2019 Act.
“(g) One member to represent the clean energy industry.
“(h) One member to represent local governments.
“(i) One member to represent labor.
“(j) One member to represent environmental or conservation interests.
“(k) One member who is a scientist at public university listed in ORS 352.002 or Oregon Health and Science University.
“(L) One member to represent home weatherization interests.
“(m) One member to represent public health equity.

SECTION 58. CPO delivers first Biennial report due June 2022

SECTION 59. Priorities for investment of moneys from Climate Investment Fund: Requires in proposing investments from the Climate Investments Fund for inclusion in the biennial climate action investment plan the CPO must give first priority to considering whether an investment of expenditure will: benefit impacted communities; complement efforts to achieve and maintain local air quality; provide opportunities for eligible Indian tribes, members of impacted communities and businesses owned by women or members of minority groups to participate and benefit from statewide efforts to reduce

*Underlined text is new in the -31 Amendment

greenhouse gas emissions; promotes low carbon economic development opportunities; or provides assistance to help households businesses and workers transitioning to economic system that allow as state to achieve GHG emission goals. Requires CPO to aim to develop proposal that would result in: (a) an amount approximately equal to the amount of proceeds received through the purchase of allowances by natural gas utilities, to be invested in energy efficiency improvements benefitting the retail customers in Oregon of natural gas utilities; (b) an amount approximately equal to half the amount of proceeds received through the purchase of allowances by EITE entities to be used to assist the EITE entities in using best available technology; (c) an amount approximately equal to the amount of proceeds received through the purchase of allowances related to GHG emissions attributable to the direct combustion of municipal solid waste to generate renewable energy to be used for programs for reducing plastics-related greenhouse gas emissions. Establishes additional priorities to be considered when proposing expenditures: reducing ghg emissions, promoting adaptation or resiliency through energy efficiency/conservation in buildings, low-income weatherization; electrical grid decarbonization, renewable energy generation, community solar projects, community-scale renewable energy projects; reduce ghg emissions from transportation, including electrification, cng and hydrogen fuel vehicle infrastructure; planning and implementation of local governments and MPOs, ….more

SECTION 60. Use of biennial climate investments plan in budget process: Requires Governor to consider the climate action investment plan prepared by the CPO in preparing the Governor's budget.

SECTION 61. Environmental Justice Task Force review of biennial climate action investment plan; report: Requires the EJTF to review and develop recommendations in response to the biennial climate action investment plan and deliver a report on the EJTF's recommendations to the Governor and the Joint Committee no later than August 1 of each even-numbered year.

PROVISIONS RELATED TO THE PUBLIC UTILITY COMMISSION

SECTION 62: Sections 63 to 68, 70 and 71 of this 2019 Act are added to and made a part of ORS chapter 757.
SECTION 63 Definitions -
"(1) 'Allowance' has the meaning given that term in section 15 of this 2019 Act.
"(2) 'Electric company' has the meaning given that term in ORS 757.600.
"(3) 'Natural gas utility' has the meaning given that term in section 15 of this 2019 Act.
"(4) 'Oregon Climate Action Program' has the meaning given that term in section 15 of this 2019 Act.

SECTION 64: Stipulates that if, instead of surrendering allowances for compliance obligation, an electric company sells allowances that were directly distributed at no cost to the electric company, the PUC shall require the proceeds received by the electric company through the sale: be spent for the exclusive benefit of the electric company's retail electricity consumers; and be used only for activities that serve to reduce GHG emissions or provide assistance to the electric company's retail electricity consumers, consistent with the purposes of Act. Requires an electric company to prioritize the use of proceeds received from the sale of directly distributed allowances for: providing weatherization, energy efficiency improvements, bill assistance or rate assistance to the electric company's low-income residential

*Underlined text is new in the -31 Amendment

customers; accelerated transportation electrification; investments and activities that serve to reduce GHG emissions through actions such as energy efficiency improvements, voltage optimization, portfolio optimization and renewable energy procurement; and facilitating integration and utilization of variable energy resources through investments in programs and technologies such as demand response, smart grid communication and control systems, grid connected end-uses and energy storage.

SECTION 65: Requires the PUC to establish a separate interest-bearing trust account for each natural gas utility with funds used by utility to further Section 14:

- id portfolio of actions
- no less than 25% for rate relief
- address impacts of regulated emissions by reducing emissions (weatherization, increased efficiency), development of renewable natural gas / renewable hydrogen technology, thermal, natural gas / renewable natural gas for vehicles, R & D projects for above,

SECTION 66: Electric utility shall file plan with PUC per Section 64, natural gas utility shall file plan with PUC per Section 65.

SECTION 67: PUC shall file report with Joint Committee on Climate Action on how utilities have used funds

SECTION 68: Authorizes the PUC, in the manner it determines is proper, to allow a rate or rate schedule of a public utility to include differential rates to reflect amounts to enable the utility to assist low-income residential customers. Requires rates or rates schedules to minimize the shifting of costs to ratepayers that do not qualify for low income assistance.

SECTION 69: Amends ORS 757.259 (PUC & utility rates)

SECTION 70: PUC may allow public utility to apply differential usage rates to assist low-income users while minimizing cost to other users.

SECTION 71: PUC may allow utilities to adjust rates for investments that promote alternative transportation (electricity / CNG / H) plus others.

SECTION 72: Adjusts Oregon Laws consistent with date of Act

BIENNIAL STATEWIDE ENERGY BURDEN REPORT

SECTION 73: Requires Oregon Housing and Community Services Department (OHCS) and State Department of Energy (ODOE) to jointly submit to the Governor and the Legislative Assembly a biennial statewide energy burden report no later than November 1 of every even-numbered year. Authorizes OHCS and ODOE to jointly adopt rules for gathering necessary data after consultation with consumer-owned utilities. Establishes purposes of the biennial energy burden report. Requires OHCS, in consultation with ODOE to convene an Energy Burden and Poverty Working Group to provide guidance

*Underlined text is new in the -31 Amendment

and assistance to the departments in developing the biennial statewide energy burden report. Includes parameters for the Energy Burden and Poverty Working Group.

GHG EMISSIONS REGISTRATION AND REPORTING

SECTION 74: EQC may require reporting necessary to determine GHG emissions by person in control of a contamination source, may require third party audit,
Includes: “[(5)] (7) Rules adopted by the commission under this section for [fossil] fuel that is imported, sold or distributed for use in this state may require reporting of the type and quantity of the fuel and any additional information necessary to determine the [carbon content] **greenhouse gas emissions associated with the use or combustion** of the fuel.

Transfer of Duties Related to GHG Reporting Program

SECTION 75. Transfer: Transfers the duties, functions and powers of the Department of Environmental Quality (DEQ) related to ORS 468A.280 and rules adopted pursuant to ORS 468A.280 to the Climat Policy Office.

SECTION 76. Records, property, employees: Requires the Director of DEQ to transfer all records and property related to the reporting requirements for electricity and fossil fuels and transfer any employees engaged in relevant duties and functions. Requires CPO Director to take possess in of records and property and take charge of employees. Requires Governor to resolve any disputes between DEQ and CPO.

SECTION 77. Unexpended revenues: Transfers unexpended balances relevant to electricity and fossil fuels reporting program from DEQ to CPO.

SECTION 78. Action, proceeding, prosecution: Stipulates that transfer of duties to the Climate Policy Office does not affect any action, proceeding or prosecution, except that the CPO is substituted for the Environmental Quality Commission (EQC).

SECTION 79. Liability, duty, obligation: Stipulates nothing in Section 75 - 81 relieves a person of liability, duty or obligation in respect of the program. The rights legally incurred by EQC under contracts, leases and business transactions are transferred to the CPO.

SECTION 80. Rules: Stipulates rules established by the EQC in respects to reporting program are in effect until superseded or repealed by rules of the CPO. Transfers reference from EQC or Department of Environmental Quality in uncodified laws or resolutions to CPO Director and CPO.

Housekeeping in ORS

SECTION 81: Housekeeping

Conforming Amendments

*Underlined text is new in the -31 Amendment

SECTION 82: Makes statute consistent with transfer of authority in Act. Authorizes CPO to adjust by rule the registration and reporting required if necessary, to accommodate participation in an energy imbalance market by persons who import, sell allocate or distribute electricity, or as necessary to otherwise address developments in electricity markets.

SECTIONS 83: Establishes the Oregon Climate Action Operating Fund

SECTION 84: Allows Climate Policy Office to undertake legal action against suspected violators of HB2020

SECTION 85: Establishes intentional or reckless liability for violations of Section 15 - 40.

SECTION 86: Identifies 'false information' crime.

Further adjustments

ENERGY FACILITY CARBON DIOXIDE EMISSIONS STANDARDS
Repeal of Carbon Dioxide Emissions Standards

SECTION 87: Repeals Energy Facility Siting Council carbon dioxide emissions standards.

SECTION 88: Addresses Energy Facility Siting Council standards for the siting, construction, operation and retirement of facilities.

Transitional Provisions

SECTION 89: Prior rules cease to be enforceable on January 1 2021

SECTION 90: Energy Facility Siting Council amends or repeals rules as necessary by January 1 2021

SECTION 91: Addresses disbursement of Facility Siting offset (for carbon dioxide emissions) funds.

SECTION 92: Repeals Section 91 when funds are accounted.

SECTION 93: Repeals ORS 469.409.

SECTION 94: Amends ORS 469.300 to include 'Generating Facility' and 'Non-generating facility'

SECTION 95: Amends ORS 469.310.

SECTION 96: Amends ORS 469.373.

SECTION 97: Amends ORS 469.405.

*Underlined text is new in the -31 Amendment

SECTION 98: Amends ORS 469.407.

SECTION 99: Amends ORS 469.504.

SECTION 100: Amends ORS 469.505.

REPEAL OF FORESTRY CARBON OFFSET PROVISIONS

SECTION 101: Repeals ORS 526.780, 526.783, 526.786 and 526.789.

SECTION 102: Amends ORS 530.050.

SECTION 103: Amends ORS 530.500.

REGULATION OF LANDFILL METHANE EMISSIONS

SECTION 104: Section 105 to be made a part of statutes related to air quality (ORS 468A).

SECTION 105: Definitions and declaration that it is the intent of the Legislative Assembly that the standards and requirements be at least as stringent as the most stringent standards and requirements for reducing methane gas emissions from landfills implemented among the states having a boundary with Oregon. Requires the Environmental Quality Commission (EQC) to adopt by rule standards and requirements for reducing methane gas emissions from landfills. Requires prior to adopting standards and requirements the EQC must consider the standards and requirements of the State of California. Exempts the following landfills from standards and requirements: landfills that emit less than 25,000 metric tons of carbon dioxide equivalent in anthropogenic greenhouse gas emissions annually; landfills that only receive hazardous waste; landfills that only receive building demolition or construction wastes; and land disposal sites that are closed and no longer receiving solid waste, are maintained in compliance certain statutes and have less than 450,000 tons of waste-in-place. Requires rules include: reporting requirements; methane gas collection and control system requirements; standards and requirements for methane limits, monitoring and corrective actions; alternative compliance measures and methods that may be applied for certain landfills on a case-by-case basis; and standards and requirements for records retention, landfill closure notification, gas collection and control device removal or modification and annual operating reports.

SECTION 106: Requires EQC to adopt landfill methane emission rules in time for rules to be operative no later than July 1, 2021.

OREGON GLOBAL WARMING COMMISSION

Abolish and Transfer of Duties to Oregon Climate Board (OCB)

SECTION 107: The OGWC is abolished with duties and functions transferred to the Oregon Climate Board

*Underlined text is new in the -31 Amendment

SECTION 108: Chairperson of OGWC delivers records and property to Oregon Climate Board.

SECTION 109: Unexpended finds transferred to Oregon Climate Board.

SECTION 110: Substitutes OCB for OGWC in any action, proceeding or prosecution.

SECTION 111: No liability relief. Rights and obligations of OGWC transfer to OCB

SECTION 112: Rules of OGWC continue until superseded by OCB

SECTION 113: Any reference to OGWC shall be replaced with OCB

SECTION 114: Legislative Counsel may substitute OCB for OGWC whenever necessary

SECTION 115: Repeals ORS 468A.200, 468A.210, 468A.215, 468A.220, 468A.225, 468A.230 and 468A.250

Amendments to Statute

SECTION 116: ORS 468A.235 OGWC → OCB

SECTION 117: ORS 468A.240 Ditto

SECTION 118: ORS 468A.245 Ditto

SECTION 119: ORS 468A.255 Ditto

SECTION 120: ORS 468A.260 Ditto

SECTION 121: ORS 352.823 Ditto

SECTION 121a: Amends ORS 468A.265

SECTION 121b: Amends ORS 468A.279

SECTION 121c: Amends ORS 757.528

EXPEDITED JUDICIAL REVIEW TO SUPREME COURT; EXPIRATION (Section 86-87)

SECTION 122: Declares intent of Legislative Assembly that provisions of Act relating to receipt of money through sales of allowances by auction do not render Act a bill for raising revenue subject to provisions of Article IV, sections 18 and 25(2) of the Oregon Constitution. Assigns original jurisdiction to the Supreme Court to determine whether the Act is a bill for raising revenue. Establishes process for judicial review with a special master.

*Underlined text is new in the -31 Amendment

SECTION 123: Declares original jurisdiction to the Supreme Court to determine whether auctions conducted impose a tax that is subject to the provisions of Article IX, section 3a, of the Oregon Constitution. Establishes process for judicial review.

REPORTS AND REVIEWS

SECTION 124: Initial Implementation Report By September 15 2020, Oregon Dept Admin Services shall report on action underway to prepare for implementation of Sections 14 - 50 of this Act.

SECTION 125: Greenhouse gas emissions reporting program coordination report. On or before December 31, 2020, entities prepare report on transfer of duties (Section 75 - 80)

SECTION 126: Offset Implementation Report On or before September 15 2031, CPO prepares report on Section 30 - 32.

SECTION 127: Report on certain exclusions from regulated emissions No later than Jan 1 2025, CPO shall prepare report on Section 17 exclusions from regulated emissions: aviation, watercraft, railroad locomotive fuels

SECTION 128: Credit Proposal DoT with Dept of Revenue and Legislative Officer shall develop proposal for program or process to refund or credit moneys from auction to offset increase in fuel costs attributable to fuel importers (Section 34)

SECTION 129: Residential home heating assistance program proposal Housing Community Services Department with OCP and Oregon Housing Stability Council (plus stakeholders) shall develop proposal for assisting households using propane, fuel oil or other fossil fuels that are not natural gas.

SECTION 130: Commercial and industrial natural gas and propane user emissions reduction program proposal. Oregon Business Development Department shall analyze and determine the commercial needs in this state for loans or other financial assistance to commercial and industrial natural gas users or propane users. Report on or before September 15, 2020.

APPROPRIATIONS (Section 88-89)

SECTION 131: Appropriates $____ from the General Fund to the Oregon Department of Administrative Services for the biennium beginning July 1, 2019 for use by the CPO in the development and implementation of the OCAP.

SECTION 132: Appropriates $____ from the General Fund to the Environmental Justice Task Force (EJTF) for the biennium beginning July 1, 2019 which may be used for compensation and expenses incurred by EJTF members who are not members of the Legislative Assembly and for provision by the Governor of clerical and administrative staff support to the EJTF. or use by the CPO in the development and implementation of the OCAP.

OPERATIVE DATE

*Underlined text is new in the -31 Amendment

SECTION 133: Establishes certain sections of Act become operative January 1,2020. Main functions of Act become operative January 1 2021. Authorizes certain agencies to take action prior to operative date if necessary to carry out provisions of Act.

SECTION 134: Captions are not part of the bill.

EMERGENCY CLAUSE

SECTION 135: Declares emergency, effective on passage.

*Underlined text is new in the -31 Amendment