

Turner, Mason & Company Achieves Accredited Independent Verification Body Status for Oregon Clean Fuels Program

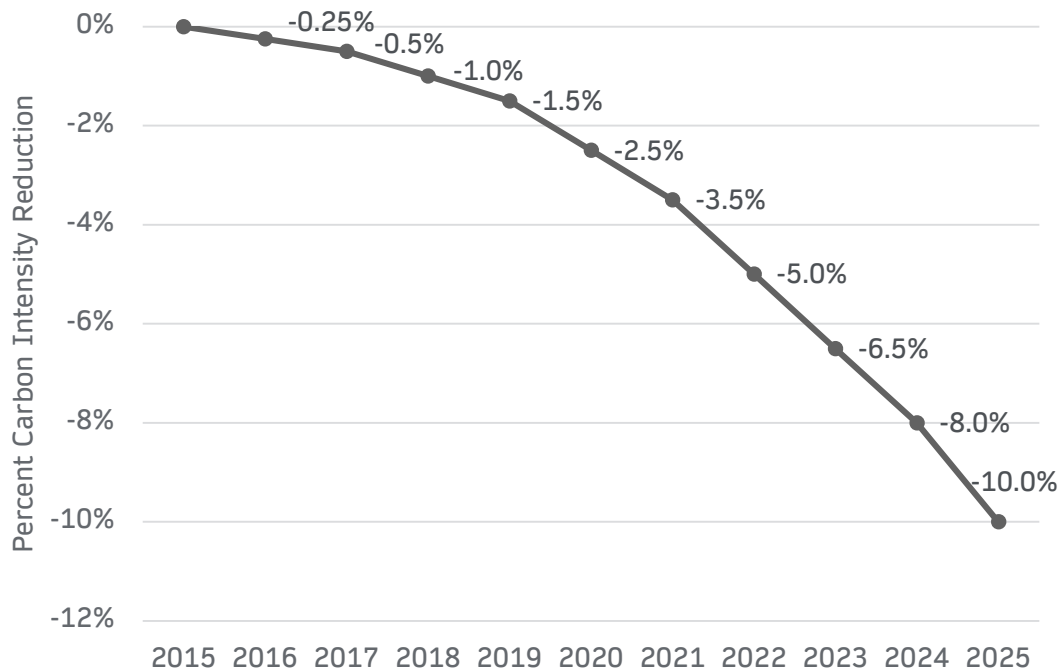
October 19, 2021

Author: Eamon Cullinane

Turner, Mason & Company (TM&C) received accreditation as a third-party verification (3PV) body for the Oregon Clean Fuels Program (OR CFP). Additionally, Cinda Lohmann (Vice-President of Fuels Regulatory Practice) and Eamon Cullinane (Senior Consultant) have been accredited as Lead Verifiers. Verification bodies and verifiers are crucial to ensuring data quality and accuracy while providing assurance to the regulator, the regulated, and the market.

How does the Clean Fuels Program work?

The program is designed to reduce the carbon intensity of the transportation fuel pool through a credit generation and deficit scheme similar to that of California’s Low Carbon Fuel Standard. The baseline year for the program is 2015 and the standard for that year represents 10 percent ethanol blended with gasoline and 5 percent biodiesel blended with diesel. The current rule requires a 10 percent reduction in average carbon intensity (CI) from 2015 levels by 2025 as seen below.



Fuels with low CI scores generate credits, while higher carbon intensity fuels create deficits. Credits and deficits are measured in metric tons of greenhouse gas emissions. The Credits can be sold to offset deficits for compliance with the regulations.

Who are the participants in the Clean Fuels Program?

Mandatory Regulated Parties: Importers of gasoline, diesel, ethanol, biodiesel, and renewable diesel and in-state producers of any transportation fuel.

Voluntary Registered Parties: CNG, LNG & LPG (owner of dispenser), natural gas, propane and jet fuel (producer or importer), electricity (forklifts: fleet owner or operator, residential EV charging: electric utility, nonresidential EV charging: charger owner or operator), hydrogen (owner of fuel).

What are the requirements for the program?

Regulated Parties and Registered Parties must:

- Register with DEQ before producing fuel in Oregon, importing fuel into Oregon, or generating / transacting credits for fuels supplied in Oregon;
- Keep records for each transaction of transportation fuel imported, sold or supplied for use in Oregon;
- Submit quarterly and annual reports using the Oregon Fuels Reporting System; and
- Demonstrate compliance with the Standards each calendar year with credit/deficit balance.

What gets verified in the CFP?

The Oregon CFP uses the term “Responsible entity” as any party that is required to have their data verified under the 3PV rules. Here are the items subject to verification:

- Fuel pathway applications (Validation Optional);
- Annual fuel pathway reports;
- Quarterly fuel transaction reports; and
- Project reports.

When does the verification process begin?

Oregon third-party verification requirements apply to **2021 calendar year data** submitted beginning in the spring of 2022. All verification statements will be **due August 31, 2022**. Entities will need to engage the services of a DEQ-approved verifier, ensure that all requirements in 340-272 are met, and ensure that a verification statement is received by DEQ from a verification body by the required annual August 31 deadline.

Oregon CFP vs. California LCFS?

The Oregon CFP was modeled off of CA LCFS so there are indeed a lot of similarities; however, there are some differences between the two programs of which responsible entities should be aware. Here are a few of the general differences.

- LCA Model: OR-GREET is slightly different than CA-GREET (different diesel and gasoline fuels, Oregon grid mix, indirect land use change emission factors).

- OR CFP quarterly fuel transaction reporting includes transactions for the Greenhouse Gas Reporting Program.
- Oregon does not have any petroleum refineries or oil production.
- Many of the OR CFP pathways are recertifications of California pathways (For recertified fuel pathways from California, the California verification statement must be provided to DEQ by the producer within 10 days of it being submitted to the Air Resources Board).
- OR CFP doesn't require validation prior to a pathway's submittal, but annual fuel pathway reports must be verified for facilities.
- If a fuel production facility maintains a monitoring plan for the CA LCFS, that same plan may be used for Oregon unless the two programs treat an aspect of the fuel production process differently.

TM&C Fuels Regulatory Practice has a wealth of experience spanning several decades in virtually all of the clean fuel programs. TM&C has received accreditation as a 3PV body for the OR CFP and is ready to engage clients needing these services. Throughout its history, TM&C has provided consultation on EPA and state fuel programs in essentially all aspects of compliance. TM&C publishes an ongoing newsletter focused on a deeper dive into the current regulatory issues facing the industry. If you would like to be included on the distribution list, visit our "Contact Us Page" and let us know in the message box. Do not hesitate to give our regulatory compliance team a call at (214) 754-0898.

Turner, Mason & Company provides technical, commercial and strategic consulting services to clients globally in the crude oil, midstream, refining, refined products, and biofuels industries.

214-754-0898

www.turnermason.com

Dallas, Texas



No Unauthorized Redistribution. Turner, Mason & Company © 2021. All rights reserved. This document, in whole or in part, may not be redistributed, reproduced, and/or photocopied without prior written permission.