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February 26, 2021

Department of Environment Quality  
VIA Email Transmission  
GHGCR2021@DEQ.STATE.OR.US

Dear Department of Environmental Quality Staff:

**Climate Protection Program: Rulemaking Advisory Committee (RAC) Meeting #2**

On behalf of bp America (bp), thank you for the opportunity to participate in the Department of Environmental Quality's (DEQ) RAC meeting on February 17<sup>th</sup>.

As a natural gas marketer to Oregon, bp supports DEQ's leaning for natural gas Point of Regulation to sit with natural gas utilities or large stationary sources.

With respect to non-natural gas fuel suppliers, DEQ indicated that it is still determining the minimum threshold for being considered a regulated entity. bp reiterates its support for a minimum threshold of 5,000 metric tons (MT) CO<sub>2</sub>e for non-natural gas fuel suppliers.

For more information, both issues are addressed in our August 26, 2020 letter that was sent following Technical Workshop #1 (copy attached).

Please do not hesitate to reach out to me at [thomas.wolf@bp.com](mailto:thomas.wolf@bp.com) or 360-483-7438 if you have any questions or need additional context.

Sincerely,

Tom Wolf  
bp America



**BP America Inc.**  
4519 Grandview RD  
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**Pam Brady**  
Director  
Government and Public  
Affairs

August 26, 2020

Department of Environmental Quality  
VIA Email Transmission  
CapandReduce@deq.state.or.us

Dear Department of Environmental Quality Staff:

### **Technical Workshop 1 – Program Scope**

On behalf of bp America (bp), thank you for the opportunity to participate in Department of Environmental Quality's (DEQ) recent Technical Workshop 1: Program Scope. bp is an integrated energy company with a goal of being net zero across our entire operations by 2050 or sooner. We support efforts to reduce greenhouse gas (GHG) emissions and offer the following comments based on our experience with similar programs elsewhere, and as a natural gas marketer and fuels supplier in Oregon.

### **Considerations for the Fuels Supplier Sector**

With respect to fuels and thresholds, bp believes that the 5,000 ~~million~~ metric<sup>1</sup> tons (MT) CO<sub>2</sub>e threshold should be adopted as it equates reasonably closely to the minimum threshold expressed in gallons within the Oregon Clean Fuels Program. DEQ's issue brief rightly highlights that impacts on the competitive landscape should be a consideration. Applying a threshold higher than 5,000 MT CO<sub>2</sub>e could not only distort competition, but also could lead to GHG leakage. While California applies a 25,000 MT CO<sub>2</sub>e threshold for fuels under its Cap and Trade program, its market for gasoline and diesel is almost ten times the size of Oregon's market.

When taking into account fuels and compliance, bp recommends that as many fuel uses as are practicable be included under the cap and that DEQ avoid applying end use exemptions in the manner adopted under the Clean Fuels Program. For such exemptions to work, there needs to be a clear line of sight from point of regulation to end use, and when this is not possible, the default should be for the fuel to be included under the cap.

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<sup>1</sup> Corrected 2/26/21

## Considerations for the Natural Gas Sector

bp supports designating the point of regulation for covered entities as close as is administratively feasible to the point of combustion, thus providing transparency to emitters and helping them make economic choices to reduce GHG emissions. For liquid fuels, it is feasible to designate the point of regulation at the fuel distribution rack. For natural gas customers, the only practical way for this regulation to work is to have the point of regulation at the gas meter where either natural gas customers or their immediate agents (such as regulated gas utilities) hold the reporting and carbon obligations. In situations where a natural gas marketer sells natural gas directly to a large industrial customer, the bilateral contract between the marketer and the industrial customer should be the basis for determining the quality (or non-renewable carbon content) of the natural gas sold. The natural gas utility should be responsible for providing the meter reads. Buyers and sellers have used these bilateral contracts to verify the carbon content of energy consumed for many years in California, and the same system could be adopted in Oregon. For example, bp Energy Company provides the California Air Resources Board with redacted contracts to help verify the carbon obligations associated with power delivered into the California Independent System Operator.

Relying on upstream transactions would create data that would be inaccurate and burdensome for the state and market participants to administer. This problem arises because gas may change hands multiple times, be stored over a long period of time, or be exported from and not consumed in Oregon. Further, designating the point of regulation at the meter is the only feasible way for DEQ to account for cost rebates to vulnerable populations if the agency so chooses.

bp would welcome the opportunity to participate in a dedicated breakout session with DEQ to help clarify some of the complexities associated with natural gas transactions.

We appreciate the opportunity to share these comments and look forward to working with you in order to achieve meaningful reductions in GHG emissions. If you have any questions or would more information, please contact me at [pamela.brady@bp.com](mailto:pamela.brady@bp.com) or 360-920-1171.

Sincerely,

A handwritten signature in blue ink that reads "Pam Brady". The signature is written in a cursive, flowing style.

Pam Brady  
bp America

