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

Re: **Climate Protection Program: Rulemaking Advisory Committee (RAC) Meeting #3**

Dear Department of Environmental Quality Staff:

On behalf of bp America (bp), thank you for the opportunity to participate in the Oregon Department of Environmental Quality's (DEQ) RAC meeting on March 18th.

Our comments are focused on the recent RAC discussion of key elements for regulation of non-natural gas fuel suppliers. During this conversation, different stakeholder positions were aired with respect to the most appropriate threshold above which an entity is regulated under the Climate Protection Program (CPP).

As we have stated in our previous comments, bp supports a threshold of 5,000 MT CO2e as an appropriate and fair value to adopt. This threshold closely equates to Oregon's Clean Fuels Program threshold for a fully regulated entity when converted to gasoline / diesel volume. In addition, this value is reasonably proportional to the California Cap & Trade threshold of 25,000 MT CO2e, given that Oregon's market is approximately an eighth the size of California's when applying the lens of motor gasoline and on-road diesel demand.[i]

Setting the threshold at a higher value risks setting a ceiling to which unregulated entities may grow while enjoying the competitive advantage of not bearing the cost burden for CPP compliance. We believe this hinders meeting GHG reduction targets due to program leakage and it is not equitable for entities that are covered by the CPP.

To the latter point, combustion emissions require simple math and an EPA emission factor[ii] to calculate the cost per gallon that relates to carbon price. By taking a California Cap & Trade value of $15 / MT as an example, this would result in an E10 gasoline cost of 12 cents per gallon and a B5 diesel cost of 14.5 cents per gallon that are associated with the carbon price. This clearly shows that entities not covered in the program will have a significant cost advantage over covered entities. Therefore, the universe of those uncovered entities should be small.

With respect to a claim of disproportional administrative burden to smaller entities that was made during the RAC discussion, we should recognize that, for the most part, these are the same entities already covered under the existing Clean Fuels Program and they have proven their sophistication in benefiting from the carbon intensity reduction incentives that are offered. That being said, all regulated entities should be open to finding ways to streamline CPP administrative processes.

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

Sincerely,

Tom Wolf
bp America

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[i] EIA data (2019) https://www.eia.gov/dnav/pet/pet_cons_prim_dcu_nus_a.htm, https://www.eia.gov/dnav/pet/pet_cons_821dst_dcu_nus_a.htm

[ii] EPA https://www.epa.gov/sites/production/files/2020-04/documents/ghg-emission-factors-hub.pdf