

Community Climate Investments

March 12, 2021

Under the Climate Protection Program, regulated entities such as suppliers of transportation fuels, natural gas, propane, and certain stationary sources could be required to reduce greenhouse gas emissions associated with the use of these fuels.

Regulated entities could, for example, reduce emissions by supplying more biofuels, such as renewable natural gas and ethanol, while supplying less fossil fuels, such as natural gas and gasoline. Increasing the use of electric vehicles or switching to cleaner and more efficient appliances reduces our collective reliance on fossil fuels and also reduces emissions regulated under the program. However, these approaches require both public and private investments, and often are not entirely within the control of regulated entities.

The Climate Protection Program will help drive these longer term changes, but there will be implementation costs that could increase costs for everyday users and consumers.

What are “community climate investments?” How could they fit with the rest of the Climate Protection Program?

DEQ is exploring an additional or alternate way for regulated entities to reduce emissions and comply with the program, while driving investments and benefits in environmental justice and other impacted communities. Environmental justice communities have been disproportionately impacted by poor air quality and have not had an equal voice in policy decisions impacting air quality. DEQ is calling this program feature “community climate investments.”

Under this concept, DEQ could establish a certain dollar amount that a regulated entity could invest to earn a credit. The regulated entity could pay a DEQ designated third party to invest in projects that reduce or remove greenhouse gas emissions in Oregon’s communities. The regulated entity could in turn receive a credit, which could allow them to emit 1 ton of emissions. The regulated entity could use the credit to meet their program obligations, along with the other long term emissions reductions they’re achieving. A potential benefit of one price for each credit is that a variety of projects in different communities could be equally supported. There could be a limit on the number of credits used for compliance.

DEQ could certify one or more third party non-profit organizations to be the recipient of funding from regulated entities. The third party or parties could use a regional structure to identify and support projects in communities throughout Oregon. The third party could regularly report to DEQ on how it is investing the funding into Oregon communities, the effects on greenhouse gas emissions, local pollutants, and other metrics.



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DEQ is a leader in restoring, maintaining and enhancing the quality of Oregon’s air, land and water.

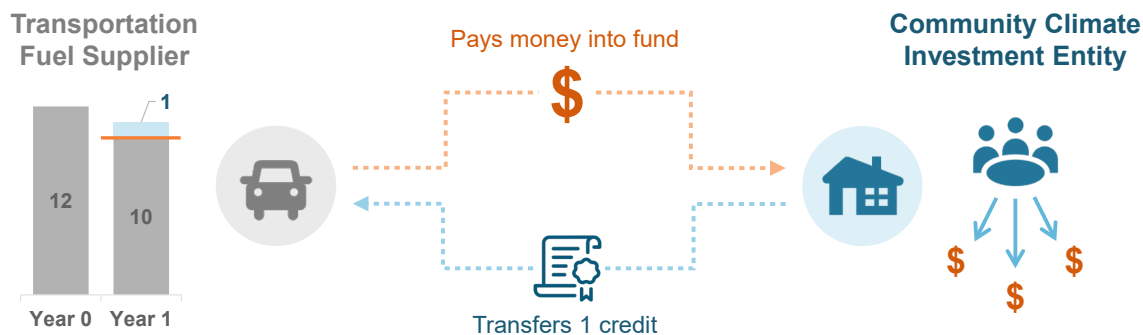
How could community climate investments support environmental justice and other impacted communities?

DEQ sees opportunities to prioritize investments in projects that directly benefit Oregon's communities. The program could require all investments be located in Oregon. The program could further prioritize investments in communities that have been disproportionately impacted by poor air quality and that have not had an equal voice in policy decisions impacting air quality.

Community climate investments could reduce disproportionate consumer costs for these communities, reduce co-pollutants like diesel particulate matter, improving public health, and support infrastructure necessary for an equitable energy transition. The program could:

- Ensure a certain percentage of projects are in environmental justice and other impacted communities
- Ensure that the emissions reduction projects best support the goals of environmental justice and other impacted communities
- Recognize the diversity of needs and goals among different communities
- Create a process that incorporates environmental justice and other impacted communities representation, including in project selection and review of investments and performance of the third party

Including representatives from environmental justice and impacted communities would be critical in any such approach to ensure that projects are meeting program objectives. Community representatives could participate on a committee that advises DEQ on third party certification and selection, the types of projects that the third party invests in, and the communities in which those projects are located.



Fictional example: Year 1 each regulated entity receives 10 compliance instruments. This entity emitted 12 metric tons of emissions last year. It needs to reduce emissions by 2 metric tons. The entity can only reduce 1 metric ton cost effectively. It pays money into fund and receives 1 credit.

What projects might be funded by community climate investments?

All community climate investments would need to reduce or remove greenhouse gas emissions to support the goals of the Climate Protection Program. The project types could evolve over time for new technologies and changing community priorities. Examples could include rebates or cost-shares to fund: transit expansion with additional electric options; electric heat pump and water heater installations; energy efficiency improvements; and freight fleet conversions to non-fossil fuels.

Questions

1. What types of projects should be funded by community climate investments?
2. How could DEQ incorporate community input throughout this process?
3. How could DEQ ensure and prioritize investments in environmental justice and other impacted communities?
4. Should there be a limit on how much regulated entities are allowed to use community climate investment credits?

Alternative formats

DEQ can provide documents in an alternate format or in a language other than English upon request. Call DEQ at 800-452-4011 or email deqinfo@deq.state.or.us.