

2024 Fuel Suppliers and In-State Producers Training

Office of Greenhouse Gas Programs

February 2024

Purpose

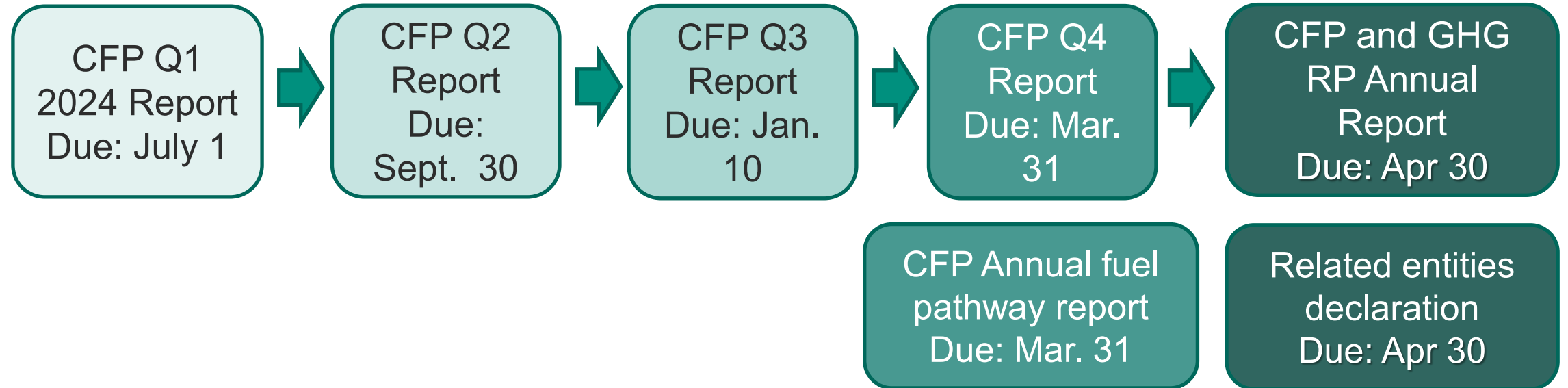
- Provide information
- Support compliance
- Share lessons learned
- Provide useful tips

Agenda

- Reporting overview
- Changes in reporting for 2022 rulemaking and Climate 2023 Rulemaking
- Common Issues and Reporting Reminders
- Third Party Verification (3PV)

Reporting Overview

Deadlines for 2024 CFP and GHG RP reporting



Corrections requests for any 2023 quarterly report must be received by April 10 and resubmitted by April 19.

Clean Fuel Standard compliance

- Making changes to CFP quarterly reporting.
- Plan ahead for any credit purchases you need to make to come into compliance. Do not wait until the last week!
- Be sure to accept any credit transfers needed for compliance as Carryback transfers.
- Do not file your CFP Annual Report early if you are still in the process of buying credits.

Annual reporting of related entities

- OFRS has a section in the organization profile for recording related entities of reporting parties.
- This must be updated annually by April 30 of each year.
- A guide for how to enter related entities is included in our FAQ.
- This is used for verification purposes.

Change of ownership or control provisions

- Notify DEQ within 30 days of the change.
 - Both the previous and the new owner or operator.
- Only one party can report for a party's operations in a single quarter.
- The new owner or operator is responsible for demonstrating compliance when the annual report is due.

Reporting updates

Exports – updated reporting requirements

340-215-0042 (7) updates documentation requirements for exports:

- Companies that purchase below the rack for export must document those exports with the following information:
 - Amount delivered
 - Type of fuel delivered
 - Delivery date
 - State the fuel was delivered to
- Appropriate documentation can consist of Product Transfer Documents (BOLs, invoices, etc.)
 - If the exporting party cannot provide documentation that the fuel was exported to the business partner, the fuel cannot be reported as exported

Exports – updated reporting requirements

340-215-0110 (4)(a) now requires notification when:

- Product transfer documents do not accurately reflect the final destination of fuel dispensed from a terminal in Oregon:
 - The entity exporting the fuel must inform the position holder of any changes to the final destination that fuel was delivered at least 30 days prior to the reporting. This means by March 31 of each year.
- The notification must include
 - The state the fuel was delivered to
 - Fuel types delivered
 - Volumes delivered
- CFP quarterly reporting must be updated to correct for these changes

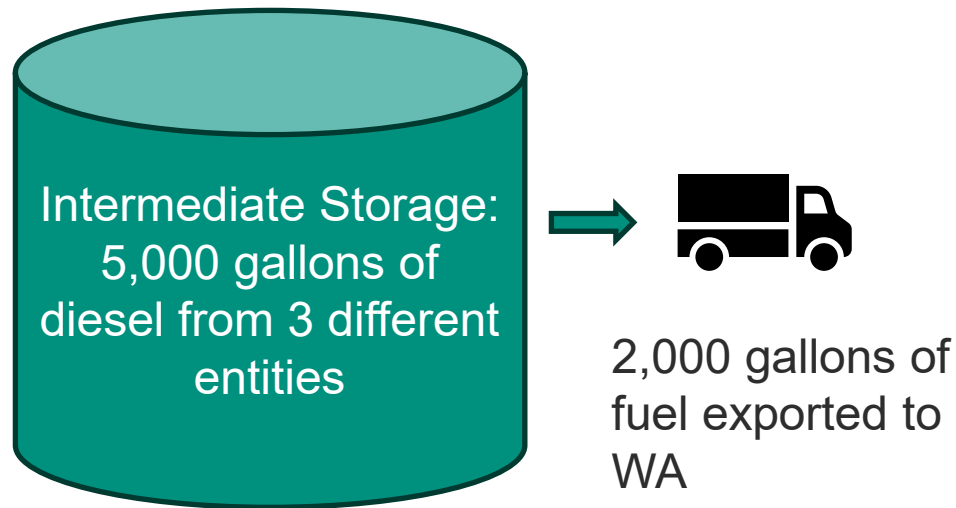
Exports – updated reporting requirements

[340-215-0110](#)(4)(b) creates accounting requirements for exported fuels from intermediate storage :

- For fuel delivered to an intermediate storage location, commingled with the same type of fuel and purchased from multiple position holders exporters must:
 - Determine, by quarter and position holder, the exported gallons based on the percentage of fuel that the exporter purchased from each of the position holders in that calendar quarter.
 - Inform and provide documentation of the accounting to the position holders so they can adjust position holder sales for export.
 - Maintain documentation and make this available to DEQ, impacted position holders, and verifiers upon request.

Exports – intermediate storage export example

Steph's Fuel Depot (SFD)



To report this accurately, review records and determine percentage from each company.

For example, records show that Steph's Fuel Depot bought the following fuel from Company A, B, and C and moved it to their intermediate storage. In Q1, the fuel was exported:

Amount of fuel purchased from each in Q1 (total 5,000):

- Company A – 2,000 gallons
- Company B – 1,500 gallons
- Company C – 1,500 gallons

Determine the percentage of fuel from each company contained in the storage:

- Company A: $2,000/5,000 * 100 = 40\% = 800$ gallons
- Company B: $1,500/5,000 * 100 = 30\% = 600$ gallons
- Company C: $1,500/5,000 * 100 = 30\% = 600$ gallons

Common Issues and Reporting Reminders

Net vs. gross gallons

- Temperature correction of all liquid fuel volumes reported in the Oregon Fuels Reporting System to a standard temperature of 60 degrees Fahrenheit.
- Any liquid fuel volumes reported in gross gallons must be corrected to net gallons.
- This is to ensure proper application of emission factors for these fuels.

Clean Fuels Program - Exempt Fuel Uses

Any claim that a fuel went to an exempt fuel use in the CFP must have documentation that demonstrates that it was delivered to such a use

- For example, an invoice showing that diesel was delivered to a farm or into a dedicated tank for watercraft
- Dyed diesel is not exempt.

Clean Fuels Program - Exempt Fuel Uses

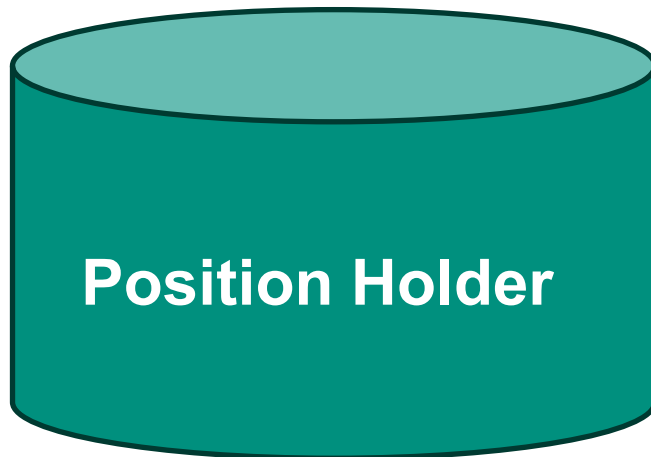
- Documentation for Exempt Fuel Use claims are subject to verification and must be kept for five (5) years.
- Can request to use a different but comparable form of documentation to DEQ.
- Fuel delivered to exempt fuel uses can be voluntarily included in the CFP so long as all fuels on the same invoice are voluntarily included.

Position holder sale without obligation

- If you are aggregating all Position holder sales without obligation to the Undefined business partner and not reporting them by tagging the company the fuel was sold to as a business partner, please discontinue this practice.
- You **can only** tag undefined for these sales if the transaction is with entities not reporting to CFP.
- If verifiers see this in reporting, they will ask the entity to disaggregate these transactions.

Position holder sale for export to a non reporting entity

In this case, there is no Position holder sale for export reported in OFRS. The position holder reports an Export out of Oregon distribution transaction.



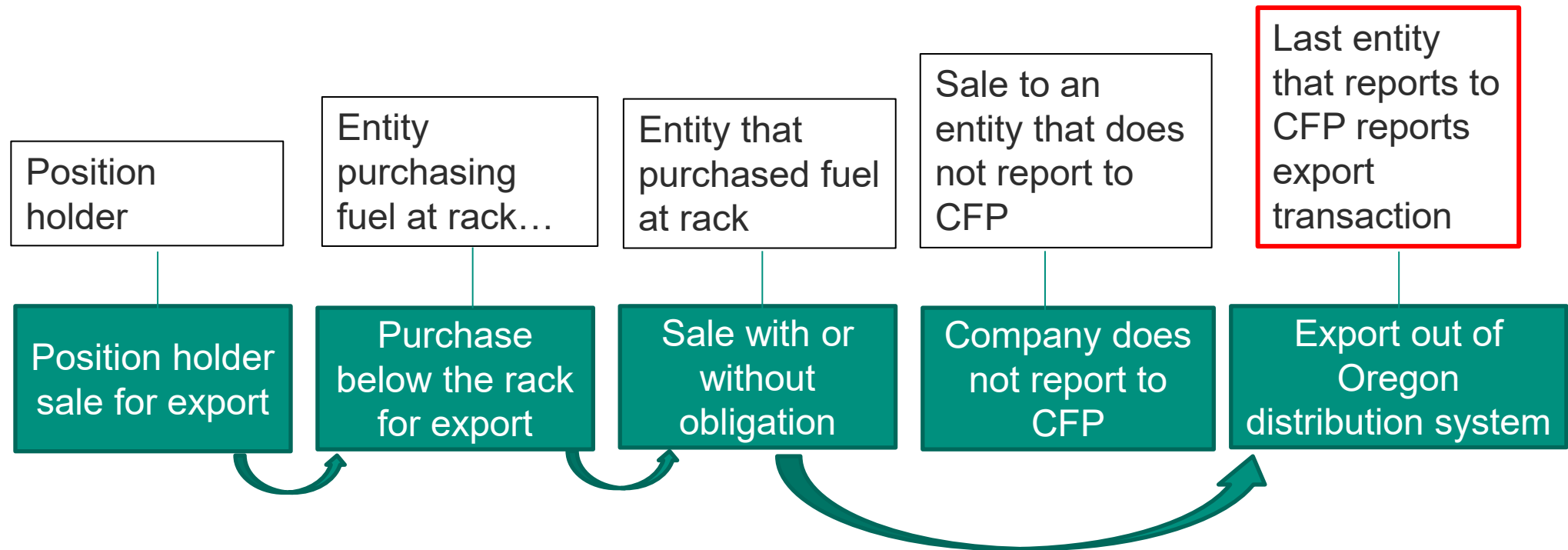
Sale to an
entity that does
not report to
CFP



Reporting of multiple party sales

- Also includes Flash Sales.
- Once the fuel is purchased from the position holder: Instead of immediate delivery to a retail site, the fuel is sold to another company.
- Reporting to CFP in OFRS depends on two factors:
- Detailed reporting instructions are available in the [FAQ](#).

Reporting exported volumes in multiple party sales



Reporting requirements for blended fuels

- Blended Fuels Examples:
 - E10 Gasoline
 - B5 Diesel
 - B20 Diesel
- When reporting in their component forms:
 - Must report both components (e.g., Ethanol and Gasoline in E10).
 - Applies even if components are in separate transactions.
- This requirement applies to all transaction types including components purchased or sold with or without an obligation.

Issues with substitute fuel pathway codes and exports

- What are substitute fuel pathway codes?
- **For example:** Company A purchases fuel from a position holder and sells it to Company B below the rack for export.
 - Company A's Reporting Restrictions: Cannot use substitute FPC for reporting the sale to Company B with obligation, so they must use without obligation.
 - Company B's Reporting: After reconciling the purchase with Company A, can report 'Export out of Oregon distribution system' using substitute FPC but will generate deficits.

Reconciling with business partners

You must reconcile with your business partners prior to submitting your reporting.

Exports of gallons imported outside of the bulk system

- Very specific case used by very few reporting entities.
- OFRS contains a GHG Exporter function that can be activated once you notify DEQ this scenario applies to your entity.
- OFRS will then display instructions at the top of the reporting screen detailing how to show the exports in your GHG RP annual report.

Aggregating by specific fuel types – GHG RP

- To take advantage of lower emission factors in the annual reporting to the GHG RP.
 - i.e., Conventional summer midgrade, Diesel fuel oil no. 2
 - Please note, if you do not disaggregate the fuel in this way and submit the reporting, you will not be able to go back and do this after the reporting due date for that year.

Requests to reopen GHG RP annual reports

The GHG RP will only grant changes to the annual report for errors that occurred in the reporting.

If the methodology in the reporting and the fuel type is correct as submitted, we will not grant re-opening of the report to change a methodology or disaggregate the fuel types to more specific fuel types.

Third party verification for fuel suppliers

Related entities

Both OAR 340-253 and OAR 340-215 define related entities as follows:

“Related entity” means any direct parent company, direct subsidiary, or a company with common ownership or control.

According to OAR 340-272, related entities must aggregate together when determining whether they are exempt from verification requirements.

For the purposes of determining third party verification applicability, “common ownership or control” is any percentage of ownership or control over another company.

Example: Company A and Company B each own 50% of company C, though Company C is under the complete operational control of Company A. If the three companies together meet the threshold for verification, all must have their data verified- even if one or more of them do not meet the threshold independently.

Verification applicability by program

GHG Reporting Program

- **25,000 MT CO₂e or more in the emission data report submitted to DEQ and attested to by the entity**
- Related entities must aggregate emissions to determine applicability
- Threshold applies only to anthropogenic emissions, but if the entity (and any related entities) meet the threshold, both anthropogenic and biogenic emissions reported must be verified
- If an entity drops below the verification threshold for a reporting year, they do need to have their reporting verified for the year their emissions dropped under the threshold, but will not be subject to verification in subsequent years unless they meet or exceed the threshold again

Clean Fuels Program

- **6000 total credits and deficits generated during the year**
- Related entities must aggregate their credits and deficits to determine applicability
- Subject to third party verification: Production in Oregon, Out of State Production for Import, all import transactions, Exports other than Position Holder Sales for Export or export transactions reported on behalf of an unregistered exporter, Gain of Inventory, Loss of Inventory, Not Used for Transportation, Transactions used to claim exempt uses under OAR 340-253-0250, NGV fueling, Propane Fueling.
- Verification applicability determination must be made annually for reported transactions

Third party verification applicability for CFP

According to OAR 340-272-0110(3)(b)(B) an entity is exempt from verification if:

During the year, only the following transaction types were reported:

- Export
- Gain of inventory
- Loss of inventory
- Not used for transportation

And

All of the following provisions are met:

1. All such transactions do not generate 6,000 or more total credits and deficits during the previous calendar year
2. The entity did not report any liquid fuel using the transaction types: Production in Oregon or Import into Oregon
3. The entity did not report any NGV fueling transactions

Determining third party verification applicability for CFP

To determine how many credits and deficits your company generated:

- Sign in to OFRS and navigate to the Annual Reports tab
- Choose Go to Report on 2023 CFP report
- Review Individual Quarter totals or scroll to bottom for the Annual summary table
- If you are uncertain whether a related entity has generated enough credits and deficits to meet the threshold, email 3PVerify@deq.oregon.gov.

2023 Annual Summary :

	Credits (MT)	COH (MT)	CCM Credits (MT)	Deficits (MT)
Total Credits/Deficits (MT) Carried Over from 2022	0			0
Total Credits/Deficits (MT) in 2023	3,587			0
Total Credits (MT) Sold in 2023 (-)	0			
Total Credits (MT) Acquired in 2023	0			
Total Credits (MT) Purchased as Carryback Credits in 2024	0			
Total Administrative Credits Withheld /Total	0	0		

Verification bodies list

- Verification body lists are included on the "Information for Responsible Entities pages under “Find a verification body”
- Check list each year as verification body approvals can change

www.oregon.gov/deq/ghgp/3pv/Pages/

Find a verification body

Only DEQ-approved verifiers and verification bodies may perform verification services in Oregon. All verifiers and verification bodies are accredited by the California Air Resources Board (CARB) in the verification services they provide.

- [Oregon CFP Approved Verification Bodies List](#)
- [Oregon CFP Approved Verifiers List](#)

Quick note

- If you don't have any questions for DEQ and you are not subject to verification, please feel free to sign off at this point

How long does verification take?

Report type	Average number of months*
CFP quarterly fuel transactions report	3
Fuel supplier emissions data report	3

* Time from approval date of COI to submission date of verification statement

Report corrections:

- Depends on complexity
- 1 day to several weeks
- Allow 2-3 days for DEQ processing and 1-2 weeks for the verification body to perform a final check
- CFP entities: build in time to reconcile transactions with your business partners

Give yourself plenty of time to get verification completed before the deadline. Verification bodies may not take on new clients closer to the deadlines!

Verification statements are due **August 31st** of each year

How to prepare for verification

- Entities should have information available and organized for their verification bodies. This includes:
 - Reported and attested data as submitted to DEQ
 - Any information and documentation used to calculate and report emissions, fuel quantities, and fuel and electricity transactions
 - All data and information required by or submitted to the Clean Fuels or GHG Reporting programs
- Retain this information for a minimum of 7 years

Materiality

- **All correctible errors must be corrected**, even if they are less than 5% of reported emissions or credit/deficit calculations
- A correctible error is defined as any error that impacts reported emissions for the Greenhouse Gas Reporting program, or credit/deficit calculations for the Clean Fuels program

Reporting corrections

If reporting errors are discovered during verification, they will need to be fixed by the entity to avoid issuance of an adverse verification statement.

Responsible entity must request the re-opening of their reporting from DEQ in the Oregon Fuels Reporting System (OFRS).

In the reopening request letter, please include:

- A statement that the errors were discovered during verification
- A description of the error(s)
- Complete description of changes to be made to reporting to correct the error(s)

Include all changes to be made in the request; changes not requested will not be granted. Reporting cannot be opened before the requested changes are known.

Reporting corrections

For entities reporting to both the GHG Reporting Program and the Clean Fuels Program:

- OFRS pulls data from CFP reporting to fill in pieces of the GHG reporting
- If CFP reporting is re-opened for reporting updates, the GHG Reporting Program must also be re-opened and re-submitted to ensure any changes affecting the GHG annual data is pulled correctly from the CFP reporting
- If only subject to verification for GHG reporting, you may also need to open the CFP report to make corrections because this is where much of the data for the annual GHG report comes from

Reporting corrections

Reporting corrections can impact reporting for business partners if transactions between partners are reported incorrectly.

DEQ may ask business partners undergoing verification to wait until verification is done for each of their business partners to make reconciliation corrections. This will prevent companies having to re-open their reporting multiple times to make updates during the verification process.

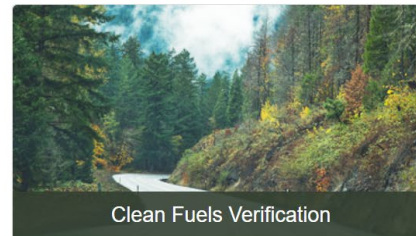
Additional resources

- Additional training resources on 3PV applicability and process
- FAQ documents
- Approved verification body lists

3PVerify@deq.oregon.gov

www.oregon.gov/deq/ghgp/3pv/Pages/

Oregon Third Party Verification Program
DEQ's mission is to be a leader in restoring, maintaining and enhancing the quality of Oregon's



Clean Fuels Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)

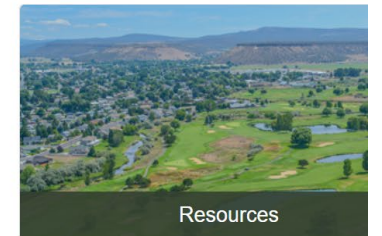


GHG Reporting Verification

[Information for Verifiers](#)

[Information for Verification Bodies](#)

[Information for Responsible Entities](#)



Resources

[Program Rules \(OAR 340-272\)](#)

[Implementation Timeline](#)

[Sign-up for program updates](#)

Resources for Reporting Entities

Reporting in OFRS training video:

<https://www.youtube.com/watch?v=GixrFbbBkec>

Reporting in OFRS training slides:

<https://www.oregon.gov/deq/ghgp/Documents/cfpGHGUserTraining2021.pdf>

Frequently asked questions about reporting to both programs:

<https://www.oregon.gov/deq/ghgp/Documents/cfpOFRSReportFAQ.pdf>

Greenhouse Gas annual reporting resources:

<https://www.oregon.gov/deq/ghgp/Pages/GHG-Reporting.aspx>

Clean Fuels Program reporting resources:

<https://www.oregon.gov/deq/ghgp/cfp/Pages/Clean-Fuels-Online.aspx>

Sign up for updates for programs:

ordeq.org/subscribe

Questions

GHG RP, Fuel Sector

Stephanie Summers
GHGReport@deq.oregon.gov

Greenhouse Gas Reporting Resources

- Reporting protocols
- OFRS user guides
- Related entity declaration form

Third Party Verification

Liz Hardee
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3PV Resources

FAQs, trainings and more are available under "Information for Responsible Entities" for the appropriate program.

Clean Fuels Program

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CFP Resources

- Reporting Guides and Trainings
- OFRS user guides
- FAQs