



State of Oregon Department of Environmental Quality

# **Additional Written Comments**

## **Clean Fuels Program Expansion 2022 Rulemaking Advisory Committee Meeting 3**

This document is a contains additional written comments received related to the third meeting of the advisory committee for the Clean Fuels Program Expansion 2022 Rulemaking held March 31, 2022.

### **Comments**

Oregon Fuels Association.....	2
Renewable Energy Group, Inc.....	3

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**From:** Mike Freese  
**Sent:** Tuesday, April 26, 2022 9:07 PM  
**To:** CFP2022 \* DEQ  
**Cc:** MCCONNAHA Colin \* DEQ; WIND Cory Ann \* DEQ; Danelle Romain  
**Subject:** Pre-Fiscal Impact Statement - OFA Comment

DEQ CFP Expansion Rulemaking Team:

In preparation for the Fiscal Advisory Committee meeting on the CFP expansion rulemaking, we wanted to share some data to help inform the potential costs associated with the proposed expansion. In a number of conversations, there has been some reliance on the availability of renewable diesel (RD) to meet lower CI targets for diesel fuel. Those aggressive targets could come at a significant cost to Oregon consumers because renewable diesel is only offered in limited quantities compared to its less expensive petroleum diesel (blended with biodiesel) competitor AND there is significant growing demand for RD fuel. Simple supply and demand economics have renewable diesel offered at an uncompetitive price. We do not see another competitive fuel source to replace or compete with diesel in the next 10 years.

In a quick survey of some OFA members (separately), here's what we heard:

- **Price of RD:** Today, if Oregon wanted to draw substantial quantities of RD away from markets like California, Canada, or Europe, Oregon customers would need to be willing to pay OPIS B5 Avg + \$0.40 to \$0.80 (with CFP credit). One supplier stated that in limited quantities (that are sold out under contract) it can offer RD at a premium of .25cpg over B5 (with the CFP). However, to find additional quantities, that same supplier can source additional RD if someone is willing to pay in the \$0.40-0.60 premium but there hasn't been interest at that cost. (With CFP Credit). Factoring in the total cost to the consumer, one can look at Idaho retail versus Oregon adjusted for taxes. Idaho is roughly \$0.40 cheaper per gallon than Oregon. And it's often cheaper to supply Oregon with fuel than Idaho. The price difference is the CFP. With this rulemaking, one would expect that difference in fuel price – both gas and diesel – to increase and continue to be substantially more.

- **Will production meet demand:** No, producers are telling us not to count on it in the foreseeable future. It is worth too much in CA. If Clatskanie gets up and producing it is a drop in the bucket. Because of national and international demand, new anticipated sources of RD will unlikely be more than 20% of Oregon's total supply. As indicated by DEQ during the RAC meetings, other states/provinces are looking to increase standards that will also increase demand on already limited RD supplies.

- **Feedstock Apprehension:** There is still some apprehension that feedstocks will not meet demand – especially as more state's pursue CFP style policies and/or governments look to adopt RD mandates. Petroleum supplies are much better understood than renewable fuels.

Thanks for your consideration.

**Mike Freese**

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May 13, 2022

Ms. Cory Ann Wind, Clean Fuels Program Manager  
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*Submitted electronically*

**RE: Fourth Clean Fuel Program Expansion Comments**

Ms. Wind:

Renewable Energy Group, Inc. ("REG") reiterates our support of expanding and accelerating the Clean Fuels Program ("CFP") through this rulemaking. Growing the Oregon CFP is a significant step forward in reducing fossil carbon emissions in Oregon. REG appreciates the opportunity to provide specific comments on the Rule Advisory Committee (RAC) Meeting on March 31, 2022.

REG has stated our strong support for expanding the proposed compliance requirements beyond a 25% reduction by 2035. We welcome the announced compliance curve of a 20% reduction by 2030 and 37% by 2035. However, climate change is acting faster than the proposed timeline and acting quicker is necessary to meet Oregon's carbon reduction goals. REG suggests moving up this timeline by enacting a 30% reduction by 2030 and a 37% reduction by 2035. This will align Oregon with the proposed Clean BC roadmap of a 30% reduction by 2030<sup>1</sup>, possibly California whose staff has indicated a stronger 2030 target<sup>2</sup>, and provide leadership needed on the West Coast. The current availability of renewable fuels in the marketplace should allow this aggressive plan to be successful and the future growth of renewable diesel production will be an additional benefit.

REG appreciates the RAC process and the ability for ongoing dialog about this important topic.

Respectfully,

A handwritten signature in black ink that reads "Curtis Powers".

Curtis Powers, Manager, Compliance Supply Chain Management

A handwritten signature in black ink that reads "KH".

Kent Hartwig, Director, Corporate Affairs and Development

<sup>1</sup> [CleanBC Roadmap to 2030 \(gov.bc.ca\)](https://www.gov.bc.ca/cleanbc/roadmap-to-2030) – page 28

<sup>2</sup> [Rajinder Sahota on LinkedIn: 2021 LCFS Reporting Tool \(LRT\) Quarterly Data Summary](#)