

ATTACHMENT 1

JACKMAN Tom * ODOE

From: Dan Serres <dan@columbiariverkeeper.org>
Sent: Thursday, August 22, 2024 4:46 PM
To: EFSC Rulemaking * ODOE
Subject: Comment on EFSC rulemaking updating carbon dioxide standard monetary offset rate
Attachments: Carbon Dioxide Standard Rulemaking Comments 8.22.24 submitted.pdf

Dear Chair Howe, Council Members and Department Staff,

Columbia Riverkeeper, Oil Change International, Friends of the Columbia Gorge, Oregon Wild, WildLands Defense, Central Oregon LandWatch and Greater Hells Canyon Council submit the attached comments regarding the 2024 Carbon Dioxide Emissions Standards Rulemaking.

Thank you for the opportunity to comment,

Dan Serres

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Dan Serres | He/Him/His | Advocacy Director
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August 22, 2024

EFSC Rules Coordinator
Oregon Department of Energy
550 Capitol St. NE
Salem, OR 97301

Submitted via email to: EFSC.rulemaking@energy.oregon.gov and through the online portal <https://odoe.powerappsportals.us/SitingPublicComment/>

RE: Carbon Monetary Offset Rate Rulemaking

Dear Chair Howe, Council Members and Department Staff,

Columbia Riverkeeper, Oil Change International, Friends of the Columbia Gorge, Oregon Wild, WildLands Defense, Central Oregon LandWatch and Greater Hells Canyon Council submit the following comments regarding the 2024 Carbon Dioxide Emissions Standards Rulemaking. We support the proposal to increase the Council's carbon emissions monetary offset rate by 50 percent to \$6.40 per ton of carbon dioxide emissions, the full amount currently allowed under Oregon law. However, even after the proposed increase, Oregon's emissions offset rule will remain very favorable to polluters, ignoring upstream impacts from fracked gas power plants and underpricing the true costs of the monetary carbon offsets.

- Staff proposes increasing by 50% the per-ton monetary carbon offset rate found at OAR 345-024-0580, from \$4.27 to \$6.40, approximately the maximum increase allowed under EFSC's rules.
- According to [DEQ data for 2022](#), the top five polluters in Oregon are all fracked gas-fired power plants, each emitting more than one million tons of greenhouse gas pollution each year.¹ The public notice for this rulemaking acknowledges that there are racial equity impacts built into the production of electricity through gas-fired power plants. The statement also acknowledges that greenhouse gas emissions data do not capture the full impacts of these facilities, which emit health-harming volatile organic compounds, particulate matter, nitrogen oxides, carbon monoxide, and other pollution that impacts people in diverse communities.

These existing fossil-fueled power plants are located in Columbia, Klamath, Morrow, and Umatilla counties. Overall, these counties have similar demographics as the statewide population; however, Umatilla and Klamath County both contain tribal lands

¹ Oregon DEQ. Greenhouse Gas Reporting. accessed August 2024, most recent data are from 2022.
<https://www.oregon.gov/deq/ghgp/Pages/GHG-Emissions.aspx>

and according to 2021 data from the U.S. Census Bureau Population Estimates Program, these two counties have a higher percentage of people who identify as American Indian than the statewide population. Morrow and Umatilla Counties also have a higher percentage of people who identify as Hispanic or Latino as compared to the statewide population. Most of the existing fossil-fueled power plants are located on lands zoned for industrial development, and as a result, are located in areas that may have elevated levels of air pollutants or other environmental burdens. While the rules are expected to reduce climate impacts as described above, they are not expected to have a significant impact on local air quality or other environmental indicators given the limited likelihood of new emissions-generating facilities in the state.²

Although the plants may be in industrial zones, the air quality problems they exacerbate are felt throughout the Columbia Basin. Many people in the region work outdoors and are exposed to air pollution generated by these facilities. Additionally, air inversions in the Columbia Basin compound these facilities' emissions impacts.

- We agree with Department staff that there is sufficient empirical evidence to support the recommended increase. We support the proposal to increase the per-ton monetary offset rate to \$6.40, the full amount currently allowed under Oregon law. The proposed update will bring the regulatory costs of offsetting carbon a bit closer to the market cost of carbon offsets, although the Department staff report indicates that the price would still be lower than the typical price paid for pollution in other markets. By updating the monetary offset rate and the baseline efficiency expectation for gas plants, the Council will improve its rules for public benefit.
- Because Oregon's rules limit increases in the monetary offset rule to 50 percent per increase, the Council's rules will still fall far short of capturing the full social impact of the carbon emissions generated by these fossil fuel plants, much less the harm of their other pollutants.
- Additionally, the Council's rules do not address the full life-cycle impacts of the fossil fuel plants that operate in Oregon. Upstream emissions from fracking, gathering, storing, compressing, and shipping fracked gas to power plants add significantly to the carbon emissions caused by Oregon's fracked gas-fired power plants.
- As highlighted by Department staff, the proposed increase to \$6.40 per ton will leave Oregon's monetary offset rate lower than voluntary offset rates, and much lower than carbon pricing in other states such as Washington and California. If these gas plants were regulated by the Climate Protection Program, the cost would likely be much greater.

² Notice of Proposed Rulemaking. 2024. p. 2.

- The proposed change is also economically achievable. According to the staff report, “the increased cost of compliance represents just 0.111% of the retail value of the energy produced at a typical Oregon natural gas plant.” The staff report also suggests that because of HB 2021, which limits the production of new emissions producing power generation in the state of Oregon, “these costs are unlikely to be realized.”
- The new proposed carbon offset rate is still vastly lower than the social cost of carbon dioxide emissions estimated by EPA and other experts.³

In conclusion, the Council should adopt the Department’s recommendation of increasing the Council’s carbon emissions monetary offset rate to \$6.40 per ton of carbon dioxide emissions.

Thank you for considering these comments.

Sincerely,

Dan Serres, Advocacy Director, Columbia Riverkeeper

Allie Rosenbluth, US Program Manager, Oil Change International

Nathan Baker, Senior Staff Attorney, Friends of the Columbia Gorge

Doug Heiken, Conservation and Restoration Coordinator, Oregon Wild

Natalie Ertz, Executive Director, WildLands Defense, Inc.

Rory Isbell, Staff Attorney & Rural Lands Program Director, Central Oregon LandWatch

Brian Kelly, Senior Advisor, Greater Hells Canyon Council

³ National Academies of Science 2017. Valuing Climate Damages: Updating Estimation of the Social Cost of Carbon Dioxide https://www.nap.edu/html/24651/Social_Cost_of_Carbon.pdf; EPA 2022. See also Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances September 2022. Supplementary Materials https://www.epa.gov/system/files/documents/2022-11/epa_scghg_report_draft_0.pdf.

JACKMAN Tom * ODOE

From: Julius Pasay <jpasay@climatetrust.org>
Sent: Monday, August 26, 2024 7:56 AM
To: EFSC Rulemaking * ODOE
Subject: Public Comment: CO2 Offset Rulemaking
Attachments: Public Comment EFSC Monetary Offset Rate TCT 8.26.2024.pdf

You don't often get email from jpasay@climatetrust.org. [Learn why this is important](#)

Dear EFSC,

Please find attached The Climate Trust's public comment submission on the monetary offset rate related to the CO2 Offset Rulemaking Public Hearing.

We appreciate the opportunity to submit comments.

Best regards,
Julius





August 26, 2024

Energy Facility Siting Council
Oregon Department of Energy
550 Capitol St. NE, 1st Floor
Salem, OR 97301

RE: Monetary Offset Rate

Dear Oregon Energy Facility Siting Council (EFSC),

The Climate Trust strongly recommends that EFSC adopt an increased monetary offset rate for companies seeking to comply with OAR 345-024-0550, -0590, and -0620 (allowable emissions per kilowatt-hour of net electric power). The proposed price per ton of \$6.40 is more appropriate and closer to science-based estimates of the actual social cost of carbon and the cost of Oregon-based carbon offsets than the current rate of \$4.27.

The United States Environmental Protection Agency estimates that the social cost of carbon is \$190 per ton. The cost of Oregon-based carbon offset credits, which are based on market supply and demand, trade in the double digits. Increasing the monetary offset rate better enables monetary offset rate funds to be deployed to Oregon emissions reduction projects.

The Climate Trust is a Portland-based, non-profit organization qualified to deploy monetary offset rate funds since 1997.

Sincerely,

Julius Pasay
Executive Director