

Memo

DATE: April 25, 2024

TO: Oregon Department of Environmental Quality, Clean Fuels Program

FROM: Chad Woodward, Climate and Energy Analyst

DEPT: Electric

RE: Clean Fuels Revenue Spending Report

Purpose

In accordance with OAR 340-253-0640, the Oregon Department of Environmental Quality (DEQ) implemented an annual reporting requirement for utilities that obtain revenue from the sale of clean fuel credits. As a result, all electric utilities that receive base or incremental clean fuels credits must, on an annual basis, report the following:

- the total revenue from the sale of base and incremental credits,
- the percentage of the Clean Fuels Program (CFP) related administrative costs,
- a description of the programs that were funded by CFP revenue from the sale of base credits, and
- a description of the programs that were funded by CFP revenue from the sale of incremental credits.

In summary, for 2023 the City of Ashland Electric Utility generated a total of 1,694 Clean Fuel Credits .

Background

Electric Department

90 N. Mountain Ave
Ashland, Oregon 97520
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The Clean Fuels Program (CFP) is one of Oregon's strategies for addressing the state's contribution to global climate change. The program was developed in 2016 and can be summarized as follows:

1. Renewable forms of diesel, natural gas, propane, and electricity have arisen as commercially viable and cost-effective alternatives to fossil fuel.
2. The advancements in biofuels and electricity are mitigating tailpipe pollution including carbon monoxide, nitrogen oxides, and particulate matter, subsequently improving the public health of individuals residing in the state. This is imperative for Oregon's historically marginalized communities that are located near major transportation corridors, multimodal facilities, and distribution hubs.
3. The program has adopted a market where investments are being made to increase the production and use of lower-carbon fuels, spark innovative technology, and make advancements in infrastructure to distribute these fuels across the state.

Oregon Clean Fuels Program Revenue Spending

OAR 340-253-0640 subsection (9a)

In 2023, the City of Ashland Electric Utility generated a total revenue of \$606,500 by selling 4500 Clean Fuel Credits accumulated over the past couple of years.

Ashland Electric's CFP biennial budget is based on the revenue generated from fuel credits awarded. The city passed a budget of 3.23 million for electric conservation work for fiscal year 2024 and 2025. This budget includes three full time staff and multiple programs.

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OAR 340-253-0640 subsection (9b)

Subsection 9b requires Ashland Electric to report the percent of clean fuels revenue spent on administrative costs related to participation in the CFP. Ashland Electric's clean fuels program is covered by three staff members, the Electric Director, an Administrative Assistant, and Climate and Energy Analyst. Staff estimate approximately 40 hours per year are required to meet the minimum CFP requirements. To determine CFP related administrative costs, staff assumed average, loaded staff costs at \$70 per hour.

Estimated Hours and Staff Costs for CFP
Est. 40 hrs/yr x \$70/hr = \$2,800/yr

OAR 340-253-0640 subsection (9c)

Subsection 9c requires a description of the programs that were funded with CFP revenue received by Ashland Electric. Below is a brief description of the programs funded in 2023. Total related program expenses were \$135,523 which is less than the total revenue created by 2023 CFP credits. Ashland Electric programs that are supported by clean fuels funding include:

- Operation and maintenance of 16 low-barrier public charging stations (in 2023, \$10,822)
- Rebate programs for:
 - electric vehicles (53 rebates, \$53,000)
 - e-bikes (67 rebates, \$24,200)
 - induction cooktops (23 rebates, \$4,300)
 - commercial chargers (1 rebate, \$1,000)

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- domestic hot water heat pump gas conversions (6 rebates, \$3,600)
- variable speed heat pump gas conversions (22 rebates, \$19,800)
- ductless heat pump gas conversions (32 rebate, \$16,000)

OAR 340-253-0640 subsection (9d)

Subsection 9d requires a description of the programs that were backed by CFP revenue Ashland Electric received from the sale of incremental credits and the amount spent in each type in the former year.

For 2023, Ashland Electric did not participate in the generation and sale of incremental credits.

Conclusion

Ashland Electric generated more credits than used in 2023. The unused credits will carry over and be used as we expand and implement new projects. Of the \$135,523 used on CFC projects 3.01% went to administrative overhead leaving \$131,433 for direct program usage. Ashland Electric does not take part in the generation or sale of incremental credits.

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