

Climate Protection Program Frequently Asked Questions

What is the Climate Protection Program (CPP)?

In March of 2020, Oregon Governor Kate Brown issued an executive order (EO 20-04) requiring state agencies to meet specific goals for greenhouse gas emission reductions— setting a standard for a 45% reduction by 2035 and an 80% reduction by 2050. This is one of the most sweeping executive orders ever issued by a governor because it impacts every energy user in Oregon.

After more than a year of stakeholder meetings and draft rulemaking, the Oregon Department of Environmental Quality (DEQ) released draft rules on August 5, 2021, to comply with EO 20-04. The rules create a Climate Protection Program, governed by DEQ. For more detailed information on the draft rules, visit DEQ's website [here](#).

What is the timeline of the Climate Protection Plan (CPP)?

- DEQ released draft rules on August 5, 2021
- DEQ public hearings on the draft rules held September 22 and 30, 2021
- Public comments due to DEQ by 4 p.m. on October 25, 2021
- DEQ will review public input and issue proposed rules to the Environmental Quality Commission (EQC) for consideration
- EQC meeting to consider proposed rules in December 2021
- Pending adoption by EQC, program takes effect in January 2022

Does NW Natural believe climate action is required?

Yes. Addressing climate change is urgent and complex. We believe NW Natural has an important role to play in helping our region move to a low-carbon, renewable-energy future. We are engaged on a [number of fronts](#) to reduce carbon emissions, improve energy efficiency and transition more of our supply to [renewable energy](#). Our vision is to champion new technologies and innovative policies that enable a carbon-neutral energy system by 2050. For more information on our *Vision 2050 - Destination Zero*, click [here](#).

What is NW Natural's position on the CPP?

Climate change is an issue that requires quick action and involvement by all of us. The overall program goal of reducing greenhouse gas emissions aligns with NW Natural's strategic goals for decarbonization. We know that NW Natural will be required to reduce emissions, but we must have a program that will enable us to do that as quickly as possible. The key principles we think should be taken into account in the program include:

- All forms of renewable energy – including renewable natural gas and renewable hydrogen - are needed in a balanced, low-carbon future.
- Families and businesses should have a choice of resilient and dependable energy options to meet their needs.
- The affordability and reliability of energy must remain priorities of Oregon's energy system.

Will the CPP impact me as a natural gas customer?

The program is defined to cover natural gas distributors, including NW Natural, transportation (vehicle) fuel suppliers and large stationary sources. As a result, every energy user in Oregon will be impacted by the program. There has been no calculation of the true costs of the program, which could have widespread impacts. There are proposals to the draft rules that could discourage renewable energy innovation in the Pacific Northwest and force communities to exclusively depend on the electric grid for all energy needs.

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Why is NW Natural communicating about this topic?

It's more important than ever to have a public conversation about how we can collectively reduce emissions while maintaining affordability and reliability for the region. We believe it's possible to strike the right balance, and that's why we think our customers should be a part of the discussion for critical policy decisions that could impact the energy and essential services they depend on.

To date, there has been a narrow set of perspectives provided to state agencies and regulators about how this program should be constructed and what priorities are important. We believe Oregon will be better served if a more diverse set of views and comprehensive analysis are considered. Just as we do with any potential rate or service change, we also have a responsibility to our customers to ensure they are informed about changes to energy policy that could impact choice and costs.

Has NW Natural been involved in the rulemaking process?

Prior to DEQ releasing the draft rules, NW Natural participated in a number of stakeholder meetings and was a member of the rulemaking advisory committee, doing all we could to ensure sound analysis and our customers' interests are represented. NW Natural plans to submit formal comments on the proposed rule to DEQ by the October 25 public comment period deadline.

Why is NW Natural concerned with efficacy and costs of the program under the current draft rules?

There are a number of areas of the program that we believe need to be addressed to ensure the intended emission reductions occur - and in the most affordable way possible:

1. **Include a Cost Cap** – Currently absent in draft rules, which breaks with all other carbon regulation program design, including Oregon's new clean energy legislation for electric utilities. This increases the risk for regressive policy.
3. **Clarify Community Climate Investments** – The CCIs are an untested, new tool for compliance that is well intended, but not positioned to deliver actual carbon reductions. At the highest level, this part of the draft asks community-based organizations that don't have energy system experience to identify decarbonization projects in Oregon, estimate the carbon savings those projects will achieve, fund them in advance of any savings being accounted for and then wait to see if customer money spent on those projects yields carbon savings. Funds for CCIs could be in the hundreds of millions of dollars, yet there is no defined recourse if emission reductions from CCI projects fall short or do not materialize. We believe this component of the program must be revised to ensure transparency, reasonable administration costs, and clear emission reductions.
4. **Expand Compliance Instruments and Recognize [Smart Energy](#)** – The draft rules don't allow verified carbon offsets as a path for compliance. This is inconsistent with carbon policy in all other carbon regulation regimes in North America and globally.
 - a. NW Natural Customers have enabled more than 1.5 million metric tons of savings through high quality, verified regional offset investment.
 - b. NW Natural could leverage experience in offset procurement to ensure expenditures under the program result in verified carbon savings immediately while also managing cost to customers. Leaving this tool out of the program does not serve to benefit customers or real emission reductions.
5. **Require a Full Analysis of Electrification Impacts** – Some individuals and groups involved in this process are advocating for subsidized fuel-switching from gas heating to electric heating, yet

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there has been no comprehensive and data-driven assessment of the cost, emissions, or reliability impacts of that action on Oregon's energy system. NW Natural and others have requested a complete energy system decarbonization assessment be conducted to properly evaluate this issue. We have submitted [this detailed request to the OPUC](#).

Can I provide feedback on the CPP?

Yes. The DEQ rulemaking process allows for public involvement. The public comment period for the draft rules is open until October 25, 2021 at 4 p.m. You can add your voice and help shape Oregon's response to climate change by clicking [here](#) to send your comments to DEQ.

The input from people who use the natural gas system is important for decision makers to consider when they are presented with proposals that could force communities to exclusively depend on the electric grid for all energy needs.