



Listening Session: Liquid Fuels and Mass Balance Accounting

June 12, 2024

Background

- In the opening informal comment period, we received feedback that we should specify requirements for reporting alternative fuel volumes that are placed into commingled storage before being sold or exported.
- In response, we are proposing to adopt similar rule language to Oregon's Clean Fuels Program regarding mass balance accounting and reporting fuels from commingled storage.
- We are requesting your input to help us further define and improve these requirements.

Informal Comments Re: Liquid Fuels Reporting

- In addition to receiving multiple questions on this topic during our first year of implementation, we received a comment asking that we recognize real world supply chain complexities when adopting requirements around liquid fuels reporting in general, and comingled storage in particular.
- Today's meeting is an opportunity to gather industry and other perspectives on these topics to inform updating requirements.

OR-DEQ CFP Current Rule Language

(6) All reporting of fuels transferred in and out of commingled storage under this division must comply with the following:

(a) For reporting liquid fuels that are being transferred in and out of a commingled storage tank or that are commingled in production or in transport, the reporting entity may mass balance transfers out of that commingled tank or system by fuel pathway code based on the gallons input into that tank or system in the current or prior quarter.

Liquid gallons reported under a specific fuel pathway code may only be reported as transferred out of commingled storage if they were put into a tank two or more quarters prior if the reporting entity demonstrates to DEQ that the tank has not fully turned over by the quarter it is reporting the volume being transferred out; and

(b) For biomethane injected into a common carrier pipeline, the biomethane may only be reported as being fueled into vehicles if it was injected in the current or prior quarter.

Guiding Principles for Rule Development

- Any requirements adopted in this rulemaking should:
 - Ensure consistent reporting practices by all participants.
 - Support accurate reporting of volumes and carbon intensities.
 - Be verifiable and documentable.

Plan for Today's Listening Session

- As part of today's listening session, we are hoping to hear about practical and real-world examples regarding reporting of fuels transferred from commingled fuel storage.
- This will help us develop and finalize rule language for public release in several weeks.
- We have guiding questions prepared, but you are welcome to provide feedback about other issues **provided they are related to rulemaking and liquid fuels reporting.**

Plan for Today's Listening Session – Cont'd

- We are taking notes on your responses and plan to ask clarifying questions throughout the meeting.
- We will send an email within the next several days summarizing comments received and potentially asking additional questions.
- Please review this email to ensure we accurately summarized your feedback, and please feel free to respond with any additional comments or ideas.

Guiding Questions

- How do you track and document turnover in commingled storage?
- What is the rate of turnover?
- Other than turnover, what else could be clarified in the rule?