

Council Business Meeting

July 7, 2020

Agenda Item	Authorization to Participate in Oregon Clean Fuels Credit Exchange	
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SUMMARY

The City of Ashland, through its Electric Utility, participates in the Oregon Clean Fuels Program. The program is designed to reduce the carbon intensity of Oregon’s Transportation Fuels over time. In March 2020, the Utility earned a substantial amount of credits. Staff is requesting Council approval to authorize the City Administrator to utilize the Clean Fuels Credit Exchange to monetize the earned credits.

In a future Council business meeting subsequent to the execution of the transaction, Staff will present a Supplemental Budget request to appropriately recognize the revenue and propose appropriations for its utilization for fiscal year (FY) 2021 reinvest the revenue in additional clean fuel related projects.

POLICIES, PLANS & GOALS SUPPORTED

- 2019-21 Council Goal 2.B.A – Value Services: Emergency Preparedness, Address Climate Change
- 2015-17 Council Goal 22.1 – Develop and implement a community climate change and energy plan
- Ashland Climate and Energy Action Plan – Council adopted March 2017
- AMC 9.40 – Climate Recovery

PREVIOUS COUNCIL ACTION

N/A

BACKGROUND AND ADDITIONAL INFORMATION

Oregon Clean Fuels Program

The Oregon Clean Fuels Program is designed to reduce the carbon intensity of Oregon’s Transportation Fuels over time. Participating utilities are annually awarded Clean Fuel Credits based on activity in each utility territory. The intention of the program is to reward participants who bring cleaner fuels to market, while encouraging additional investment in clean fuels projects. Clean fuel credits may be bought and sold using an online exchange hosted by Oregon Department of Environmental Quality (DEQ). Monetized credits flow back to the Utility to fund additional clean fuels projects. The cost of credits varies, but the most recently published price average is \$120 per credit. The quantity of credits earned by each utility depends on a variety of factors, including electric vehicle uptake and annual utility carbon intensity. Additional data about the Clean Fuels Program can be found [here](#).

Ashland Electric Generates Credits

Ashland Municipal Electric Utility is a registered participant in the Oregon Clean Fuels Program. The Utility receives credits based on two activities in our utility territory: 1) Operation of City-owned electric vehicle chargers and 2) Registration of electric vehicles within the utility territory. The latter activity generates approximately 98 percent of clean fuel credits.

In 2018 and 2019, Ashland Electric earned credits as show in the table below:

Year	EV Charging Credits	Registration Credits
2019	59	2,791
2018	12	N/A in 2018

Staff expect that calendar year 2020 will generate slightly more credits than 2019. Ashland Electric is eligible to continue participating in the Clean Fuels Program until at least 2025. The program will likely be extended to 2035.

FISCAL IMPACTS

As of June 2020, the Electric Utility has a balance of 2,876 clean fuel credits. If monetized at the last published price, the credits would provide \$345,120 for additional clean fuel project and program funding (2,876 credits x \$120/credit). The programs and projects that will be presented to Council with the supplemental budget and appropriations approval will be designed to generate more credits and utility revenues to mitigate the utilization of local utility rate dollars in the accomplishment of Council approved Climate and Energy Action goals.

STAFF RECOMMENDATION

Staff recommends Council authorization for the City Administrator to utilize the Oregon DEQ credit exchange to sell/monetize the 2019 clean energy credits as part of ongoing efforts to finance Climate and Energy Action plan goals, objectives, and actions with funding outside of the operational budget of the Electric Utility.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

- 1) I move to authorize the City Administrator to utilize the Oregon Clean Fuels credit exchange to monetize the clean fuels credits acquired by the City of Ashland Electric Utility in 2018 and 2019.
- 2) I move to request staff provide additional information regarding the Clean Fuels Program and credit exchange and schedule the item for a future Council meeting agenda.

REFERENCES & ATTACHMENTS

[Oregon DEQ – Overview of Clean Fuels Program](#)