

**IMPACT STATEMENT**

**Legislation title:** Amend Motor Vehicle Fuels Code to move authority to establish, revise as necessary and enforce standards for biofuels sold in the City to the Director of the Bureau of Planning and Sustainability (Ordinance; amend Code Chapter 16.60)

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**Purpose of proposed legislation and background information:**

The purpose of this Ordinance is to move the administration of Portland City Code Chapter 16.60, Renewable Fuel Standard (RFS), from the Bureau of Development Services (BDS) to the Bureau of Planning and Sustainability (BPS) for code updates.

On July 12, 2006, Portland City Council approved a citywide RFS. Portland became the first city in the nation to adopt an RFS. Requirements became effective July 1st, 2007 and required the all diesel fuel dispensed by fuel vendors in the City of Portland be B5 or higher and all gasoline dispensed by fuel vendors in the City of Portland be E10. The purpose of the RFS was to:

- Promote the use of biofuels
- Stimulate growth in the biofuels industry
- Provide consumer protection in a new industry
- Support the statewide RFS

The original policy was intended to increase the biodiesel requirement to B10 July 1, 2010 but was suspended by the Bureau of Development Services due to market conditions.

Since that time, the State of Oregon has adopted a similar statewide RFS and Department of Environmental Quality has established the Clean Fuels program to certify the lifecycle carbon emissions of qualifying fuels, like biodiesel and ethanol.

Additionally, the City of Portland established a goal to meet 100 percent of community-wide energy needs, including transportation fuels, with renewable energy by 2050 (Resolution No. 37289). In September 2019, the Bureau of Planning and Sustainability (BPS) published emissions for 2017 and found that transportation sector emissions are growing, currently 42% of total emissions and 8% over 1990 levels, raising the alarm that bold action was needed to reduce transportation sector emissions to meet the goals adopted by Resolution No. 37289.

For the last decade the Bureau of Development Services (BDS) has been responsible for administering the RFS. This has been an incongruous fit, as BDS is responsible for permitting changes to the built environment. The regulation of fuel sales is outside of BDS' mission and expertise. BDS is also limited in that the RFS cannot be staffed or funded with the Bureau's primary revenue source - building permit fees.

Recently BDS and BPS have heard from stakeholders in the petroleum industry, biofuels industry, and environmental groups about the need to overhaul the RFS for better alignment with State policy and inclusion of new emergent biofuels that were not considered in the development of the RFS. To this end, BDS and BPS have agreed to transfer the RFS code to BPS for ongoing administration, including revisions to the code to address inconsistencies with State policy and exploring way the RFS can help achieve the goals of Resolution No. 37289.

**Financial and budgetary impacts:**

For the remainder of this fiscal year: BPS has identified \$50,000 in salary savings that will be repurposed in the Spring BUMP to External M&S. BPS will hire a contractor to begin doing a market assessment and researching policy options.

For FY20/21: BPS will submit a funding package for the completion of this work for Council's consideration in the FY20/21 budget.

**Community impacts and community involvement:**

At this time, the code change will not have any community impacts, as the transfer of PCC 16.60 to BPS is simply an administrative action, maintaining all existing requirements and administrative rules.

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As directed by the Ordinance, BPS will conduct community involvement and stakeholder engagement as future policy recommendations or changes to administrative rules are developed and proposed.

**100% Renewable Goal:**

This ordinance is intended to support the transportation sector's share of the City's 100% renewable energy goal. While the ordinance does not directly increase community-wide renewable energy use, the ordinance directs BPS to evaluate options to amend the RFS to support the goals of the 100 percent Renewables (Resolution No 37289), including but not limited to allowing the use of renewable diesel, utilizing a carbon intensity standard, and better alignment with the State of Oregon Clean Fuels Program

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount