September 2025

OREGON CLEAN FUELS PROGRAM (CFP) AT A GLANCE

	Compliance mechanism
Years in operation	Since 2016
Carbon intensity trajectory	CI reduction target: 10% below a 2015 baseline by 2025. Annual benchmark reductions apply to gasoline and diesel substitutes. CI reduction targets increase annually, with a long-term goal of a 37% reduction by 2035. Interim goals set annually (2025: 10%; 2030: 20% CI reduction).
Regulated fuels	Gasoline, diesel, and their substitutes (renewable diesel, biodiesel, ethanol). Mandatory for compliance.[1]
Opt-in fuels	Compressed Natural Gas (CNG), liquified Natural Gas (LNG), Liquified Petroleum Gas (LPG), renewable natural gas (RNG), propane & jet fuel, electricity, hydrogen, alternative jet fuel.
Exempt fuel	Fuel used in: Aircrafts, Racing Activity Vehicles, Military tactical and support Vehicle and equipment, Locomotive, Watercraft, Farm vehicles, tractors, implements of husbandry, Motor trucks primary used to transport logs, Off-highway construction vehicles.
Covered entities (2024)	347 unique parties registered in the Oregon CFP as of July 2025[2].
Annual report deadline	April 30th of every year (was postponed to May 30, 2025 due to a cyberattack)
Penalties and program funding	The Credit Clearance Market (CCM) provides a clear pathway for regulated entities to achieve compliance with clean fuel standards when they are short on required credits. If a party still has deficits after the CCM, CFP will increase the deficits by 5% and include this amount in the regulated party's annual report for the following year.
Credits, deficits and bank	3.05 million credits were generated in 2024, with 2.81 million deficits incurred. The market is in surplus with a positive credit bank of 1.035 million MT by the end of Q1 2025.[3]
Credit clearance market	Price cap: $259.87 in 2025[4]

MAJOR DEVELOPMENTS

Significant regulatory changes have been made to the Oregon CFP in recent months, especially with updates approved in early January 2025. The first major change involves the baseline carbon intensity of gasoline and diesel, with updates taking effect in 2026. For gasoline, the baseline carbon intensity will decrease from 100.14 gCO2e/MJ in 2025 to 98.12 gCO2e/MJ starting in 2026. This change reflects improved modeling of crude oils processed in Washington's refineries. Conversely, diesel's carbon intensity will increase from 101.74 gCO2e/MJ in 2025 to 104.92 gCO2e/MJ in 2026, due to new research showing higher nitrogen oxide emissions from diesel engines than previously understood. Additionally, the baseline CI value for compressed natural gas (CNG) has been

raised from 79.98 gCO2e/MJ in 2025 to 81.89 gCO2e/MJ in 2026 to account for increased methane leakage at pipelines and storage facilities.

In response to concerns about potential fraud in carbon intensity reporting, the program will introduce stricter documentation requirements for pre-used feedstocks. Used cooking oil is a key example of a material affected by these changes. Currently, pre-used materials receive favourable carbon intensity calculations because they are recycled instead of being produced from scratch. Under the new rules, attestations will be required throughout the entire supply chain, from initial collection to final fuel production. There will also be increased scrutiny of international sources of feedstock.

Oregon is in the process of establishing a comprehensive reserve account system for carbon capture and sequestration (CCS) projects. This system will be managed by the Department of Environmental Quality (DEQ) and will employ a complex risk assessment formula that considers various types of risks, including financial, social, management, and site-specific risks. The reserve account aims to create a safety net by holding credits to protect against potential future CO2 releases. Any accidental CO2 emissions from the CCS project would result in deductions from the reserve credits instead of removing credits from the market. These credits must be deposited into the reserve account yearly and will be held indefinitely by the DEQ.

MARKET PERFORMANCE AND PRICING

Metric	Q1-Q4 2024	Q1 2025
Credits Generated	3.05 million MT	0.572 million MT
Deficits Generated	2.81 million MT	0.816 million MT
Historic Price Range	Since January 2018, the highest average price witnessed in a month was $165.24/MT in September 2019 and the lowest price was $29.05/MT in September 2024. The average price in CY 2024 was $80.51/MT.	The average credit price in Q1 2025 was $44.42/MT.
Credit Generation by Pathway in % of Total	Renewable Diesel 46% Electricity ~15% Biomethane ~1% Ethanol ~20% Biodiesel ~15%	Renewable Diesel 35% Electricity ~22% Biomethane ~2% Ethanol ~23% Biodiesel ~13%

MARKET COMMENTARY

The Oregon CFP has seen a noticeable slowdown in credit generation since Q4 2023. Credit generation dropped from 847.8K in Q4 2023 to 647K in Q4 2024 and further to 489K in Q1 2025, and even when factoring in residential EV incremental credits, the total was only about 572K by Q1 2025. This sharp decline led to the depletion of the credit bank in Q4 2024, marking the first time since Q3 2022 that deficits exceeded credits. Renewable Diesel (RD) has historically been a key driver for credit generation under Oregon's CFP, but its contribution has slowed significantly. RD credits dropped from 353K in Q4 2023 to 212K in Q4 2024, adding to the overall decline in credit

production. This slowdown is mainly due to a rise in RD's CI from 29 gCO2e/MJ to 45 gCO2e/MJ, which decreases RD's ability to generate credits. Moreover, the volume of RD entering Oregon also decreased between Q4 2023 and Q4 2024, worsening the issue. The reported volumes fell sharply by 64% between Q4 2024 and Q1 2025.

As Oregon faces a slowdown in credit generation, spot credit prices rose between January and February 2025 and remained stable till the 3rd week of July. From June 27 to July 8, 2025, prices rose sharply from $88 to $99 and further to $155 on August 8. This price increase is tied to both the slowdown in RD generation and the broader regulatory changes impacting credit availability. The finalization of California's LCFS amendments and the 45Z tax credit have added upward pressure on credit prices, reflecting tightening supply and rising demand. Since OAL's disapproval decision in February, Oregon CFP spot prices have significantly exceeded California prices. Between Q2 2025 and Q3 2025, the sharp decline in California's CI benchmark has made supplying fuels to Oregon and Washington highly attractive. Additionally, as Oregon's Diesel CI benchmark is expected to rise in 2026, the incentive for supplying RD to Oregon would increase.

The uptake of electric vehicles (EVs) in Oregon seems to be changing due to policy updates at the federal level. DEQ is proposing rule changes for two regulations: the Advanced Clean Trucks Rule and the Emission Standards for New Heavy-Duty Trucks[5]. These proposed updates include adopting recent California amendments to the Advanced Clean Trucks Rule and Heavy-Duty Engine and Vehicle Omnibus Rules by reference and delaying the implementation of the Heavy-Duty Engine and Vehicle Omnibus Rules from engine model year 2025 to 2027. The Oregon DEQ also announced it will suspend the Standard Rebate for new electric vehicles starting Tuesday, Sept. 9, 2025, due to high demand and limited funding. These changes could affect credit generation from EVs in the coming months and years[6].

REFERENCES

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[4] Oregon Department of Environmental Quality. Clean Fuels Program: 2025 Credit Clearance Market [PDF]. Oregon.gov. https://www.oregon.gov/deq/ghgp/Documents/cfpCCM2025.pdf

[5] Oregon Department of Environmental Quality. (2025, July 14). *Clean Truck Rules 2025: Rulemaking at DEQ*. Oregon.gov. https://www.oregon.gov/deq/rulemaking/Pages/CTR2025.aspx

[6] Oregon Department of Environmental Quality. (2025, August 7). Oregon DEQ to suspend EV Standard). Oregon DEQ to suspend EV Standard Rebate as of Tuesday, Sept. 9 [Press release]. Oregon Newsroom. https://apps.oregon.gov/oregon-newsroom/OR/DEQ/Posts/Post/Oregon-DEQ-to-suspend-EV-Standard-Rebate-as-of-Tuesday-Sept-9

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