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Peter J. Schrappen, CAE
Pacific Region Vice President & Regional Team Lead

September 24, 2024

Ms. Nicole Singh
Climate Protection Manager
Oregon Department of Environmental Quality
700 NE Multnomah Street
Portland, Oregon 97232

RE: Proposed Rule – Oregon
Department of Environmental
Quality Climate Protection
Program 2024, Division 273
Rulemaking

Dear Ms. Singh:

The American Waterways Operators (AWO) is the tugboat, towboat, and barge industry's advocate, resource, and united voice for safe, sustainable, and efficient transportation on America's waterways, oceans, and coasts. Our industry is the largest segment of the nation's 40,000-vessel domestic maritime fleet and moves 665 million tons of cargo each year safely, sustainably, and efficiently. On behalf of AWO's more than 300 member companies, thank you for the opportunity to comment on Oregon's Department of Environmental Quality's (DEQ) recent rulemaking to establish an improved climate mitigation program, in place of its Climate Protection Program (CPP), to meet Oregon's climate goals.

The tugboat, towboat and barge industry's exemplary operating record reflects a deep commitment to safety and sustainability. Barges and towing vessels move over 665 million tons of cargo each year while emitting 43 percent less greenhouse gases than rail and over 800 percent less than trucks. AWO members are proud of the maritime industry's sustainable standing and are deeply committed to mitigating harmful climate impacts while also upholding operational efficiency in the waterways. In the spirit of cooperation toward these shared goals of sustainability and efficiency, AWO is pleased to offer these comments.

DEQ's draft program rules propose an enforced cap on greenhouse gas emissions from fossil fuels, including gasoline, diesel, and natural gas, by 50% in 2035 and 90% in 2050. These caps do not consider how and to what degree fuel suppliers will enforce the provided rates of reduction when selling customers fuel. In practice, suppliers could allocate less to certain industries to adequately carve out the amount by which they need to reduce emissions to meet

a given annual cap. This practice would prove egregiously inequitable, as it would ensure suppliers determine which customers or industries acquire less fuel to ensure that the supplier complies with the required rate of reduction.

Though the proposed rule and its subsequent provisions will affect fuel suppliers directly in their allocation of fuel, their authority over the maritime industry is unclear, and as such, we seek to affirm that vessel owners and operators will not be regulated by this rulemaking. Aviation is already exempt even though aviation emits more greenhouse gases than maritime transportation. As fuel manufacturers and natural gas distribution companies comprise all regulated parties given the rule's current language, and given aviation's exemption, we ask that DEQ incorporate additional language to exempt waterways transportation.

Even if DEQ does include such clarification, vessel owners and operators will encounter increased prices due to measures fuel-supplying companies must take to abide by the outlined provisions. Considering the already environmentally friendly and sustainable nature of the maritime industry compared to other industries affected by the rule in question, we encourage DEQ to exempt fuel used for maritime purposes from foreseeable increased prices. Price increases would impose increased costs on maritime operations, and prompt increased usage of other, less sustainable transportation modes, debilitating Oregon's maritime commerce as a result. Increases would also affect the cost of goods paid by end consumers, making compliance with this rule too burdensome and economically costly to effectively implement in the long term.

On behalf of AWO, thank you again for the opportunity to comment on Oregon's DEQ's recent rulemaking to establish an improved climate mitigation program, in place of its Climate Protection Program (CPP), to meet Oregon's climate goals. We greatly appreciate DEQ's consideration of our comments and would be pleased to answer any questions or provide further information to assist in your decision-making.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Schrappen". The signature is fluid and cursive, with a large initial "P" and "S".

Peter Schrappen

Pacific Region Vice President & Regional Team Lead