

Explanation of Oregon modeling analysis:

EDF developed an estimate of the value that DEQ is giving directly to regulated facilities through free allocation of allowances by using DEQ's economic modeling of the program outcomes to determine the number of allowances that would be needed by regulated entities. We used program scenario 4 from DEQ's modeling, because that scenario is closest to DEQ's proposed rules. To estimate the value of those allowances, we used floor price in California's program, which was \$17.71 at the most recent auction and will increase annually at a rate of 5% plus inflation. The floor price from California's provides a useful estimate of the minimum value of an allowance in Oregon's program—and is almost certainly an underestimate, given that we would expect allowance value to be higher in an Oregon-only program relative to a program linked with the Western Climate Initiative, and we would typically expect the California's price to be above the floor price.

