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April 25, 2022

Joel Creswell, PhD
Climate Policy Section, Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

Re: Rulemaking – Informal Comment Period for Chapter 173-424 WAC, Clean Fuels Program Rule

Dear Dr. Creswell:

The Northwest Seaport Alliance (NWSA) thanks you for the opportunity to comment during the development of this important rulemaking, which will provide much needed incentive for the adoption of low carbon transportation fuels in our state.

The Northwest Seaport Alliance is a port development authority authorized under RCW 53.57 between the ports of Tacoma and Seattle for the joint management of their marine cargo operations. As the fourth largest gateway for containerized cargo in North America, marine cargo flowing through the NWSA's facilities support an estimated 58,400 jobs, produces more than $4 billion in labor income per year, and over $270 million in state taxes per biennium.

The NWSA has adopted aggressive goals to phase out seaport related emissions in our airshed by 2050 through our Northwest Ports Clean Air Strategy. We have also adopted an implementation plan that lays out important actions and milestones to be achieved in the next five years to begin working towards this vision This includes installing shore power at major container terminals, demonstrating zero emission drayage trucks, and deploying zero emission cargo-handling equipment. We are eager to partner with the state on the policy mechanisms that will be needed to fund shorter term actions as well as make possible the longer-term transition to zero emissions. The Managing Members of The Northwest Seaport Alliance (the joint commissions of the ports of Seattle and Tacoma) supported HB 1091, which led to this rulemaking, reflecting our commitment to sustainable economic development. We look forward to partnering with Ecology on the development and finalization of the Clean Fuels Program.

The NWSA recognizes Ecology's interest in leveraging and making the Washington rule consistent with the California and Oregon Low Carbon Fuel Standard regulations as much as possible. In general, the NWSA supports this approach, but recognizes that electric transportation is different from drop-in-liquid-fuels that do not rely on expensive infrastructure and new vehicle/vessel technologies to use the fuel.

California's approach to credit generation includes electric-specific credit generation models in an attempt to recognize this difference, but the NWSA believes Ecology has a unique opportunity to advance equity and meaningful carbon reductions using electric credits beyond what California has done. In alignment with the HEAL Act and the Climate Commitment Act, the NWSA recommends applying the following principles to guide how credits are generated and reinvested:

- Drives meaningful and significant carbon reduction;
- Helps reduce up-front costs where there are significant barriers to entry; and
- Promotes equity and public health benefits.

Applying these principles to specific use cases, the NWSA offers the following recommendations for electric transportation credits:

- Rules that require public sector and utility credit generators to invest a significant portion of the credits associated with electric transportation infrastructure into additional infrastructure and vehicle/vessel replacement and retrofits.
- Ensure that credit revenue is invested in Washington's sustainable transportation systems and infrastructure, especially hard-to-decarbonize sectors. In addition to the reinvestment mentioned above, the NWSA would also like to see rules that require some portion of funds to be pooled and allocated to state and NWSA priorities such as:
    - Zero emission class 8 trucks and installation of associated charging/fueling infrastructure.
    - Zero emission nonroad equipment and associated charging/fueling infrastructure.
    - Shore power for ocean-going vessels.
    - EV charging for fleets.
- Maritime-related credit revenue should be reinvested in-state and at the ports or in the region where they were generated and be used for predetermined types of investments that further environmental and air quality goals such as infrastructure, vessel replacements, local decarbonization projects, air quality improvements, and advancing environmental equity.
- Ensure that credit revenue directly supports investments in the infrastructure needed for decarbonization. Ports are making tens of millions of dollars of investments in infrastructure in alignment with state goals and the Northwest Ports Clean Air Strategy. Also important is support for heavy duty vehicles, vessel replacements, and equipment where initial costs are also significant barriers.

The NWSA offers the following recommendations for program operation and/or rule implementation:

- Consider adding a voluntary opt-in for low carbon marine fuels.
- Provide an ambitious trajectory to ensure that the carbon intensity of Washington fuels target is reduced as fast as possible and in keeping with the requirements of the legislation.
- Require that compliance obligations begin in the first year of the program.
- Allow credit generating projects to begin accruing credits on January 1, 2023.
- Create a default credit aggregator that captures credits for smaller entities, as is done under California Clean Fuel Standard rules. Reinvestment requirements should apply to the default credit aggregator as well.

Sincerely,

J.E. JOrdan

J.E. JOrdan (Apr 25, 2022 16:09 PDT)

Jason Jordan
Director, Environmental and Planning Services