



April 25, 2022

Rachel Assink
Rulemaking Lead
Washington Department of Ecology
Clean Fuels Program
PO Box 47600
Olympia, WA 98504-7600

Re: Alaska Airlines and Horizon Air Comments for Washington Clean Fuels Program Rulemaking

Dear Ms. Assink,

On behalf of Alaska Airlines (Alaska) and Horizon Air (Horizon), I'm pleased to submit comments on the draft Clean Fuels Program Rule language presented by the Washington Department of Ecology (Ecology) as part of the informal comment period. These comments are supportive of the Program, but highlight necessary modifications to ensure Washington's Clean Fuels Program is not only developed in accordance with state statute and federal law, but that it also supports a mature and commercially viable market for sustainable aviation fuel (referred to as SAF or alternative jet fuel in the following comments) in Washington state that is comparable with other West Coast states to attract and retain SAF production and the commensurate environmental and economic benefits.

Alaska and Horizon are headquartered in Washington state with a workforce of more than 22,000 employees. Our airlines serve the largest percentage of passengers at all nine of Washington's commercial airports, and we take pride in being an industry leader in sustainability and caring for the guests and communities we serve. Over the years, we've taken significant steps to reduce our carbon emissions, including flying one of the most fuel-efficient fleets in the country; pioneering, testing and using low-carbon SAF on a regular basis; developing the most comprehensive inflight recycling program to reduce onboard waste; and supporting innovation and the use of technology to increase our fleet's efficiency, reduce fuel usage, and more.

In 2021, Alaska set an ambitious goal to achieve net-zero carbon emissions by 2040 – a full ten years ahead of the Paris Climate Agreement and the goals established by our own industry. We also set near-term goals to be the most fuel-efficient airline and cut the climate emissions from our ground equipment in half by 2025. Aviation is a difficult sector to decarbonize and we outlined a five-part path of fleet renewal, SAF, increased operational efficiencies, new propulsion technologies for regional operations, and credible carbon offsets to fill the remaining gap. Of these pathways, SAF has the greatest potential to make a real difference in decarbonizing aviation within the next several decades and enabling us to meet our collective decarbonization goals. But that solution is not within our grasp without significant and meaningful public policy action.

With up to 80% lower lifecycle carbon emissions than conventional jet fuel, SAF is the best possible near-term option to decarbonize medium- and long-distance flying

within the next few decades. Alaska has piloted several different types of SAF for well over a decade. We have partnered with Boeing, Washington State University, the Port of Seattle and others to test additional drop-in ready SAF, are accepting new 737 MAX aircraft deliveries from Boeing using SAF, and we offtake SAF from Neste at San Francisco International Airport. We have recently signed additional offtake agreements for SAF to be delivered in California – available there because of the existing Low Carbon Fuel Standard policy, but we are also working closely with partners like the Port of Seattle, other industry leaders, and fuel producers like SkyNRG to develop a strategy for a sustainable fuels path for Seattle-Tacoma International Airport and an expanded array of West Coast airports.

To successfully drive a mature and commercially viable SAF market, we need collaboration and support from our government partners to help activate and grow this nascent industry. The Clean Fuels Program presents Washington with an opportunity to be a national leader in incentivizing SAF production, supporting our shared climate goals, enabling new industry and jobs in our state, and reducing the state’s overall greenhouse gas emissions. We offer the following comments to support that outcome:

1. Ecology should provide an explicit and broad exemption for aviation fuels and allow SAF to generate credits on a voluntary opt-in basis.

We share in Washington’s goal to reduce carbon emissions from our operations. It is important to emphasize at the outset that aviation fuels and emissions are regulated solely by the federal government. This uniform regulation is necessary to support commerce within and between states, and so that airlines like Alaska and Horizon may reliably serve complex national and international networks of passenger and cargo operations without disruption. Washington state legislators appropriately recognized the federal government’s authority in this space when they included a broad exemption for fuels “used for the propulsion of all aircraft...” in the Clean Fuels Program legislation signed into law in 2021 (Section 5(1)(b)).¹ At the same time, they recognized the important role the state could play in supporting reductions to carbon emissions from aviation fuels by allowing exempted fuels like SAF to voluntarily opt into the Program and earn credits (Section 4(5)).²

Ecology’s Draft WAC 173-424-140(1)(a)(ii) recognizes the exemption for conventional jet fuel and aviation gasoline. However, it does not currently apply the same exemption to alternative jet fuel.³ Additionally, Draft WAC 173-424-130 creates confusion by simultaneously applying the Clean Fuels Program to alternative jet fuel (subsection (2)(k)) and establishing alternative jet fuel as a voluntary opt-in fuel (subsection (3)(b)(v)).⁴ Alaska and Horizon fully support the ability for SAF to generate credits under the Clean Fuels Program on a voluntary opt-in basis, but concur with the comments submitted by Airlines for America in January 2022 that Ecology should recraft the regulatory language to provide

¹ See <https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/House/1091-S3.SL.pdf?q=20210716000002>

² Ibid.

³ See <https://ecology.wa.gov/DOE/files/93/93ebc011-e698-4b51-8a2b-8b4213265a4d.pdf>

⁴ Ibid.

a broad exemption for all aircraft fuels (including SAF/alternative jet fuel) and a provision stating that alternative jet fuel can voluntarily opt-in and generate credits under the Program.⁵ This will ensure that the Clean Fuels Program complies with both state statute and federal law, while providing SAF a pathway to generate credits and contribute to Washington’s carbon reduction targets.

2. Ecology should establish carbon intensity standards that ensure a level and competitive playing field for SAF.

One of the major barriers to SAF production is the unlevel playing field between the business case for a producer to generate renewable diesel against the case to produce SAF. A key tenet of Washington’s Clean Fuels Program should be to, at minimum, equalize that balance – if not tip the scales in favor of SAF since ground vehicles can be more easily decarbonized with electric power (an alternative unavailable to all but the smallest air transport).

To this end, the Clean Fuels Program statute provides direction regarding the establishment of carbon intensity benchmarks for transportation fuels in Washington state. Section 3(1) of the statute provides that “the standards established by the rules must be based on the carbon intensity of gasoline and gasoline substitutes and the carbon intensity of diesel and diesel substitutes.”⁶ While the statute identifies two specific carbon intensity benchmarks, we understand Ecology may be considering a separate carbon intensity standard for alternative jet fuel, putting it at odds with the direction from the State Legislature.

While we understand Ecology aims to align Washington’s Clean Fuels Program with similar programs in California and Oregon, establishing a separate standard for alternative jet fuel would place Washington at a *competitive disadvantage* for SAF production. Beginning in 2023 and 2024 respectively, California and Oregon will effectively measure alternative jet fuel and renewable diesel against the same carbon intensity standard, providing a more competitive landscape for SAF production in those states. Without a comparable policy in Washington, producers will continue to produce and export SAF to those states. Washington should seek at least a level playing field with California and Oregon to attract SAF production and delivery by benchmarking alternative jet fuel against the diesel fuel carbon intensity standard from the outset, ensuring – at minimum - equal treatment for both alternative jet fuel and renewable diesel.

To achieve our shared ambitious carbon reduction goals, and to capitalize on the economic opportunity of demand for renewable energy production including SAF, we need policy incentives here at home to encourage widespread production and implementation of SAF and to overcome the significant cost barriers that disincentivize local SAF production. If designed

⁵ See https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_202037/assets/merged/ow0ki9t_document.pdf?v=28U6JAZH7

⁶ See <https://lawfilesexternal.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/House/1091-S3.SL.pdf?q=2021071600002>



correctly, Washington's Clean Fuels Program has the potential to support the development and growth of this important emerging industry and make Washington a national leader in decarbonizing the commercial aviation industry.

We thank the Department of Ecology for your important work to develop this important new program and appreciate the opportunity to offer our comments as you finalize the draft rule in the weeks ahead.

Sincerely,

A handwritten signature in black ink that reads "Diana Birkett Rakow".

Diana Birkett Rakow
VP, Public Affairs and Sustainability
Alaska Airlines

