

January 24, 2022

Submitted electronically at: https://ag.ecology.commentinput.com/?id=DpgZ3

Mr. Debebe Dererie Rulemaking Lead Washington Department of Ecology Air Quality Program P.O. Box 47600 Olympia, WA 98504-7600

Re: Airlines for America[®] Comments on the Draft Clean Fuels Program Rule Language Presented at the November 16, 2021, Stakeholder Meeting

Dear Mr. Dererie:

Airlines for America[®] (A4A), the principal trade and service organization of the U.S. airline industry,¹ appreciates the opportunity to provide these informal comments on the draft Clean Fuels Program (CFP) Rule language presented by the Washington Department of Ecology (Ecology) at the November 16, 2021, Stakeholder Meeting.²

I. Background

By way of background, the U.S. airline industry has a strong climate change record and a continuing commitment to further reduce its climate impact. Between 1978 and the end of 2019, the U.S. airlines improved their fuel efficiency by 135 percent, saving over 5 billion metric tons of carbon dioxide (CO_2) – equivalent to taking 27 million cars off the road on average *in each of those years*. Taking a more recent pre-pandemic snapshot, data from the Bureau of Transportation Statistics confirm that U.S. airlines improved their fuel- and CO_2 -emissions efficiency by 40 percent from 2000 to 2019.

This environmental record is not happenstance, but the result of a relentless commitment to driving and deploying technology, operations, infrastructure, and sustainable aviation fuel (SAF, or as Ecology refers to it in the draft CFP Rule, alternative jet fuel (AJF)) advances to provide safe and vital air transport as efficiently as possible within the constraints of the air traffic management system. Indeed, for the past several decades, airlines have dramatically improved their fuel efficiency and reduced their CO_2 and other emissions by investing billions in fuel-saving aircraft and engines, innovative technologies like winglets (which improve aerodynamics), and cutting-edge route-optimization software.

¹ A4A's members are: Alaska Airlines, Inc.; American Airlines Group Inc.; Atlas Air, Inc.; Delta Air Lines, Inc.; Federal Express Corporation; Hawaiian Airlines, Inc.; JetBlue Airways Corp.; Southwest Airlines Co.; United Airlines Holdings, Inc.; and United Parcel Service Co. Air Canada, Inc. is an associate member.

² See <u>https://ecology.wa.gov/DOE/files/93/93ebc011-e698-4b51-8a2b-8b4213265a4d.pdf</u>.

We are committed to limiting and further reducing our industry's greenhouse gas (GHG) emissions. Since 2009, A4A and our members have been active participants in a global aviation coalition that committed to 1.5 percent annual average fuel efficiency improvements through 2020, with goals to achieve carbon-neutral growth beginning in 2020 and a 50 percent net reduction in CO₂ emissions in 2050, relative to 2005 levels. On March 30, 2021, A4A announced a significant strengthening of these climate commitments.³ Together with our member carriers, we pledged to work across the aviation industry and with government leaders in a positive partnership to achieve net-zero carbon emissions by 2050.⁴ With consistent analyses showing that tremendous quantities of SAF must be deployed for the industry to meet its climate goals, A4A carriers also pledged to work with the government and other stakeholders toward a rapid expansion of the production and deployment of commercially viable SAF to make 2 billion gallons available to U.S. aircraft operators in 2030. On September 9, 2021, as a complement to the federal government's announcement of a SAF "Grand Challenge," A4A and its members increased the A4A SAF "challenge goal" by an additional 50 percent, calling for 3 billion gallons of cost-competitive SAF to be available to U.S. aircraft operators in 2030.⁵

The efforts our airlines are undertaking to further address GHG emissions are designed to limit their fuel consumption and potential climate change impacts responsibly and effectively, while allowing commercial aviation to continue to serve as a key contributor to the U.S., global, Washington, and local economies. At the same time, we continue to build upon our strong record of reducing conventional air pollutant emissions. Our primary focus is realizing further fuel efficiency and emissions savings through increasing levels of SAF deployment, modernization and optimization of the air traffic management system, public-private research and development partnerships, and a vast array of additional operational and infrastructure initiatives being undertaken by airlines together with regulators, airports, manufacturers, and other aviation stakeholders.

A4A and our members have been particularly focused on developing low-carbon, sustainable liquid fuel alternatives, understanding that the deployment of SAF will play a critical role in achieving our industry's climate goals. As drop-in fuel that can currently reduce lifecycle GHG emissions by up to 80% while also helping to improve local air quality, SAF is vital to our sector since, unlike the on-road transportation sector (cars, trucks, buses, etc.), the aviation sector cannot electrify in the near- term and therefore will remain reliant on liquid fuels for years to come. A4A and its carriers have been working to lay the groundwork for the establishment of a commercially viable SAF industry for many years. In 2006, we were instrumental in creating the Commercial Aviation Alternative Fuels Initiative® (CAAFI), which seeks to facilitate the development and deployment of SAF. CAAFI has played an integral role in obtaining the certification of the seven SAF "pathways" that are now recognized under the ASTM International specification for aviation turbine fuel from alternative, non-petroleum sources (i.e., ASTM D7566). Nearly all of A4A's member carriers, moreover, have entered into

³ See <u>https://www.airlines.org/news/major-u-s-airlines-commit-to-net-zero-carbon-emissions-by-2050/</u>.

⁴ On October 4, 2021, the International Air Transport Association and its member airlines followed suit by also committing to achieve net-zero carbon emissions by 2050. *See* <u>https://www.iata.org/en/pressroom/2021-releases/2021-10-04-03/</u>.

⁵ See <u>https://www.airlines.org/news/u-s-airlines-announce-3-billion-gallon-sustainable-aviation-fuel-production-goal/</u>.

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offtake agreements over the years with SAF producers in a concerted effort to spur the SAF industry and utilize the fuel. In addition, A4A was a strong supporter of the provisions in House Bill 1091, now Chapter 317 of the Laws of 2021, designed to help further the SAF industry in Washington.⁶

In sum, A4A and our member airlines have been and remain deeply committed to the development of a commercially viable SAF industry in Washington, the broader Pacific Northwest region, throughout the country, and throughout the world.

II. <u>Comments on the Draft CFP Rule Text</u>

With the above background in mind, A4A offers the following comments on the draft CFP regulatory language specific to AJF and aviation fuels.

We observe that the language is modeled on the California Air Resources Board's (CARB) Low Carbon Fuel Standard (LCFS) regulatory text. Consistent with 17 CCR 95482(a)(11) and (b)(5) of the LCFS regulation, draft WAC 173-424-130(2)(k) would deem the CFP applicable to AJF and, through subsection (3)(b)(v), simultaneously establish AJF as a voluntary opt-in fuel, while draft WAC 173-424-140(1)(a)(ii), consistent with 17 CCR 95482(c)(2) of the LCFS regulation, would exempt conventional jet fuel and aviation gasoline from the CFP.

While the referenced LCFS regulatory provisions are workable, it bears emphasizing that CARB did not have the explicit statutory direction that Ecology has been provided by the Washington State Legislature. Section 5(1)(b) of the CFP statute expressly exempts "aircraft" fuels from the CFP. This exemption is broad and encompasses not only conventional jet fuel and aviation gasoline but also AJF. Consequently, A4A encourages Ecology to recraft the regulatory language so that it comports with rather than contradicts this clear legislative direction. Instead of listing AJF as a fuel subject to the CFP – in contravention of section 5(1)(b) of the statute – and also as an opt-in fuel, with only conventional jet fuel and aviation gasoline listed as exempt fuels, Ecology should set out a broad programmatic exemption for all aircraft fuels (i.e., conventional jet fuel, aviation gasoline, and AJF) and, correspondingly, include a regulatory provision akin to section 4(5) of the statute, i.e., a provision stating that although it is exempt, AJF can generate credits under the CFP.

Second, while Ecology has yet to put forward any draft carbon intensity (CI) benchmarks, draft WAC 173-424-130(4)(c) indicates that Ecology intends to include in the CFP Rule three separate CI benchmark tables, once again, as is the case in California (and also Oregon): one CI benchmark table for gasoline and its substitutes, another table for diesel fuel and its substitutes, and a third table for AJF "or jet fuel substitutes."

⁶ These provisions include sections 4(5) and 5(1)(b). Section 4(5) directs Ecology to include in the CFP Rule mechanisms that will allow entities "to elect to participate in the clean fuels program by earning credits for the production, import, distribution, use, or retail" of SAF/AJF with lifecycle GHG emissions "lower than the per-unit standard established in section 3 of this act." Section 5(1)(b) stipulates that the Rule must exempt from the CFP "fuels used for the propulsion of all aircraft" See https://lawfilesext.leg.wa.gov/biennium/2021-22/Pdf/Bills/Session%20Laws/House/1091-S3.SL.pdf?q=20210716000002.

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Here, too, the Washington State Legislature has provided Ecology with clear legislative direction. Section 3(1) of the statute provides as follows:

The department shall adopt rules that establish standards that reduce carbon intensity in transportation fuels used in Washington. 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.⁷

Similarly, as previously noted, section 4(5) of the statute stipulates that parties must be allowed to "earn[] credits for the production, import, distribution, use, or retail of" AJF or any other exempt fuel "with associated life-cycle [GHG] emissions lower than the per-unit standard established in section 3" As detailed above, section 3 only calls for two CI benchmarks – one for gasoline and gasoline substitutes and another for diesel and diesel substitutes. It neither directs nor authorizes Ecology to establish an entirely different CI benchmark (e.g., based on the CI of conventional jet fuel) against which to measure AJF for credit generation purposes. A4A maintains this is entirely logical, as measuring AJF against the CI benchmark for diesel, which CARB effectively will do starting in 2023 (when the separate benchmarks under the LCFS regulation for diesel fuel and conventional jet fuel substitutes will converge), will have the effect of ensuring from the outset of the CFP a level playing field between AJF and renewable diesel.⁸

Finally, although A4A acknowledges that the draft Rule language does not yet set out in WAC 173-424-110 any draft definitions, A4A takes this opportunity to encourage Ecology to look to the Oregon Department of Environmental Quality's definition of "alternative jet fuel" under the Oregon Clean Fuels Program. That definition contains language on AJF derived from co-processed feedstocks.⁹ Inasmuch as the ASTM International specification for conventional jet fuel, ASTM D1655 ("Standard Specification for Aviation Turbine Fuels"), allows certain feedstocks to be co-processed with petroleum jet fuel, ¹⁰ A4A recommends that Ecology base the CFP Rule definition on the ODEQ definition of AJF and expressly include in the former the latter's language on co-processing.

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⁷ *Id.* § 3(1) (emphasis added).

⁸ Likewise, the Oregon Department of Environmental Qualify effectively will start measuring AJF for credit generation purposes under the Oregon Clean Fuels Program against that Program's CI benchmark for diesel fuel starting in 2024. Under both the LCFS Program and the Oregon CFP, AJF has been disadvantaged versus renewable diesel from a credit generation standpoint since 2019 due to the higher CI benchmark for diesel fuel versus conventional jet fuel substitutes/AJF. *See* 17 CCR 95484(c)-(d); OAR 340-253-8010, Tables 2-3.

⁹ See OAR 340-253-0040(6) ("This includes [AJF] derived from co-processed feedstocks at a conventional petroleum refinery.").

¹⁰ See ASTM D1655-19, Annex A1, subsection A1.2.2, available from ASTM International (<u>https://www.astm.org/</u>).

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Thank you for your consideration of these comments. Please do not hesitate to contact me if you have any questions.

Sincerely,

To Jasta

Ira Dassa Director, Environmental Affairs idassa@airlines.org