

August 31, 2022

Rachel Assink  
Air Quality Planner  
Washington Department of Ecology  
300 Desmond Drive SE  
Lacey, WA 98503



**Re: Washington Clean Fuel Standard Draft Rule**

Dear Ms. Assink,

The Coalition for Renewable Natural Gas (RNG Coalition) is a nonprofit organization representing and providing public policy advocacy and education for the Renewable Natural Gas (RNG) industry.<sup>1</sup> We advocate for the sustainable development, deployment, and utilization of renewable gases (including biomethane and hydrogen), so that present and future generations have access to domestic, renewable, clean fuel and energy in Washington and across North America.

RNG Coalition offers the following comments in response to the Department of Ecology's (Ecology) Clean Fuel Standard (CFS) draft rule (Draft)<sup>2</sup> and related program documents.<sup>3</sup> We appreciate changes made in the Draft which address issues raised in our previous informal comments,<sup>4</sup> and urge Ecology to uphold these important provisions in the final rule. In addition, our feedback herewithin outlines changes that should be included in the final rule to better incentivize RNG in all end use applications where it lowers the carbon intensity of Washington transportation fuels.

**Continued Support for Key Changes in the Draft**

*Current Carbon Intensity Targets and Program Start Date are Achievable and Will Result in Maximum GHG Reductions*

We are strongly supportive of clean fuel policies and commend Washington for their leadership on the CFS program. We support the Draft's inclusion of the most stringent carbon reduction targets allowable by statute—20% starting in 2034. We also appreciate Ecology's proposal to begin the compliance requirements in 2023 and make 2023 a full compliance year.

A wide portfolio of renewable energy and GHG reduction technologies are available to begin decarbonizing Washington's transportation sector today. All these technologies will need to be

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<sup>1</sup> For more information see: <http://www.rngcoalition.com/>

<sup>2</sup> <https://ecology.wa.gov/DOE/files/e9/e97a5150-9ed2-4512-a4fd-6b0317f907dc.pdf>

<sup>3</sup> <https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-424-455>

<sup>4</sup> [https://scs-public.s3-us-gov-west-1.amazonaws.com/env\\_production/oid100/did1008/pid\\_202037/assets/merged/fs0rib2\\_document.pdf?v=9JTPVRMC5](https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_202037/assets/merged/fs0rib2_document.pdf?v=9JTPVRMC5)

implemented as quickly as possible given Washington’s ambitious economy-wide goal of a 45% reduction in emissions from 1990 levels by 2030, and the CFS is expected to be a primary driver of their development and use.

Furthermore, given the recent passage of the *Inflation Reduction Act*,<sup>5</sup> virtually all the technologies which are slated for use in decarbonizing Washington’s transportation sector will be provided with unprecedented federal financial support. Given that CFS-style policies have already been successful in promoting the growth of clean transportation technologies absent this level of federal funding, pairing these forthcoming federal incentives with an ambitious CFS policy is a significant opportunity for Washington to achieve its GHG-reduction goals. Additional federal support will make achieving the maximum GHG reduction allowed by law in the CFS even more feasible. With this in mind, and considering the need to reduce GHG emissions as quickly as possible, we urge Ecology to retain the proposed targets (without change) in the Final Rule.

### **Strengthening the Final Rule to Fully Promote RNG Use**

#### *Ecology Should Allow RNG Use in All Applications that Lower the Carbon Intensity of Transportation Fuels*

We advocate for all sustainable production pathways and end uses for RNG and believe that RNG could do more to help Washington achieve its low carbon goals in the CFS. The current Draft limits the use of the flexible RNG guarantee of origin accounting method (known as “book-and-claim”) to only cases where the end use of RNG is a natural gas vehicle (CNG, LNG, L-CNG) or as a feedstock in hydrogen production.

Indeed, these applications have historically dominated demand for RNG in analogous programs.<sup>6</sup> However, important decarbonization opportunities exist where renewable gas can be used as a feedstock or input to lower the CI of many other clean fuel technologies. This is another opportunity to further align the CFS with provisions in the Renewable Fuel Standard<sup>7</sup> and Inflation Reduction Act designed to support the production of such fuels, helping to reinforce RNG developers’ interest in investing in these key strategies.

For example, sustainable aviation fuel and renewable diesel can be produced using RNG and renewable hydrogen as feedstocks. Efficient electricity production methods which rely on pipeline delivered gaseous inputs (fuel cells and large gas combined cycle plants) can also be decarbonized using RNG (in addition to smaller biogas-to-power facilities). Fuel production activities such as refining, or even RNG production itself, can also be improved where RNG, renewable hydrogen, and/or renewable electricity are used as energy inputs to the production process.

Further, the market for use of renewable gases to reduce the CI of transportation fuels as a whole is much larger than just direct use in natural gas vehicles. Liquid fuel production (both conventional petroleum refineries and biorefineries) have high natural gas demands. For example, PADD 5 petroleum refineries used 182,277 million cubic feet (MCF) of natural gas in 2021,<sup>8</sup> while transportation sector

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<sup>5</sup> <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>

<sup>6</sup> Primarily because the use of book and claim accounting was available for these end uses.

<sup>7</sup> We expect that the use of RNG as a biointermediary (as an input to producing other fuels, including electricity) will be a focus of RFS rulemakings later this year.

<sup>8</sup> [https://www.eia.gov/dnav/pet/pet\\_pnp\\_capfuel\\_dcu\\_r50\\_a.htm](https://www.eia.gov/dnav/pet/pet_pnp_capfuel_dcu_r50_a.htm)

demand for natural gas in Washington was a modest 133 MCF.<sup>9</sup> Natural gas vehicles remain a critical transportation decarbonization technology and we expect continued growth and demand for RNG from those end uses, however, given RNG’s ability to decarbonize any application where geologic natural gas is currently used, the CFS should support RNG displacing conventional gas for any pathway that produces a low carbon fuel for Washington.

More demand for RNG will lead to accelerated methane reduction in the organic waste sector in Washington and elsewhere—a key benefit of our industry and a strong result of analogous programs in California and Oregon thus far. The lifecycle accounting tools employed by Ecology in the proposed rule are flexible enough to properly account for these benefits if the guarantee of origin system is expanded to include these end uses.

This adjustment would fit well with the requirement that M-RETS be used for tracking and retirement of RNG procured via book-and-claim under the CFS, which we strongly support. The M-RETS system is currently set up in a way that supports transactions of RNG for any end use served by the existing gas network.

With this in mind, Ecology should alter the Draft to allow for the use of RNG in such applications by striking the following language:

~~Biomethane can only be claimed in this manner in a fuel pathway application as the feedstock for CNG, LNG, L-CNG or hydrogen production, and cannot be claimed as an energy source for another fuel production process.<sup>10</sup>~~

#### *Allow for Credit True-Up Between Verified Operational and Certified CI Values*

A key issue based on experience from existing CFS programs is the ability of RNG facilities to “true-up” CFS credit generation if the verified operational carbon intensity value for a given year is lower than the certified carbon intensity value for that year. In other words, facilities should be retroactively credited based on actual recorded CI data rather than relying on an a priori estimate for a given pathway. Doing so would ensure accurate crediting based on the actual GHG emission profile of a given RNG resource.

The Draft rules state that if the verified operational carbon intensity is *higher* than the certified carbon intensity for a given reporting period Ecology will likely invalidate such unwarranted credits. Providing a true-up to credit pathway holders if the opposite case is true—where the verified CI is *lower*, and the true benefit was initially underestimated—is necessary to avoid undercounting the actual GHG benefits of all pathways. Pathway applicants will likely certify unnecessarily conservative CI scores (to avoid credit invalidation) and, consequently, if no true-up is provided the system will underrepresent the overall GHG benefits of the CFS program. Finally, a true-up would provide further incentive to lower CI scores (e.g., eliminate methane leaks, utilize clean energy, and increase process efficiency) as much as possible on a going forward basis for each pathway (without requiring re-certification).

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<sup>9</sup> [https://www.eia.gov/dnav/ng/ng\\_cons\\_sum\\_dcu\\_nus\\_a.htm](https://www.eia.gov/dnav/ng/ng_cons_sum_dcu_nus_a.htm)

<sup>10</sup> Draft, pg. 72

Ecology should include true-up language like that currently slated for inclusion under Oregon's ongoing Clean Fuels Program rulemaking.<sup>11</sup> California has also discussed analogous true-up options in a recent pre-rulemaking workshop.<sup>12</sup> We've adapted the Oregon language to facilitate incorporation by Ecology in the Washington rule below:

Additional credits. Credit generators may request additional credits from the prior year if their fuel facility has: (A) Completed verification; and (B) The verified operational carbon intensity value for a given pathway is more than 1gCO<sub>2</sub>e/MJ lower than the certified carbon intensity value for that year.

Allowing true-ups would also facilitate the ability to look backward at the CI details of clean inputs (including RNG) used at fuel production facilities, rather than asking producers to commit firmly to what types of inputs they may buy (and from where) during the CI application process. This would allow for continuous improvements in CI performance over time, without the need for resubmittal of pathway applications.

Given the likelihood that a true-up provision will soon take effect under Oregon's Clean Fuels Program with California hopefully soon to follow, Ecology should include true-up language in the final rule to align with the latest CFS policy trends in neighboring programs. Such a change would properly account for the true GHG reductions from the policy, create a better framework to track future increases in clean inputs (e.g., RNG), avoid inconsistency across programs, and reduce the need for future rulemaking work around this topic.

## **Conclusion**

RNG Coalition appreciates the opportunity for continued engagement as Ecology works to develop a final CFS regulation. In line with new federal incentives, this program represents a unique opportunity to deploy the next generation of clean energy technologies which, through the production of renewable gas, will help to reduce methane emissions, improve organic waste management, and decarbonize Washington's transportation sector. We thank Ecology for your continued work toward this end and look forward to a robust and effective CFS in Washington next year.

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<sup>11</sup> See Oregon Clean Fuels Program draft, pg. 168:

<https://www.oregon.gov/deq/rulemaking/Documents/cfp2022pnp.pdf><https://www.oregon.gov/deq/rulemaking/Documents/cfp2022pnp.pdf>

<sup>12</sup> The initial proposal in California is more focused on truing up to correct for credits lost during the use of temporary CIs rather than the full true-up proposed in Oregon. We support both the Oregon and California proposals but prefer a full true up in Washington using the language above. The CARB workshop slides are here:

<https://ww2.arb.ca.gov/sites/default/files/2022-08/August%202022%20Workshop%20Slide%20Deck%20Presentations.v16.pdf>

Sincerely,

/S/

**Sam Lehr**

Manager of Sustainability and Markets Policy

Coalition for Renewable Natural Gas

1017 L Street #513

Sacramento, CA 95814

(302) 757-0866

[sam.lehr@rngcoalition.com](mailto:sam.lehr@rngcoalition.com)