



August 31, 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 am pleased to submit comments on the Clean Fuels Program (the Program) Rule language presented by the Washington Department of Ecology (Ecology). We thank you for incorporating many of the changes we requested during the informal rulemaking period, ensuring that the Program is not only developed in accordance with state statute and federal law, but that it also takes important steps to support a mature and commercially viable market to attract and retain alternative jet fuel (AJF) production in Washington state.

Alaska and Horizon are headquartered in Washington state and have a total workforce of more than 23,000 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 alternative jet fuel 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. We also know there is a long way yet to go on this journey.

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 focused on fleet renewal, AJF usage, increased operational efficiencies, new propulsion technologies for regional operations, and credible carbon offsets only as needed to fill the remaining gap. Of these pathways, AJF 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 its total impact on the path to net zero is also the most uncertain, depending on how sufficiently we can, together, develop the market for AJF to commercially viable scale. That necessary future is not within our grasp without significant and meaningful public policy action.

Alaska has piloted different types of AJF for well over a decade. With up to 80% lower lifecycle carbon emissions than traditional jet fuel – or more – AJF is the best possible near-term option

to decarbonize medium- and long-distance flying. It is also a “drop in fuel” meaning it can be incorporated into existing jet fuel transportation and storage, such as at San Francisco International Airport where blended fuel is used on our aircraft today. However, AJF currently makes up less than 1% of total available fuel and has a price three to five times higher than conventional jet fuel. We have partnered with Boeing, Washington State University, the Port of Seattle and others to test additional drop-in ready AJF, we’re accepting new 737 MAX aircraft deliveries from Boeing using AJF, and we offtake AJF from Neste at San Francisco International Airport. We have recently signed additional offtake agreements for AJF to be delivered in California (available there because of the existing Low Carbon Fuel Standard policy), but we are also partnering with 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. Furthermore, Alaska recently launched a new partnership with corporate travel partners like Microsoft and Deloitte to offset employee travel with AJF.

The successful creation of a mature and commercially viable AJF market depends on collaboration and support from our government partners. Washington’s Clean Fuels Program presents an opportunity to be a national leader in promoting AJF production and use, thereby supporting our shared climate goals, enabling new industry and jobs in our state, and reducing the state’s overall greenhouse gas emissions. To these ends, Alaska and Horizon support the inclusion of alternative jet fuel as an opt-in fuel for the purpose of generating credits under the Program, and we applaud Ecology for setting the baseline for aviation fuel at the same level as the baseline for diesel. One of the major existing barriers to AJF production is the unlevel playing field between the business case for a producer to generate renewable diesel against the case to produce AJF. 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 AJF, since ground vehicles can be more easily decarbonized through electrification than can air transport.

Additional steps can be taken to support emissions reductions from aviation as quickly as possible under the Program, and we encourage Ecology to incorporate these points in final rulemaking:

### **1. Accept Tier 2 pathway applications upon implementation of the Clean Fuels Program**

In order to meet the federal Sustainable Aviation Fuel Grand Challenge goal set by the Biden Administration in coordination with stakeholders to produce three billion gallons of alternative jet fuel by 2030 and our own Alaska Airlines goal of achieving net-zero carbon emissions by 2040, we urgently need access to large amounts of AJF in our hub states, including Washington. Under the proposed rule for Washington’s Clean Fuel Program, alternative jet fuel is listed as a Tier 2 fuel, making it eligible for credit generation only after July 1, 2025. Policy support is needed as soon as possible to encourage new production projects to be established, but those will take time to generate fuel supply coming online. To meet the demand and need for these fuels in Washington, and to avoid further delays in production, we respectfully urge Ecology to begin accepting grant applications for Tier 2 fuels as soon as the Clean Fuels Program is implemented. In short, action is needed now to enable reaching shared decarbonization goals for the next 5, 10, and 15+ years.

### **2. Include biomethane as an eligible feedstock for alternative jet fuel**

There are several pathways for producing AJF, and we believe the state should support all pathways in order to bring this nascent industry to commercial scale and provide space for



future innovation. Use of biomethane for AJF production can help us capture harmful emissions from methane and capitalize on the climate benefits of biomethane to further enable the state to meet its climate goals. Under the proposed rule, the Clean Fuels Program currently lists book and claim biomethane as an eligible feedstock to produce certain fuels, and we strongly encourage Ecology to include book and claim biomethane as an eligible feedstock for alternative jet fuel as well.

### 3. Consider additional incentives for alternative jet fuel

Unlike other transportation modes, aviation is years, if not decades, away from transitioning to alternative fuel sources such as electricity or hydrogen. Without the appropriate policy incentives in place to help AJF compete or even outcompete on availability and price, fuel producers will continue to prioritize renewable diesel over AJF, making our path toward decarbonization challenging, if not impossible. We encourage Ecology to consider additional incentives to attract and spur AJF production in Washington state, such as the inclusion of a multiplier for alternative jet fuel credits. Increasing the value of AJF credits would provide incentive to produce more AJF faster in support of the ambitious goals outlined above. While the inclusion of a multiplier could result in less overall fuel replacement from the Program, it would help stimulate the nascent AJF market while other modes of on-road transportation continue to transition to other energy sources, such as electrification. Additionally, we look forward to exploring other opportunities for public-private partnership to incent AJF production here at home in Washington.

To achieve our shared ambitious carbon reduction goals, and to capitalize on the economic opportunity of demand for renewable energy production including alternative jet fuel, we need policy incentives here at home to encourage widespread production and implementation of AJF and to overcome the significant cost barriers that disincentivize local AJF production. If designed correctly, Washington's Clean Fuels Program has the potential to support the development and growth of this important emerging industry and continue to reinforce Washington's position as a national leader in sustainability.

We thank the Department of Ecology for your important work to develop this important new program and appreciate the opportunity to offer these additional comments as you complete rulemaking in the months ahead. Please reach out with any questions.

Sincerely,

Diana Birkett Rakow  
SVP, Public Affairs and Sustainability  
Alaska Airlines

