

Mary Moerlins
Director of Environmental Policy & Corporate Responsibility
NW Natural
250 SW Taylor Street
Portland, OR 97204

August 31, 2022

Rachel Assink
Department of Ecology
Air Quality Program
P.O. Box 47600
Olympia, WA 98504-7600

Dear Ms. Assink,

Thank you for the opportunity to comment on the proposed 2022 Clean Fuels Program rulemaking.

NW Natural is a natural gas utility headquartered in Portland, Oregon and serves over 2.1 million customers in Oregon and SW Washington. Given the current climate imperative, NW Natural is committed to reducing the carbon footprint of our product, as well as helping fleets reduce emissions through the use of renewable natural gas and hydrogen.

The Washington Clean Fuels Program (CFP) has the potential to help customers greatly reduce their greenhouse gas emissions. We applaud the efforts towards creating this program, and we believe that changes to the proposed draft will further help accelerate decarbonizing the transportation segment. We are requesting that Ecology consider changes to better reflect the role of compressed natural gas (CNG) and hydrogen use given the natural gas grid is decarbonizing over time (similarly to the electric grid), and hydrogen production and availability is growing nationwide.

Specifically:

1. Hydrogen, synthetic methane, and any other gas that can be used to displace fossil gas use, regardless of where this occurs to produce renewable thermal credits (RTCs) should be eligible for book and claim accounting. Any gas that displaces fossil gas at lower carbon intensities can produce RTCs in M-RETS. Since one RTC is simply a measure of energy, (1 RTC = 1 dekatherm of renewable thermal generation), any RTC pathway should apply to any Washington CFP pathway. In the current draft rule language only renewable electricity and biomethane qualify for book and claim, and expanding this definition could allow for lower-cost fuels to be used and add flexibility for clean fuels program participants.
2. NW Natural is requesting that all references to “steam-methane reforming” be changed to “methane reforming” to better reflect hydrogen generating technologies.
3. Hydrogen applicability should be determined by carbon intensity (CI), consistent with the other fuels in the program, and should not have an additional renewable content requirement. The purpose of the CFP as stated in WAC 173-424-100 is to “to reduce the lifecycle greenhouse gas emissions per unit energy (carbon intensity) of transportation fuels used in the state.” Any additional requirements on top

- of CI are inconsistent with the treatment of the other fuels and have the potential to limit innovation without producing additional greenhouse gas emissions savings. NW Natural is requesting the removal of the proposed renewable content requirement in WAC 173-424-560(d)(vi).
4. The current draft does not consider the carbon intensity of natural gas in light of the mandated Climate Commitment Act (CCA) decarbonization schedule. Similar to the proposed methodology for utility-specific electricity mixes, the CI of CNG should be utility-specific and change over time to reflect the energy mix of the utilities. Ecology should use similar CI methodology for both electricity and CNG.
 5. NW Natural has found that barriers remain with incremental purchase costs of alternative fuel vehicles and additional capital required for fueling infrastructure. Therefore, the advance credit mechanism being proposed in the rulemaking is a much-needed tool to increase alternative fuel adoption. We believe the advance credit mechanism should be applied equally to all alternative fuel pathways. From the proposed rule language, it is unclear if the advance credit mechanisms are only applicable to transportation electrification projects or any projects. WAC 173-424-550(a)(1) refers to RCW 70A.535.050(3) which allows credit generation for projects that reduce greenhouse gas emissions and decarbonize the transportation sector using a variety of fuels. Specifically, it states that these projects include “hydrogen fueling investments”. As currently proposed, the wording of WAC173-424-550(a)(1) seems to conflict with RCW 70A.535.050(3). NW Natural is requesting the removal of the words “through transportation electrification” from WAC173-424-550(a)(1) to reduce confusion and allow for other low CI fuels to generate advance credits.

Thank you for considering our comments. Should you have any questions, please reach out to me at mary.moerlins@nwnatural.com.

Sincerely,

/s/ Mary Moerlins

Mary Moerlins
Director of Environmental Policy & Corporate Responsibility
NW Natural