



December 12, 2024

Adam Saul  
Climate Pollution Reduction Program  
Washington Department of Ecology  
P.O. Box 47600  
Olympia, WA 98504-7600

RE: Proposed Rulemaking for Chapter 173-424 WAC – Clean Fuels Program (CFP)

Dear Mr. Saul,

SkyNRG Americas (“SkyNRG”) appreciates the opportunity to provide another round of comments on the impending rulemaking of Chapter 173-424 WAC – Clean Fuels Program (CFP) to the Washington State Department of Ecology (“Ecology”) following additional draft rule language released on November 26th.

SkyNRG is currently developing a Sustainable Aviation Fuel (SAF) production facility in Eastern Washington, Project Wigeon.<sup>1</sup> As explained in our October 3, 2024 CFP rulemaking comment letter, SkyNRG will produce SAF and renewable diesel (RD) on a commercial scale from cellulosic feedstocks such as biomethane, often referred to as renewable natural gas (RNG). This process necessitates the use of mass balance accounting, also known as book and claim, to access the necessary RNG feedstocks to produce SAF at scale. SkyNRG’s SAF would reduce lifecycle emissions by approximately 85% relative to traditional jet fuel.

SkyNRG appreciates Ecology’s ongoing transparency and dialogue surrounding the CFP rule updates. However, SkyNRG has significant concerns with the proposed rule. If the CFP is finalized as proposed with respect to the treatment of biomethane, this will have a chilling effect on SkyNRG’s investors continuing to support the project and could result in the cancellation of SkyNRG’s Project Wigeon.

A key consideration in selecting Washington State and investing millions of private sector development capital for Project Wigeon was the passage of Senate Bill 5447, which mandated the inclusion of SAF produced from RNG via book and claim procurement in the CFP, and further expressed the Legislature’s intent to “promote the production and use of sustainable aviation fuels.” ESSB 5447 (2023). The Legislature explicitly recognized that aviation is one of the most difficult sectors to decarbonize and that SAF is the most significant near and mid-term opportunity.

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<sup>1</sup> <https://skynrg.com/project-wigeon/>.

We appreciate Ecology’s intent, and support many aspects of the rule, but believe that the proposed rule language would substantially limit the ability of any SAF facility to utilize RNG feedstocks, thereby conflicting with the Legislature’s intent in ESSB 5447 and potentially resulting in the cancellation of Project Wigeon.

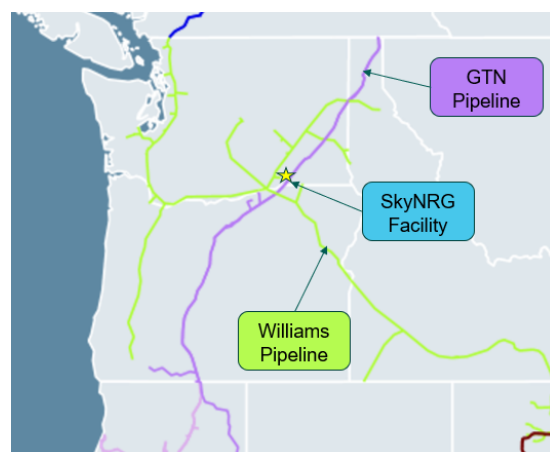
- **SAF must be excluded from deliverability requirements in WAC 173-424-600(7) or, at minimum, be provided additional time, to ensure access to RNG feedstocks.**

SkyNRG recognizes that Ecology intends to incentivize biomethane projects within the Pacific Northwest and with a close connection to the fuel production facility. As stated in prior comments, Project Wigeon will require 30% more RNG than is currently produced in *all of Washington* to produce SAF at scale. However, the proposed rule language would restrict RNG to sources along the same pipeline network as the fuel facility, as proposed WAC 173-424-600(7) provides:

*(ii) Starting January 1, 2037, entities reporting biomethane used for the production of electricity using a fuel cell for EV charging, or biomethane used as a feedstock for the production of hydrogen, alternative jet fuel, or renewable diesel must demonstrate that the pipeline or pipelines along the delivery path physically flow from the initial injection point toward the fuel dispensing facility at least 50 percent of the time on an annual basis.*

SkyNRG is not aware of any information indicating that biomethane is sufficiently available such that it can be obtained solely from sources near pipelines that flow to a facility producing significant volumes of SAF. While the flow of gas within the Williams pipeline and the GTN pipeline that the project is adjacent to have a general directional flow, the direction of flow in certain segments can fluctuate as a result of supply and demand of gas. The GTN has 12 compressor stations to move gas along the pipeline network. The compressor stations allow, depending on regional and seasonal supply and demand, for gas transmission to be either northbound or southbound. Figure 1 shows the gas grids and the site of Project Wigeon. The flow direction is not predictable.

As noted in previous comments, even with an anaerobic digester located on-site, we can only produce a small percentage of the overall RNG volume needed for Project Wigeon. As a result, making use of mass balance accounting for RNG from diverse and geographically widespread suppliers is key to securing the volumes of RNG needed





as feedstock to produce SAF at our production facility. SkyNRG cannot access the necessary volume of RNG within Washington, let alone on a restricted pipeline route. As such, Project Wigeon will face significant resistance to continued investment of private capital in developing the project. **Project Wigeon may not proceed if the proposed deliverability rule is finalized as drafted because it will prevent access to the volume of necessary RNG feedstock.**

SkyNRG requests that Ecology forego deliverability requirements for SAF until further study of the effect and biomethane availability is completed. The functioning of the gas grid in Washington is subject to complex, shifting factors that should be understood fully before applying restrictive policy that can slow or prevent the sourcing of RNG that serves the state's climate goals. Alternatively, shifting to the start date of January 1, 2046, as adopted by the California Air Resources Board (CARB) LCFS update for EV fuel cells and hydrogen projects, would provide SAF projects additional time to develop and recoup initial investments and provide near-term benefits before access to RNG is restricted. Finally, treating RNG to SAF under a Tier 1 fuel pathway, instead of Tier 2, would further support SAF and recognize that it is not a novel fuel pathway.

- **Sunsetting avoided methane crediting in WAC 173-424-610(14) will jeopardize methane capture opportunities that contribute to the state's climate goals.**

We encourage Ecology to avoid making rules in the CFP that limit opportunities to include avoided emissions in CI calculations. Recognition for this GHG benefit should not be considered for phaseout particularly when no replacement policy is in place to address fugitive methane emissions. All RNG projects contribute to displacing fossil gas and deliver significant methane reductions and environmental benefits, especially within the 20-year time horizon. Achieving these meaningful environmental benefits should remain the primary focus of Washington RNG policy.

The proposed rule would limit crediting to 14 years for existing projects and 15 years for new projects. As explained in our October 3 comment letter, SkyNRG recommends that Ecology continue to incentivize the capture of methane through avoided methane crediting and postpone a decision on phase-out dates until more analysis is publicly available, and other replacement policies are in place for reducing methane emissions. We feel it is unwise and risky to impose an arbitrary phase-out of avoided methane crediting without a detailed plan for developing a supporting replacement policy.

Should Ecology proceed with a phase-out date for avoided methane crediting, the longest possible phase-out period is preferred. SkyNRG suggests Ecology adopt the 20-year avoided methane credit period as adopted by CARB. The additional years provide critical certainty to stimulate investment in the methane capture projects necessary for SkyNRG's production of SAF and further align policies to be similar in a regional manner.

**If Washington takes up different rules and criteria on RNG, avoided methane**



**crediting, and emission reductions, it will be much harder for industry to provide competitive and cost-beneficial solutions to decarbonize aviation.**

SkyNRG shares Ecology's interest in supporting the development of new, additional methane capture projects, however, this concern is best addressed by Ecology's proposed language in WAC 173-424-610 that limits avoided methane credits to projects that are additional to regulatory requirements. A phase-out date is not necessary to ensure that methane capture projects deliver tangible and additional climate benefits.

Thank you again for the opportunity to provide comments on the proposed rulemaking. We sincerely look forward to an ongoing collaboration with Department of Ecology staff.

Sincerely,

A handwritten signature in blue ink, appearing to be 'John Plaza', written in a cursive style.

John Plaza  
President & CEO  
SkyNRG Americas, Inc.