



February 9, 2021

Diane Butorac and Fran Sant
Washington Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

RE: GAP Rule Pre-draft Comments

Dear Diane and Fran:

Thank you for the opportunity to provide comments on Ecology's Greenhouse Gas Assessment for Projects (GAP) Rulemaking.

Renewable Energy Group, Inc. (REG), based in Ames, Iowa, is North America's largest biodiesel producer and a leading producer of renewable diesel. Our biofuel production processes convert renewable vegetable oils and waste renewable fats and oils into high quality, clean burning, low-carbon, renewable fuels. In Washington State, REG owns and operates the West Coast's largest biodiesel plant in Grays Harbor.

REG supports the promulgation of this rule to provide clarity to the State Environmental Protection Act (SEPA) and Environmental Impact Statement (EIS) process as it relates to mitigation of Greenhouse Gas (GHG) emissions from industrial processes. Prior to this effort, GHG mitigation was a largely undefined area in SEPA that causes concern among businesses beginning the permitting process. Clear and concise language in this rule will provide guidance to industry and Ecology when applying GHG emission SEPA determinations and mitigations.

Given REG's production facility in the state and our interest in renewable diesel production on the West Coast and Washington in particular, we are providing comments and recommendations on items with potential impact to opportunities for REG in Washington. We have attempted to respond to specific questions posed by Ecology in its series of webinars.

In order to facilitate these comments, REG will use a hypothetical scenario of a 250 million gallon per year renewable diesel plant built in Washington State. We have also included a white paper outlining a hypothetical RD 250 project. This white paper provides the life cycle analysis calculations for a project of this size and how on a net basis, the facility would be carbon negative when compared to petroleum diesel.

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Comments and Recommendations on GHG Emissions

The purpose of building and operating a renewable diesel facility is to significantly reduce GHG emissions associated with transportation fuels. When measured on a full life cycle basis, renewable diesel has 50 – 80% lower GHG emissions than traditional fuels. The anticipated feedstock mix at a potential RD 250 facility is expected to create an estimated 60-70% reduction in carbon dioxide equivalent (CO₂e). The reasonable expectations for this renewable feedstock mix, and operation of the RD 250 facility would reduce life-cycle GHG emissions by over 2 million metric tons CO₂e per year compared to equivalent fossil fuels. In addition to GHG reductions, renewable diesel has virtually no sulfur or aromatics, providing air quality benefits on top of reducing GHG emissions.

For these reasons, REG encourages Ecology to focus on the net emissions (life cycle analysis) associated with a covered facility, not the gross emissions (facility specific). A focus on only the emissions will disadvantage Washington in comparison with other states and discourage the construction of new, lower carbon investments that are essential to the state achieving its climate objectives.

REG strongly opposes the inclusion of biogenic carbon emissions as part of the GHG emissions profile of a facility. Counting biogenic carbon is not necessary. Unlike petroleum or natural gas resources stored underground for millions of years and then released through combustion, biogenic carbon is already present in the environment and is simply recycled. Therefore not additive to carbon loading and climate change.

Including a biogenic carbon calculation eliminates the net benefit of carbon reduction from renewable fuel production as it would detract from the use of renewable fuels to offset or mitigate emissions from a production facility. This is certainly detrimental to the growth and expansion of the renewable fuels industry in Washington, and conflicts with state law regarding biomass related emissions compared to fossil fuel emissions. Furthermore, with the potential of a Clean Fuel Standard (CFS) being established in Washington, the inclusion of biogenic carbon as a GHG emission is counter intuitive to the goals of the CFS. If biogenic carbon is included in the rule, Ecology will be in a unique and ironic position of dis-incentivizing the production of renewable fuels while at the same time trying to incentivize the use of renewable fuels.

REG believes that a life cycle analysis is appropriate for projects like a renewable diesel facility, where the feedstocks, facility and end use are well-characterized. REG strongly urges Ecology to adopt, or allow for, the use of the same type of life cycle analysis for



the GAP rule as is currently employed for Clean Fuels Standards on the West Coast. Adhering to the same standard would provide consistency across programs should Washington adopt its own CFS, and compatibility across jurisdictions where renewable fuel is and will be used.

REG suggests that renewable fuel production that has at least 50% lower GHG emissions based on a full lifecycle analysis when compared to petroleum fuels should be exempt from the GAP rule.

If an exemption is not acceptable, REG strongly supports removing the biogenic carbon from GHG emission calculation and accounting for the GHG reductions of the fuel produced at a renewable facility on a full life cycle analysis. This will demonstrate a significant net positive related to GHG emissions on the West Coast and Washington.

Comments and Recommendations on GHG Mitigation

Mitigation should not be required for projects that produce negative net emissions on a life cycle basis. In the case of a renewable diesel facility, the project itself contributes to mitigating the climate impacts of existing fossil fuel facilities and emissions, and a net negative emissions profile should be the end of any GHG-related mitigation requirements (recognizing that SEPA may identify other impacts to be considered).

Given the advancement of the Low Carbon Fuel Standard in California and the Clean Fuel Programs in Oregon and British Columbia, renewable diesel produced in Washington would be sold into those markets until a similar policy is adopted in Washington State. Requiring local mitigations without local carbon policy modifies the investment opportunity in Washington for renewable fuel production.

REG suggests that GHG mitigations or offsets should be allowed to apply both in Washington State and in other West Coast states and Canada. This is specifically important for renewable fuel producers who serve markets in multiple states. It is also a good example of where mitigation can occur in a measurable, verifiable and meaningful way.

Thank you for your time and consideration of these comments. REG supports the concept of establishing the GAP rule to provide the industry with clear guidelines for GHG emissions.

Please feel free to contact me with additional questions.



Sincerely,

A handwritten signature in black ink, appearing to read "KH", is positioned below the word "Sincerely,".

Kent Hartwig
Director, Corporate Affairs
Renewable Energy Group
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Ames, Iowa 50010