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Adam Saul
Department of Ecology
Clean Fuel Standard Rule Lead
PO Box 47600
Olympia, WA 98504-7600

Submitted electronically via email to: <https://ecology.commentinput.com/?id=7auJYTbfk>.

**RE: POET COMMENTS ON WASHINGTON’S DEPARTMENT OF ECOLOGY’S
CLEAN FUEL STANDARD RULEMAKING**

Dear Mr. Saul:

POET appreciates the opportunity to participate in Washington’s Department of Ecology (Ecology) Clean Fuel Standard Rulemaking through workshops, advisory committee meetings, and the submission of comments. POET supports Ecology’s dedication to decarbonizing the transportation sector and is committed to delivering low-carbon biofuels that will help Washington achieve its climate goals.

POET appreciates Ecology’s helpful May 2, 2024 presentation regarding the ongoing Clean Fuel Standard Rulemaking. *See* Washington Department of Ecology, *Clean Fuel Standard Rulemaking*, (May 2, 2024), available at <https://ecology.wa.gov/getattachment/cfeb9fc5-7100-42d3-b80d-db6286ecd487/CFS-Rulemaking-May-Presentation.pdf> (“Ecology May 2024 Presentation”). The presentation devoted several slides to proposed “Third-Party Verification” standards. *See id.* (Slides 16-21.) Because similar verification standards are imposed in California and Oregon, Ecology explained that fuel pathways verified through the California Air Resources Board’s (CARB) Low Carbon Fuel Standard (LCFS) program or the Oregon Department of Environmental Quality’s (DEQ) Clean Fuel Program (CFP) “would be exempt from Ecology verification under most circumstances.” *Id.* (Slide 18.) POET is pleased that Ecology recognizes the efficiencies associated with streamlining efforts across complimentary state programs to avoid redundant third-party verifications. In view of the cost and time associated with obtaining third-party verification of fuel pathways, however, POET urges Ecology to provide further clarification on the “circumstances” alluded to on Slide 18 that are not exempt from Ecology verification. Such circumstances should be narrow and clear to avoid costly and unnecessary work.

Ecology also reiterated its intention to revisit its method of “reconciling differences between certified carbon intensity and operational carbon intensity of fuel.” *Id.* (Slide 33.) As noted in our March 24, 2024 [comment](#), POET believes that Oregon DEQ’s regulations in this area are fair and appropriate, and we urge Washington to adopt DEQ’s CI reconciliation system.

The May 2, 2024 presentation also included discussion regarding book and claim accounting for electricity. Ecology May 2024 Presentation (Slides 22-25.) POET urges Washington to allow book and claim accounting as a mechanism to decarbonize bioethanol. Allowing for the recognition of off-site renewable energy production would add to the overall renewable energy supply in the United States and lower the carbon intensity of the transportation fuel supply in Washington. The Biden Administration has recently adopted this policy in the context of sustainable aviation fuel (SAF) production, publishing guidance that would allow for the indirect accounting of zero-CI electricity in the manufacturing of bioethanol as a feedstock for SAF. *See* U.S. Department of Treasury, Notice 2024-37, § 40B SAF Credit Guidance (April 30, 2024) (§ 40B Guidance) *available at* <https://www.irs.gov/pub/irs-drop/n-24-37.pdf>. The Treasury Department's guidance includes several of the components of a book and claim system that Ecology emphasized in its presentation (*see* Ecology May 2024 Presentation, Slide 23), including “additionality,” “temporal matching,” and “documentation.”¹ *See* § 40B SAF Credit Guidance, “U.S. Department of Energy Guidelines to Determine Life Cycle Gas Emissions of Sustainable Aviation Fuel Production Pathways using 40BSAF-GREET 2024” (40BSAF-GREET Guidelines) at 13-14. We urge Ecology to follow the Biden Administration's lead to further incentivize the decarbonization of transportation fuel, including bioethanol, by allowing for book and claim accounting for off-site renewable production.

We also write to once again urge Ecology to consider updates to the WA-GREET model. As explained in POET's March 24, 2024 comment, the current rulemaking is intended to incentivize a SAF market in Washington. That policy goal cannot be accomplished without modeling revisions to support alcohol-to-jet-fuel-pathways. POET urges Ecology to follow the Biden Administration's lead and revise the WA-GREET model to promote agricultural sustainability and allow for the development of SAF from bioethanol.

As part of its recent Inflation Reduction Act § 40B SAF Guidance, the Treasury Department adopted a GREET model that incentivizes SAF production from corn ethanol. *See* U.S. Department of Treasury, Notice 2024-37, § 40B SAF Credit Guidance (April 30, 2024) (§ 40B Guidance) *available at* <https://www.irs.gov/pub/irs-drop/n-24-37.pdf>. Treasury's guidance recognizes that no-till farming, planting cover crops, and applying enhanced efficiency nitrogen fertilizer are all climate smart agricultural practices that help reduce carbon intensity (CI) for crop-based feedstocks such as corn. *Id.* The 40BSAF-GREET Model also lowers the ILUC penalty for ethanol as a feedstock for SAF, assigning an ILUC penalty of 9.0 CO₂eg/MJ for corn starch ethanol-to-jet-fuel pathways and a total indirect effects penalty of 11.1 CO₂eg/MJ for corn starch based SAF. *See* 40BSAF-GREET Guidelines at p. 19, Table 3b. Ecology should adopt a similar approach, incentivizing the decarbonization of bioethanol as a feedstock for SAF and promoting sustainability on American farms.

¹ POET understands that Ecology's proposed book and claim policy would allow for indirect accounting of only those renewable electricity projects that deliver electricity to Washington. *See* Ecology May 2024 Presentation (Slide 23.) We believe that approach is too constrained, and ignores the benefits that would result from a broader policy that would accelerate decarbonization in Washington's transportation sector and attract SAF feedstocks to Washington.

CONCLUSION

POET appreciates the opportunity to comment and looks forward to working with Ecology to make the Clean Fuel Standard a continued success for Washington. If you have any questions, please contact me at Josh.Wilson@POET.com or (202) 756-5612.

Sincerely,

A handwritten signature in black ink, appearing to read "JP Wilson", with a long horizontal flourish extending to the right.

Joshua P. Wilson
Senior Regulatory Counsel