

Jon Costantino

See attached RPMG comments



1157 Valley Park Drive, Ste. 100
Shakopee, MN 55379

September 27, 2024

Stephanie Potts
Senior Planner
Cap-and-Invest Program
Washington Department of Ecology

Via electronic submission to: [Regulatory Docket](#)

Re: Washington Department of Ecology Linkage Rulemaking July 2024 Public Meeting – Biofuel Exemption

Ms. Potts,

RPMG Inc. (RPMG) appreciates the Washington Department of Ecology (Ecology) holding a public meeting on the Cap-and-Invest (C&I) Linkage Rulemaking and providing the opportunity for stakeholder comments to be submitted. RPMG's comments are narrowly focused on the issue of the proposed amendments to the current biofuel exemption.

RPMG is a biofuel marketing company representing our owner and marketing partner ethanol facilities located throughout the Midwest. RPMG member facilities provide both ethanol and distillers corn oil as essential inputs to Washington's clean fuels market in material quantities. These inputs end up in both the diesel and gasoline liquid transportation fuel pools within the State. We have been active in the adoption and implementation of the Washington Clean Fuels Standard, or CFS, regulation.

The contribution of biofuels to the state's GHG reduction efforts is crucial for meeting Washington's ambitious state climate goals. Biofuels offer a cleaner alternative to fossil fuels today, in existing legacy fleets, and without new infrastructure needs. Furthermore, biofuels promote energy security by reducing dependence on imported oil, supporting domestic local economies and stimulating investments in sustainable practices.

Proposed Change of Biofuel Exemption Criteria

The staff presentation highlighted a proposed change to the Carbon Intensity reduction threshold of the biofuel exemption requirement from 40% to 30%. SB 6058, states that biofuels must have at least a "30% lower greenhouse gas emissions based on a full-lifecycle analysis when compared to petroleum fuels." During this meeting, it was mentioned that the regulatory text would be revised to reflect the 30% threshold. RPMG supports this change.

Further, RPMG understands that the Climate Commitment Act set a carbon intensity exemption standard for the stand-alone Ecology program, but with linkage the Legislature provided flexibility to align with WCI in this regard. With the premise of this rulemaking to further prepare the Washington

Cap-and-Invest regulation for linkage with the Western Climate Initiative, or WCI, ensuring proper emission accounting is key. RPMG recommends aligning the biomass-based fuel exemption with the full exemption present in current California and Quebec jurisdictions available to linkage.

It is imperative that Washington matches the existing biofuel exemption standards in California when you join the linked market. California's experience shows that a strong biofuel exemption can drive demand for cleaner fuels, encourage investment in sustainable practices along with reducing dependence on fossil fuels.

The established California CT program appropriately recognizes the unique nature of biogenic greenhouse gas emissions that are part of the short-term carbon cycle and distinguishes them from the anthropogenic fossil fuel emissions. California's CT Program doesn't conflate the Life Cycle approach which is the basis of the LCFS/CFS programs with the point-in-time, mass emission accounting found in C&I and CT programs. By definition, they are fundamentally different measurements right down to, and including their units (mass [tonnes] vs carbon intensity [grams/MJ], respectively). The goals of the C&I and CFS programs have a common mission of reducing carbon emissions, but the correct program for evaluating life-cycle emissions is in the Washington CFS.

The potential linkage of California and Quebec's WCI carbon market with Washington would demonstrate leadership in all jurisdictions. Linking jurisdictions is a crucial step for the state's emissions trading system, as it facilitates the buying and selling of allowances between different regions. Matching California's existing biofuel policy is important for ensuring consistency of standards, market stability and regulatory certainty.

In Closing

RPMG looks forward to continuing to work with agency staff to implement this important regulation. We would also reiterate that with a regulatory structure which promotes innovation the biofuels industry can continue to lead the way in terms of reducing the Carbon Intensity of the liquid fuel market that will remain in the state for years to come. Please contact me with any questions or comments at jon@tradesmanadvisors.com.

Thank you,

/s/

Jon Costantino

Principal

Tradesman Advisors Inc. on behalf of RPMG Inc.