

October 3rd, 2024

Dear WA State Department of Ecology:

As a developer of dairy digester RNG and biogas-to-electricity projects for EV charging in West Coast states, Promus Energy appreciates the opportunity to participate in the rulemaking for the WA Clean Fuel Standard (CFS) program. Promus values the Department of Ecology's engagement with stakeholders and serious consideration of feedback.

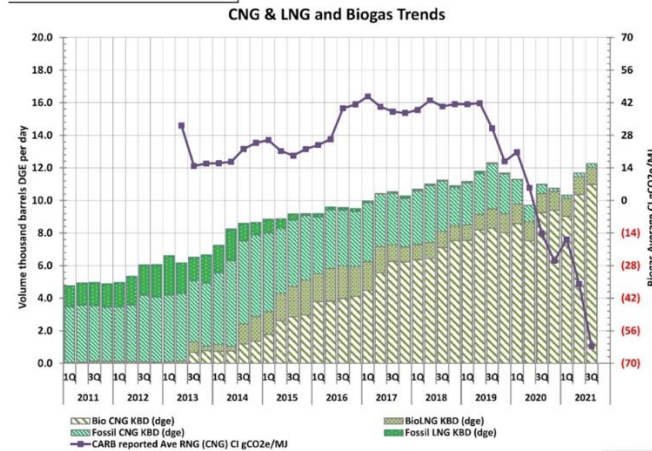
Avoided Methane Emissions Crediting:

As the developer and operator of the Augean dairy digester RNG facility in Yakima, WA, Promus is keenly aware of the importance of avoided methane emissions crediting for the viability of both new and existing dairy digester projects. Promus has serious reservations about some of the ideas presented in Ecology's most recent rulemaking webinar regarding the availability of avoided methane emissions crediting for current and future projects.

- Dairy digester project economics, particularly for dairy biogas-to-electricity projects that are not yet eligible for federal RFS credits (eRIN), depend almost entirely on the long-term availability of avoided methane emissions crediting. Digester projects need a minimum of 20 years of predictable avoided methane emissions crediting to generate returns sufficient to secure investment.
- Phasing out emissions crediting for existing projects would undermine their economic viability and result in methane emissions "backsliding." After a digester project is no longer eligible to receive avoided methane emissions credit, operating costs for the project would, in many cases, exceed revenues generated by the project, driving owners and operators to abandon projects.
- Promus understands that Ecology wants to incentivize the development of new projects within the Pacific Northwest, however, rather than penalizing existing projects that have previously and will continue to produce great environmental benefits, Promus urges Ecology to instead provide additional incentives for newly developed projects, such as a temporary boost to their credit generation capabilities in the first few years of operations or targeted grant opportunities.
- Without robust incentives for the long-term operation of digester projects, Ecology risks losing statewide emissions reductions once avoided emissions crediting periods end.
- The California Air Resources Board (CARB) makes a compelling case for prioritizing methane emissions reductions in their [Short-lived Climate Pollution Reduction Strategy](#), noting that dairy digesters are a highly cost-effective way to reduce GHGs and decarbonize transportation and other sectors of the economy. CARB has recently re-affirmed its commitment to dairy methane emissions crediting as a critical part of their strategy. Allocating just 2% of CA's Greenhouse Gas Reduction Fund grants to dairy digesters resulted in 29% of CARB's GHG reductions. As demonstrated in the Stillwater graph below, ultra-low carbon intensity (CI) dairy biomethane decarbonized the natural gas vehicle (NGV) sector in CA -- from an average of +70 gCO₂e/MJ for fossil CNG to below -80 (*negative*) – in just six years. Washington needs ultra-low CI dairy biogas to achieve similar reductions in GHG emissions in the hard-to-decarbonize transportation sector.

Rapid decarbonization of CA NGV sector due to ultra-low CI dairy biomethane

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- Additionally, Ecology should be guided by Washington’s commitment to the important mission of the Pacific Coast Collaborative with CA, OR, and BC to harmonize GHG reduction policies and programs. We risk creating an uncoordinated patchwork system if policies and programs are not harmonized and effectively integrated, where projects might only be eligible to participate in one state but not another. The supply of RNG and electricity produced from biogas in WA would be isolated and lose the stabilizing benefits of a large, cohesive market. Together, the Pacific Coast states and British Columbia are the 4th largest economy in the world, and we can maximize our influence by working together.

Include an Automatic Acceleration Mechanism:

Promus strongly urges Ecology to consider adding an Automatic Acceleration Mechanism to its CFS program in line with the mechanism that CARB has introduced in California. Funding for low carbon fuels projects has been severely hampered by the boom-and-bust cycles of the CA LCFS. Strong, long-term CFS/LCFS prices are required to fund projects that produce the lowest carbon intensity fuel available (RNG and electricity from dairy biogas). By being able to quickly reset carbon reduction targets, rather than needing to go through a formal multi-year rulemaking process, CARB aims to avoid the ruinously weak credit market that has persisted the past few years. Ecology can learn from CARB’s mistake by including an Automatic Acceleration Mechanism from the program’s inception.

Sincerely,

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