

# Coalition for Renewable Natural Gas

Please see attached document for comments.

October 3, 2024

Adam Saul  
Washington Department of Ecology  
300 Desmond Drive SE  
Lacey, Washington



**Re: Notice of Opportunity to File Written Comments on Proposed Update to Clean Fuel Standard Program Rules (173-424 WAC)**

Dear Mr. Saul,

The Coalition for Renewable Natural Gas (RNG Coalition) submits the following comments for consideration by the Washington Department of Ecology (Ecology) during the informal comment period for the Clean Fuel Standard (CFS) rulemaking (173-424 WAC).<sup>1</sup>

RNG Coalition represents and provides public policy advocacy and education for the renewable gas industry across North America. Our organization supports the development and use of renewable natural gas (RNG, also known as biomethane), biogas, clean hydrogen, and renewable CO<sub>2</sub> as decarbonization solutions for various sectors of the economy.

We comprise over 404 members, many of which are municipalities, universities, and leading companies operating in each sector of the industry—including those who capture, clean and condition greater than 95% of all RNG in North America. We appreciate Ecology’s dedication in soliciting stakeholder feedback on RNG throughout the rulemaking process.

**Sustainable Aviation Fuel and Hydrogen**

We understand that Ecology will release proposed language relating to sustainable aviation fuel (SAF) and hydrogen after the close this current informal comment period. As stated in previous comments, we support incorporating RNG-to-SAF pathways into the CFS.

A type of SAF, known as Fischer-Tropsch Synthetic Paraffinic Kerosene (FT-SPK) can be produced by reforming RNG and has been approved for use when blended up to 50% with petroleum-derived jet fuel.<sup>2</sup> Fuels such as this will be critical for decarbonizing aviation.

Alternative technologies with RNG as an input include methanol-to-jet, and hydrotreating of lipids using RNG-derived hydrogen. Therefore, we also strongly support the inclusion of hydrogen as a feedstock for SAF under the CFS. We encourage Ecology to develop a workable framework that incentivizes *both* electrolytic hydrogen and biologically derived hydrogen. We believe that the state should embrace diverse low-carbon pathways for hydrogen production, which would benefit not only industry growth, but also allow for a diverse portfolio of clean fuels that can adequately meet climate goals while servicing the state’s cross-sector energy needs.

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<sup>1</sup> <https://ecology.wa.gov/getattachment/02bb32f5-c6d3-45ff-94fa-eee3008fddba/WSR-24-01-089.pdf>

<sup>2</sup> <https://www.energy.gov/sites/prod/files/2020/09/f78/beto-sust-aviation-fuel-sep-2020.pdf>

## Oppose Limits to Avoided Methane Crediting Framework

We are extremely disappointed to see consideration of reducing avoided methane crediting to projects built prior to 2023. Both agricultural and organic waste diversion projects are heavily dependent on CFS revenue for profitability, and the CFS benefit is driven by the avoided methane components of their CI scores.

The concept of “start date” additionality tests, which might be appropriate for other contexts, are not appropriate for RNG and biogas-to-power facilities. This is because the capital expenditure-operational expenditure (CAPEX-OPEX) profile of the biogas/RNG space is fundamentally different from other renewable assets, such as solar and wind.

Solar and wind production, in most cases, has a much higher CAPEX requirement compared to its OPEX requirements. Thus, projects once built tend to keep running. Biogas and RNG facilities are fundamentally different—while significant upfront capital investment is of course necessary, “keeping the doors of an RNG/biogas facility open” entails a proportionally higher ongoing OPEX outlay on staffing, process energy procurement, logistics of feedstock procurement and digester cleanouts, maintenance, and replacement of rapidly amortizing assets such as compressors, etc.

Avoided methane crediting is often needed to meet not only capital repayment requirements for new projects, but also covering operating expenses. This is especially true in the “lower credit value” regime in which the Washington program is currently operating. A framework without avoided methane crediting and low credit prices may not cover operating costs for some existing agricultural projects. For projects where that is true, existing digesters (if they cannot seek other markets) will not continue operating after their avoided methane crediting periods expire, potentially reversing progress made by the program. Therefore, removing avoided methane credit at some arbitrary date simply creates significant project uncertainty and increases the potential for stranded assets.

Washington can, and should, aim to incentivize new projects without reducing avoided methane credits from pre-2023 projects. A comprehensive CFS program that inspires confidence in market participants will encourage continued project growth as the demand for clean fuel grows. If Ecology truly wants methane abatement from sources such as agricultural waste and landfills to continue, and for new sources of RNG activity such as organic waste diversion from the municipal waste stream to develop, they must convince the clean fuel investment community that RNG will remain a viable and important contributor to the CFS framework. Creating a division between pre- and post-2023 projects will simply give developers increased fear of “stroke of the pen” risk—the investment framework shifting in an unpredictable and arbitrary way. Such risk is extremely problematic and undermines the core goals of market-based programs designed to attract private capital.

Finally, opponents of RNG’s avoided methane benefits often portray the lifecycle analysis framework for methane from organic waste as if it is outside of the norm or misaligned with other leading jurisdictions. As we’ve demonstrated in prior comment letters, similar accounting was first pioneered in the European Union’s Renewable Energy Directive (RED) before adoption into US Clean Fuel Programs. **Removing credit for avoided methane is simply poor greenhouse gas accounting if no requirements to control have been developed.** It is irresponsible to propose an arbitrary phase-out of avoided methane crediting for existing projects without a detailed plan for developing a supporting replacement policy to ensure that methane reductions from existing projects continue. In no other place does the CFS simply ignore greenhouse gas benefits (or disbenefits) in the lifecycle of a fuel.

## **Regionality and/or Deliverability Limits Creates Barriers to Imports and Should Not be Adopted**

We believe that changes to deliverability requirements are problematic for RNG development, both inside of and outside of Washington. Book-and-claim accounting is a well-established method for tracking RNG as it is not possible to physically segregate delivery of renewable gas once it is intermingled with fossil gas in the pipeline system.

The RNG deliverability proposals currently being debated in the California LCFS rulemaking are not an improvement to the prior accounting practices and should not be copied by Washington. Requiring an RNG developer to hold long-term firm pipeline capacity from production source to end-use does not ensure that the renewable molecules flow in that path. Instead, it only adds additional costs because it does not allow market participants to take advantage of liquid supply trading hubs and pipeline displacement, which can significantly bring down the cost of RNG supply. Pipeline directional flow can change over time, especially if we are able to wean ourselves off fossil gas and the system begins to be dominated by renewable flows in the future.

Further, Washington has previously benefited from California's book-and-claim rules because Washington RNG projects were developed to serve California's LCFS prior to Washington having its own program. Why would Washington now not reciprocate that treatment and allow projects in other states (that may want to follow Washington and California but have not yet been able to do so) to gain traction thus developing both a lower cost of RNG supply to Washington and a constituency for climate action in the other jurisdiction? Washington has actively explored linkage in the Cap-and-Invest context and the logic for pursuing linkage is the same for allowing fair import of renewable fuels produced in other states.

Washington also imports much of its fossil gas from either Idaho or Canada, in which a large portion of that gas goes towards power production.<sup>3</sup> Given that Washington benefits from North American energy markets for conventional gas, we request the same "open border" treatment for renewable energy. All RNG projects produce the desired benefits of displacing fossil gas, and most create significant methane reductions. Achieving these benefits should remain the primary focus for Washington's RNG policy, rather than trying to impose deliverability limits that do not match the reality of the gas system.

As we've explained in prior letters, it's essential for the Washington CFS book-and-claim rules to allow for consistent claims in RNG volumes across the Renewable Fuel Standard (RFS) and the CFS. Other approaches will inherently create misalignment in claims, leading to administrative confusion and fewer financially viable projects.

Similarly, with respect to regionality for RECs from biogas-to-power projects, we fail to see why the Pacific NW region is an appropriate boundary. Power can, and does, flow throughout the WECC to ensure balancing of supply and demand.<sup>4</sup> Policymakers should continue to explore how regional collaboration can enhance renewable penetration and achieve a more efficient power system. There is

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<sup>3</sup><https://www.eia.gov/state/analysis.php?sid=WA#:~:text=It%20has%20a%20total%20storage,storage%20field%20in%20the%20nation.&text=Canada%20supplies%20most%20of%20the,that%20is%20originally%20from%20Canada>.

<sup>4</sup> <https://www.wecc.org/>

no logic to introducing an arbitrary regional requirement in the CFS so that a transportation fuel program runs counter to how electricity sector experts are working to enhance regional collaboration.

**Up to 4-to-1 Penalty Should Not be Utilized**

The “4-to-1” penalty for the case where a verified CI is higher than the certified CI is overly punitive. If over crediting occurs by one ton, the pathway holder must “pay back” up to four tons of credits. This is unsymmetrical. We recommend that, if the verified CI is higher than the certified CI, the project should simply repay Ecology for any excess credits claimed, and not be subject to any further enforcement liability (unless there is malfeasance or other such separate cause).

**Conclusion**

RNG Coalition appreciates the opportunity for continued engagement on these topics. Ecology has an opportunity to provide clarity and investment certainty additional updates made to the CFS, leveraging renewable gas production to help reduce methane emissions, improve organic waste management, and decarbonize Washington’s transportation sector. We thank the Department for your continued work toward this end and look forward to the conclusion of a robust and effective CFS rulemaking.

Sincerely,

/s/

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