

The Coalition for Renewable Natural Gas (Sam Wade)



August 1, 2025

Adam Saul
Climate Pollution Reduction Program
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600

Re: RNG Coalition Comments on Washington Clean Fuels Program – Draft Rule (Chapter 173-424 WAC)

Dear Mr. Saul:

The RNG COALITION is the national trade association representing approximately 400 member organizations who collectively produce over 90% of all Renewable Natural Gas (RNG) in North America. We appreciate the opportunity to provide comments on the Washington Department of Ecology's proposed rule (Draft Rule) to implement the Clean Fuel Standard (CFS) under Chapter 173-424 WAC.

Our members are committed to advancing policies that reduce lifecycle carbon intensity in the transportation sector and expand investment in methane mitigation and clean fuel deployment. While we strongly support the CFS program, the Draft Rule's constraints on avoided methane crediting periods and pipeline limits for RNG supply significantly constrain RNG developers' ability to help achieve the program's goals.

Avoided Methane Credit Period Must Be Extended to Match Economic Realities of RNG Projects

The fact that the Draft Rule does not properly recognize and motivate methane reduction through the useful life of an RNG project is a huge concern for our industry. The importance of recognizing and incenting methane reduction cannot be overemphasized, the UN Environment Program states that:¹

"Cutting methane is the strongest lever we have to slow climate change over the next 25 years and complements necessary efforts to reduce carbon dioxide. The benefits to society, economies, and the environment are numerous and far outweigh the cost. We need international cooperation to urgently reduce methane emissions as much as possible this decade."

The Draft Rule's proposed avoided methane crediting structure of two 7.5-year blocks (totaling a maximum of 15 years) is simply **insufficient to support new investment in RNG project development**. At the credit prices likely to be achieved in the CFS, RNG methane capture systems in the agriculture and

¹ <https://www.unep.org/news-and-stories/press-release/global-assessment-urgent-steps-must-be-taken-reduce-methane>



waste space cannot be economically justified over only a 15-year period. These projects require between 20 to 30 years of crediting to be financially viable.

Avoided methane crediting is not merely a policy concept; it is a fundamental component of how agricultural and organics diversion RNG projects are currently underwritten. The value from the project's methane reduction pays back both financing of initial capital cost and covers ongoing operational expenditures. Unlike wind and solar, RNG facilities face significant ongoing OPEX due to feedstock logistics, maintenance, continuous staffing, and energy inputs.² Avoided methane recognition is essential to cover both upfront costs and ongoing viability.³

While some stakeholders have raised concerns about supporting agricultural RNG, we caution against policies rooted in misconceptions about the dairy sector. The California Air Resources Board (CARB) has found no evidence that RNG development through digesters is driving farm consolidation, noting "no difference between growth rates" when comparing dairies with and without digesters.⁴ Independent analysis by ERA Economics similarly concluded that digesters are not a driver of consolidation.⁴ RNG from dairy sources captures methane that would otherwise be emitted to the atmosphere, making it one of the most potent and cost-effective tools available for short-term climate action. Ignoring the climate benefits of these clean fuel projects based on assumptions rather than evidence would risk sidelining meaningful emissions reductions.

California's recent amendments to its Low Carbon Fuel Standard (LCFS) program already penalized RNG relative to prior rules. The CA LCFS allows up to three 10-year crediting periods (30 years) for projects certified before July 1, 2025, and only two ten-year periods (20 years) for projects certified thereafter. This change in the California framework has already cooled project development and made dairy and organic waste diversion RNG economics much more challenging.

Ecology's proposed 15-year maximum period, paired with Washington's relatively lower credit values, will leave essentially all new agricultural and organics diversion RNG projects unfinanceable. This not only dampens Washington's climate leadership but undermines investor confidence that the CFS programs are intended to drive methane reductions through RNG adoption.

Finally, the original justification⁵ for having avoided methane crediting periods seems to have been forgotten by the Ecology staff proposing limits to a 15-year period in the Draft Rule. Conceptually,

² For example, electricity demand for gas cleanup equipment is often a significant OPEX driver.

³ Thus, the Draft Rule's arbitrary phase-out of crediting to existing projects is also entirely unworkable. Projects that cannot cover their ongoing operating costs likely revert to flaring or venting of the methane.

⁴ https://ww2.arb.ca.gov/sites/default/files/2024-08/CARB_Dairy_Sector_Workshop_Staff_Presentation_08-22-2024.pdf (See Slide 49)

⁴ https://calcattlecouncil.org/wp-content/uploads/2024/10/ERA_CCC_ExecSummary_Sept2024.pdf

⁵ CARB's LCFS rule historically included an appropriate phase-out of avoided methane crediting if, and only if, mandatory methane control requirements were put in place, stating that:



avoided methane crediting should either continue for the life of the project (20-30 years) or unless and until a realistic and proven replacement policy is implemented. Given the importance of avoided methane crediting to project viability, is unwise and irresponsible to propose arbitrary phase-outs halfway through a project's life without a detailed plan for developing a supporting replacement policy. Forgetting to do so almost ensures backsliding on methane performance.

We are not yet aware of any other tools being developed in Washington that will ensure similar control of methane from waste and agricultural sources. Given that fact, we urge Ecology to revise the Draft Rule to either: (1) **continue 30-years of avoided methane crediting**, or alternatively, (2) align with the California avoided methane crediting framework. Aligning with California would be responsive to recent legislative direction in House Bill 1409 (2025, Fitzgibbon) to harmonize with other leading clean fuel programs "to the extent practicable," and would signal to capital markets that Washington is a serious and stable jurisdiction for RNG investment.

Pipeline Deliverability Requirements Irrationally Assume No Future Changes to the Gas System, Should Be Fully Removed

A successful framework for RNG in the CFS must build off gas system realities. However, it does not need to assume that the gas system is static (i.e., that RNG supply should be limited to regions that currently supply most of the conventional gas to Washington). Repurposing existing natural gas infrastructure in a least-cost way to rapidly deliver a blend of low-carbon fuels, including RNG, across North America is a more appropriate goal.

The Draft Rule's pipeline deliverability requirements introduce complexity and cost, without achieving meaningful emissions benefits, and arbitrarily limit the supply pool of RNG that Washington can draw on. These proposed changes are unnecessary. Just like fossil gas, RNG should be fully fungible once injected into the North American pipeline network.

Confusingly, the Draft Rule seems to assume there will be no change in physical flow in the gas system over the 20-to-30-year life of RNG projects and that the current regions that supply Washington with fossil gas should be the only ones that can supply RNG in perpetuity. This is simply illogical, if gas decarbonization is to be achieved, the gas system of tomorrow will look very different from the gas system of today—with flows eventually moving from areas of high renewable gas supply to areas of

"...in the event that any law, regulation, or legally binding mandate requiring either greenhouse gas emission reductions from manure methane emissions from livestock and dairy projects or diversion of organic material from landfill disposal, comes into effect in California during a project's crediting period, then the project is only eligible to continue to receive LCFS credits for those greenhouse gas emission reductions for the remainder of the project's current crediting period. The project may not request any subsequent crediting periods."



remaining gas demand. The gas system is constantly evolving, and net flows change over time as additional supply is introduced to the system.⁶

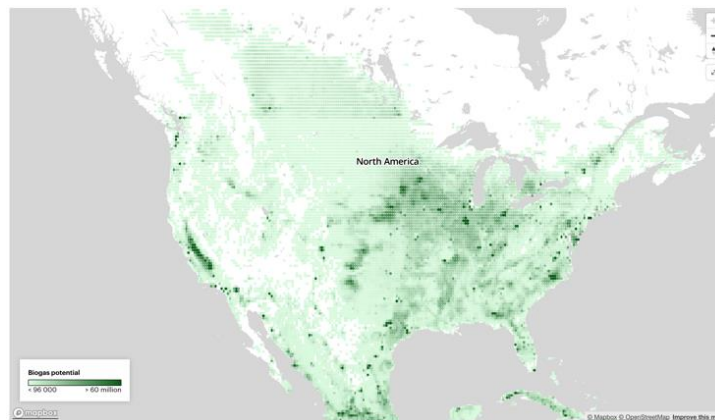


Figure 1. IEA Geospatial Assessment⁷ of North American Biogas Potential shows that future RNG supply is unlikely to come from the same areas (e.g., Western Canada⁸) that currently provide conventional gas supply to Washington.

The Draft Rule's requirements are incompatible with how North American gas markets currently function. In conventional markets fossil gas is treated as a fungible commodity. No region is excluded from serving Washington and no consumer (e.g., natural gas vehicle fleet) is expected to demonstrate which fossil gas basin supplies them, or that the pipeline system from that basin was also capable of doing so prior to a given well being drilled. Simply put, **limits on importing renewable gas as a transportation fuel should not be put in place when no such limits exist for fossil fuel supply.**

Global experience also reinforces the need for flexible gas system design to accommodate RNG. For example, Denmark's gas transmission system operator, Energinet, has had to rapidly adapt its infrastructure to accommodate rising RNG volumes.⁹ With over 40% of Danish gas now coming from locally produced biogas injected into distribution lines,¹⁰ Energinet has deployed reverse-flow facilities to redirect surplus RNG into the transmission grid. This trend has reversed the historical flow of gas and

⁶ The emergence of fracking created a recent example of shifting flows. For example, see:

https://www.eia.gov/naturalgas/weekly/archivenew_ngwu/2021/09_02/#itn-tabs-1

⁷ <https://www.iea.org/data-and-statistics/data-tools/interactive-map-of-global-biogas-and-biomethane-potential>

⁸ Most of Washington's conventional gas supply currently comes from Canada but it is part of a complex North American supply and demand balance.

<https://www.eia.gov/state/analysis.php?sid=WA#:~:text=Canada%20supplies%20most%20of%20the,natural%20gas%20reserves%20or%20production.&text=However%2C%20the%20state%20has%20one,Facility%20located%20in%20western%20Washington.>

⁹ <https://en.energinet.dk/media/bkmp03wv/rapport-lup-en-web-1.pdf>

¹⁰ <https://en.energinet.dk/green-transition/renewable-energy-in-the-energy-system/>



created new infrastructure challenges, such as “biogas pockets”—localized surplus zones with inadequate infrastructure to transport RNG to demand centers. Their experience underscores how RNG deployment reshapes physical gas flows and demands greater network flexibility, not rigid constraints tied to historical fossil gas delivery patterns.

The Draft Rule’s pipeline limits drive up the costs for Washington fleets to use RNG. Arbitrarily excluding the best RNG supply regions, based on assumed “lock in” in the way the existing gas system functions, adds unnecessary cost to Washington fleets because they can no longer source the lowest cost RNG. The Draft Rule’s **pipeline limits also hurt clean tech investment** as they introduce “stroke of the pen” risk for the RNG project developers in future rulemakings. For example, using the Draft Rule’s logic, future reconfigurations in gas system flows could retroactively disqualify RNG projects built to serve Washington (i.e., projects eligible under prior flows), thus eliminating the primary source of revenue and causing projects to fail. Banks that finance RNG projects will not underwrite “stroke of the pen” risk.

Washington has directly benefited from book-and-claim in the California framework. Existing RNG projects in Washington have received revenue from serving California’s LCFS, reducing emissions in Washington.¹¹ Washington should provide reciprocal treatment and allow book-and-claim eligibility in perpetuity at least for projects in partner jurisdictions (like California), rather than adopt constraints that serve only to isolate Washington’s market. As stated above, HB 1409 directs Ecology to align Washington’s program with other jurisdictions. Further, Washington is actively pushing for linkage of the Cap-and-Invest framework with California.¹² Conceptually, the arguments for linkage of Cap-and-Invest and reciprocity in RNG recognition is analogous—gains from trade for both jurisdictions occur¹³ and greater stability is created for investors in GHG-reducing projects, including RNG.

In contrast to the Draft Rule, California continues to enable book-and-claim accounting for RNG until at least the late 2030s (presumably as CARB works toward a to-be-developed replacement accounting system). The existing California book-and-claim system has unlocked participation from the lowest cost projects, brought in RNG investment to California and Washington, allowed for alignment with the federal Renewable Fuels Standard, and helped California establish itself as the clean fuels market anchor in North America.

Limiting book-and-claim only adds to the cost of RNG without yielding any environmental benefit. Gas that is injected into the gas system in California or Texas or Montana *can* be said to be “delivered” to Washington by purchasing costly transmission capacity on the pipeline system. Or it can be accounted

¹¹ These projects are now potentially available to serve Washington’s program, should the market dynamics dictate such a change.

¹² <https://ecology.wa.gov/air-climate/climate-commitment-act/cap-and-invest/linkage>

¹³ Ranson, Matthew, and Robert N. Stavins. “Linkage of Greenhouse Gas Emissions Trading Systems: Learning from Experience.” Discussion Paper ES 2013-2. Cambridge, Mass.: Harvard Project on Climate Agreements, November 2013. <https://media.rff.org/documents/RFF-DP-13-42.pdf>



for via book-and-claim and retirement of its environmental attributes on behalf of Washington customers. Both approaches have the same environmental impact, but the first one is more expensive for customers. The gas system is already dispatched in a way that minimizes transmission cost and GHG emissions. Book-and-claim accounting recognizes this, which is why it has been used for decades successfully in the US EPA's Renewable Fuel Standard and in California's LCFS program.

True Up and Penalties

Ecology should also retain alignment with California's LCFS through the inclusion of a "true-up" mechanism that properly reconciles differences between Temporary and Provisional carbon intensities (CI) and ultimately Verified (actual) CI scores. As in the LCFS, Washington should enable credit adjustments upon Provisional CI approval—rather than requiring projects to wait until final verification in the following year. This policy supports investment certainty and ensures fuel producers are fairly credited for actual environmental performance in a timely fashion.

Ecology should avoid implementing overly punitive CI reconciliation mechanisms (such as a 4-to-1 credit retirement ratio for over-crediting) that may hinder project participation. A symmetrical true up balances accountability with feasibility of investment and recognition of actual GHG benefit.

Conclusion and Recommendations

The RNG Coalition urges Ecology to revise the draft rule to reflect the operational, financial, and statutory realities underlying the existing RNG marketplace. Specifically, we recommend:

- **Retain an avoided methane crediting period of 30 years** or, alternatively, harmonize with California's avoided methane crediting framework.
- **Remove pipeline-based deliverability requirements** and affirm RNG eligibility under a harmonized book-and-claim framework.
- **Create a symmetrical true up to verified actual GHG performance.**

These recommendations will ensure that Washington's Clean Fuels Program delivers critically needed near-term methane emissions reductions, encourages private investment in RNG, and supports the development of a durable and scalable clean fuel market.

We appreciate the Department's leadership and commitment to stakeholder engagement throughout this process. Please do not hesitate to contact us with any questions or to continue the conversation.

Sincerely,

/s/

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