

HARRISON PETTIT (Harrison PETTIT)

The uploaded letter is from Pacific Ag Renewables CEO, Bill Levy.



1000 South Highway 395
Ste A #506
Hermiston, OR 97838

August 1, 2025

WA Department of Ecology
Attn: Adam Saul
PO Box 47600
Olympia WA 98504-7600

RE: PAR Comments on Clean Fuel Standard (Chapter 173-424 WAC) Rulemaking

Dear Mr. Saul,

Pacific Ag Renewables (PAR), the developer and owner of Sunnyside RNG, LLC, the large-scale community digester planned for Sunnyside, WA, appreciates the opportunity to comment on the recently proposed changes to the state's Clean Fuel Standard (CFS). We thank Ecology for its work through this rulemaking process and share Ecology's commitment to reduce the carbon intensity (CI) of Washington's fuel mix while also stimulating low carbon economic development.

Biogas systems protect our air, water, and soil by recycling organic material, like dairy manure and crop residue, into renewable energy and soil products. Biogas systems are, at their heart, a biological means to capture methane that would otherwise be emitted into the atmosphere for use as a renewable fuel. This process specifically decreases baseline methane emissions by converting methane back into carbon dioxide. All of this is an effort to protect our air, water, and soil – crucial parts of the solution to the challenges the Washington State Department of Ecology seeks to address in the recent amendments. The scientifically based design of the CFS recognizes the benefits of projects that collect biomethane that would otherwise be emitted to the atmosphere making it available for use in transportation.

The Sunnyside RNG (SSRNG) project is a great example of these benefits. SSRNG proposes to convert the manure from 40,000 plus dairy cows and 40k tons of wheat straw into nearly 900K MMBtus of renewable natural gas. Not only will this manure, captured prior to going into a lagoon, avoid emitting methane as it decomposes, but the odor that often accompanies current management practices, will be dramatically reduced at a great relief to the community.

In this letter, we are commenting specifically on the language regarding the avoided methane credit period and request that the language be adjusted to further harmonize Washington's CFS with California's and Oregon's clean fuels programs.

The proposed avoided methane credit periods – lack of harmonization with CA & OR

The proposed rule language in WAC 173-424-610(16) includes two seven and a half year crediting periods for new avoided methane projects that meet stringent additionality criteria, for a total of 15 years of potential credits.



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The short crediting period is likely to stymie methane capture rather than create new decarbonization benefits as intended. We all hope that innovative new methane capture technology creates a set of new decarbonization benefits, but that supposition carries significant risks absent an economic incentive or regulatory requirement to finance and operate the digester.

In our own calculations and those of the industry broadly, it requires more than 15 years to recoup the initial capital investment and associated risk. For example, ERA Economics estimates that, in California, an LCFS credit price of \$120 is required for a typical dairy digester project to break even in ten years. Washington's 2024 credit prices ended 2024 at roughly \$20 per credit, not close to the break-even point with 15 years of crediting. Even if credit prices rise, investors and farmers will be hesitant to assume prices will sustain prices necessary for projects to break even.

Unfortunately, as currently proposed, this rule, especially during low and volatile credit price conditions, will not lead to critical investments into projects that will serve the goals of methane reduction.

With the passage of HB 1409, the Legislature directed the Department of Ecology to "seek to adopt rules that are harmonized" with other clean fuel programs, including California. See RCW 70A.535.060.

California's recent rule was updated to enable 30 years of avoided methane credits for projects before 2030, and 20 years for projects after 2030. California's Air Resources Board (CARB) explained this credit period as necessary for "long-term policy clarity to spur near term development of methane reduction projects developed between the effective date of the amendments and January 1, 2030."

PAR strongly urges Ecology to review CARB's analysis and revise the CFS rule to harmonize with the 30-year credit period to stimulate development of digesters consistent with CARB's approach. Harmonizing credit periods with California would align with the Legislature's directive in HB 1409 and deliver greater climate benefits.

Thank you again for the opportunity to provide comments on the proposed rulemaking. We sincerely look forward to an ongoing collaboration with Department of Ecology staff.

Sincerely,

A handwritten signature in cursive script that reads "William Levy".

Bill Levy,
Founder & CEO
Pacific Ag, LLC/Pacific Ag Renewables, LLC