The Transport Project (Sherrie Merrow)

Please see attached letter from The Transport Project containing our comments on the proposed WA CFS Rule Updates. Thank you.

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Ms. Abby Brown Clean Fuel Standard Technical Lead Washington Department of Ecology P.O. Box 47600 Olympia, WA 98504-7600

RE: The Transport Project Comments on the Washington Department of Ecology Proposed Rulemaking Updates to the WA Clean Fuel Standard Program

Dear Director Sixkill and Ms. Brown:

The Transport Project (TTP) respectfully submits the following comments on the Washington Department of Ecology (Ecology) Rulemaking Updates to the Washington Clean Fuel Standard (CFS) program and in support of the objective, to continue to incentivize the lowest carbon fuels and technologies available to the transportation market. The CFS rulemaking updates proposed by Ecology are comprehensive and represent significant efforts that are appreciated. It is our belief that Washington should continue to be fuel neutral through the CFS, using national standards and the Argonne GREET model to quantify emission values.

The Transport Project is a national coalition of fleets, vehicle and engine manufacturers and dealers, servicers and suppliers, and fuel producers and providers dedicated to the decarbonization of North America's transportation sector. By continuing to increase the use of gaseous motor fuels including renewable natural gas (RNG or biomethane) and hydrogen, Washington can achieve ambitious climate goals and greatly improve air quality safely, reliably, and effectively without delay and without compromising existing commercial business operations.

As Washington continues to work toward meeting its emissions reduction goals, it is apparent that it must not only encourage zero emission vehicle (ZEV) adoption, but it must also encourage a variety of low-carbon technologies. As has been evident in California, the use of low-carbon fuels including renewable diesel and biomethane have produced most of the emissions reductions to date, demonstrating the need to retain these fuels until ZEV technology, charging/fueling and supply reach full operational capacity. There is **no one solution** to the pressing environmental issues facing the transportation sector. Policy makers should move quickly to deploy those technologies and solutions that are readily available, maximize cost-effective emission reductions, and provide a real pathway to carbon neutral or carbon-negative emissions.

Rule Updates' Points of Concern

The Ecology presentation on the CFS Rule Updates is a succinct presentation of the proposed changes, some of which The Transport Project found concerning. It is understandable that Ecology would desire to increase the production of low carbon fuels in Washington. However, TTP believes that these efforts

to promote Washington based fuels over fuels produced in other states will limit the success of Washington's program at a time when it needs to be increasing access to low carbon fuels not limiting them. TTP urges Washington to look at the successful inclusion of biomethane in California's program and the rules that it has adopted to ensure that continued success. TTP believes that Ecology's proposed updates as they are currently written will create gaps in Washington's CFS and eliminate biomethane without having a fully effective replacement in ZEVs.

The following bullets are TTP's comments regarding the proposed rule updates followed by TTP's recommendations.

Book and Claim

Ecology CFS Rule Update: "Biomethane: starting in 2030, require production in WA or injection into a pipeline flowing into WA, to encourage increased methane capture and decarbonization of the regional pipeline system."

While it is commendable that Washington desires to increase the production of biomethane in the state, it is unrealistic that this time frame and limited pipeline system will do anything but minimize the amount of biomethane for use in Washington, thus severely limiting the use of the cleanest fuel available to the CFS. The current operation of sourcing biomethane from anywhere in North America (as is used in California and Oregon) should remain in place. This will also encourage the expansion of Washington's markets due to reciprocation with partners in other states.

Avoided Methane Crediting

Ecology CFS Rule Update: "Our proposal: cap crediting period at 15 years (two 7.5-year periods) and grant the highest incentives for projects that became operational after the CFS program's start date in January 2023."

Fifteen years is barely half of the time needed to realize the investment return on biomethane production projects. A minimum of thirty years is needed, and it is likely that to achieve emissions goals more time may be necessary in the future. The Transport Project recommends avoiding hard timeframes for phasing out proven emissions reduction options.

• Hard-to-Decarbonize Sectors - Marine

Ecology CFS Rule Update: "The proposed rule adds specific reporting requirements for low carbon alternative marine fuel (AMF) (note: this is an opt-in fuel). AMF must have a lower CI than traditional marine fuel, and only the volume combusted in Washington waters is eligible for credit generation."

TTP supports the inclusion of the opt-in option for low carbon marine fuels and appreciates Ecology's desire to increase the impact on Washington's waters. However, by limiting the CFS credits to only Washington waters the state will miss the emissions impact reduction of voyages that fuel at the start and end in Washington but travel outside of Washington waters before they return. Washington already benefits from cleaner air and lower emissions in the waters and coasts along the entire West Coast, so we recommend that these types of voyages be included.

As an additional comment some of the proposed amendments, such as restrictions on book and claim and limiting credits to fuels burned in Washington waters, are inconsistent with the intent of the underlying statute. We request that Ecology think more broadly regarding the intent of the statute, which is to reduce climate change emissions from transportation fuels supplied in Washington regardless of where those emission reductions may occur.

The Transport Project thanks Ecology for their work and requests consideration for our comments and requests made regarding the proposed CFS rulemaking. We strongly believe that multiple fuels and technologies will be needed to reduce emissions, and that the "best fit for the purpose" should be the guiding principle. The key is to find proven products that are available, that effectively and affordably lower emissions, have existing infrastructure for fueling/charging and fit the current business model.

Please contact me with any questions.

Sincerely,

Sherrie Merrow

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Director, State Government Affairs