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August 1, 2025

Mr. Adam Saul
CFS Rule Lead
Washington Department of Ecology

(Comment submitted electronically)

RE: CleanFuture Comment on Proposed Amendments of Washington CFS Rules

Dear Mr. Saul:

CleanFuture appreciates the opportunity to submit comments to the Washington Department of Ecology on the forthcoming amendments to the CFS rule.

CleanFuture is a leading environmental company that has worked for over a decade to electrify and improve the efficiency of a wide range of vehicle fleets. CleanFuture, Inc. has built a strong platform connecting clean vehicle fleet customers with low carbon fuels (electricity and other fuels), particularly zero and sub-zero CI fuels, serving both the supply-side and demand-side in multiple programs and jurisdictions. CleanFuture works extensively to facilitate electrification in many hard-to-electrify sectors that otherwise use diesel fuel. CleanFuture is also an active fuel pathway holder for many biogas-to-electricity pathways in California's Low Carbon Fuel Standard and Oregon's Clean Fuels Program so we have a good perspective pertaining to these renewable generation facilities for participation in Washingtons' CFS.

We offer these comments in response to the draft regulation published on June 16, 2025.

1) For renewable electricity using book-and-claim, use WECC and do not impose a commercial operations date (COD) requirement.

In the interest of ensuring accessibility to the pool of renewable energy assets, CleanFuture strongly recommends against limiting the REC supply pool through COD requirements or decreasing the available supply area from WECC in the existing rule to the proposed restriction to generators in WA/OR/ID in the proposed rule. Establishing such narrow specifications on REC eligibility makes it more difficult to source and acquire RECs for CFS use. Other commenters provided similar perspectives on the proposed narrow/restricted eligibility, especially Puget Sound Energy's letter quantifying concerns on limited REC supply. Because CFS reporting requires utility-specific CIs instead of also allowing statewide average utility mix CI as used in California and Oregon's clean fuel standards, RECs are economically

viable in a few select utility service areas at these low CFS market price levels. Imposing COD requirements and restricting RECs to WA/OR/ID regions will make renewable electricity unaffordable for incremental CFS crediting for EVSE in investor-owned utility service areas because the cost of the REC exceeds the incremental credit revenue. This provides lower CFS revenues and reduced CFS participation for EV charging within investor-owned utility service areas.

We encourage Ecology not to establish COD requirements. We also encourage Ecology to stick with the current Western Electricity Coordinating Council (WECC) geographic area in the 14 western states just like Oregon's Clean Fuels Program, otherwise it further discriminates against renewable electricity for book-and-claim where renewable natural gas (biomethane) has far fewer geographic restrictions because biomethane combusted in vehicles can be book-and-claimed from facilities across the country whereas renewable electricity is limited to the WECC area.

2) For methane capture projects, do not treat projects built pre-2023 any differently than post-2023 projects, otherwise pre-2023 projects are likely to shut down if crediting is reduced.

The Clean Fuel Standard creates an incentive to build and operate methane capture projects; however by reducing avoided methane credits for pre-2023 projects it removes important project revenue for continued operation. Digesters are expensive to operate, if the rules mainly incentivize new projects then eventually the pre-2023 projects will shut down and revert to becoming methane emitters.

Reduced revenue from the proposed phaseout of avoided methane crediting on existing operational digester projects severely threatens continued operation if a project cannot cover operations and maintenance costs. The wholesale electricity market prices are persistently low in the 2020s so as original power purchase agreements (PPAs) expire on existing methane capture projects the revenue from renewal PPAs is much lower.

Washington has many non-operational anaerobic manure digesters; CFS credit revenue could help restart the non-operational digesters, which creates additional environmental benefit by capturing methane emissions. If Ecology limits credits on existing operational digesters, then it increases the likelihood of existing operational digesters being shut down.

3) Establish three (3) 10-year crediting periods for avoided methane crediting.

California has had over a decade head start on decarbonizing the transportation sector with dairy methane emission reduction projects, which when combined with recent LCFS amendments establishes up to a 30-year crediting period. Oregon's CFP rules do not set limits on avoided methane crediting. Washington's proposed CFS rule restriction of 15 years (in two 7.5-year periods) for avoided methane crediting is too short and would not provide adequate

security, cost- recovery, and return on investment for digester projects that sell biomethane into Washington.

4) Delay verification including third-party verification (3PV) of electricity and hydrogen transactions until the next Clean Fuel Standard rule making; learn from implementation challenges in California's and Oregon's programs.

CleanFuture is supportive of moving towards 3PV of quarterly fuel transaction reports (QFTR) if the verification protocols and guidelines for electricity and hydrogen can be reasonably matched with the characteristics of dispensing these fuels with high transaction counts of relatively low transaction value across diffuse and diverse vehicle applications.

The established third-party verification (3PV) of QFTR in liquid and gaseous fuels is at the wholesale distribution level, however verification of QFTR for electricity and hydrogen is more analogous to 3PV of every retail gasoline or diesel fuel fill-up.

The Washington CFS is still a new and developing program; and further has a low CFS market price. We are concerned about the significant financial burden on fleets, aggregators, and individual participants. Third-party verification is excessively burdensome and costly[1].

We are also concerned about Ecology's implementation of 3PV of electricity and hydrogen transactions being included in Washington's first implementation of verification of annual fuel pathway reports and quarterly fuel transactions because the differing nature with diverse and diffuse electricity and hydrogen fueling compared to other fuels.

California's LCFS and Oregon's CFP are stable and mature programs with a lengthy history; both programs first implemented third-party verification of annual fuel pathway reports and quarterly fuel transaction verification of most fuels (except for electricity and hydrogen), and now many years later are just now adding verification of QFTRs for electricity and hydrogen into their respective rules.

Accredited verification bodies have little experience with 3PV of electricity and hydrogen. CARB's recently approved LCFS amendments sets the start-up of 3PV for 2026 transactions to verified in 2027, so we are concerned about Ecology's start-up being coincident especially as we expect a learning curve for accredited verification bodies.

For these and many other reasons we encourage Ecology to let California and Oregon do the first rollouts of 3PV for electricity and hydrogen in clean fuel standards, and Ecology to

[1] CARB's Standardized Regulatory Impacts Assessment (SRIA) for Proposed Amendments to the Low Carbon Fuel Standard Regulation (https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2024/lcfs2024/appc-1.pdf) in Table 46 on page A-1 on pdf page 121 estimates the cost 3PV of electricity transactions at $0.006/kWh. DEQ estimates that the annual costs of validation for pathways and verification of quarterly reporting varies from about $20,000-82,000 (see page 29 of https://ormswd2.synergydcs.com/HPRMWebDrawer/Record/6803372/File/document).

incorporate lessons-learned in a future rulemaking. Otherwise, we are concerned about a rocky start-up if all three programs jump into 3PV of electricity and hydrogen simultaneously.

5) Allow less-intensive verification / remote desktop reviews for third-party verification. As stated above, CleanFuture urges Washington to delay third-party verification of electric vehicle charging for at least three years to avoid implementation challenges with co-incident start-up of EV third-party verification with California and Oregon's programs. Once verification of EV charging begins, we support less intensive verifications and remote desktop reviews.

6) Technology-neutrality and fuel-neutrality are foundational concepts for market-based clean fuel standards.

- Biogas-to-electricity should be treated the same as liquid or gaseous fuels which have no COD limitations nor restrictions on fuel facility location. The proposed rule constrains eligible RECs to facilities in WA/OR/ID but biomethane facilities have broader geographic eligibility and liquid fuel facilities have no geographic limitations. **CFS rules should provide consistent geographic eligibility for biogas-to-electricity as provided for biogas-to-biomethane.**
- The CI for biogas-to-electricity pathways is constrained by an arbitrary "efficiency adjustment" however no such adjustment is applied to gaseous or liquid fuels. For instance, biomethane combusted in vehicles has no capricious discounting of fuel facility CIs, nor are CIs discounted at hydrogen fuel facilities. **CFS rules should remove the "efficiency adjustment factor" on biogas-to-electricity projects.**
- Electricity generation/conversion should be fuel neutral; biomethane to electricity should be equitable regardless of conversion technology type (for example, allow linear generators or reciprocating engines, or fuels cells instead of favoring fuel cells only as in the proposed rule). Further, establish eligibility for such biomethane-fueled generators throughout the WECC area.

7) CleanFuture supports establishing a credit true up mechanism.

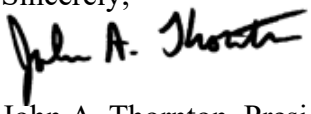
CleanFuture strongly supports creating a credit true up mechanism, we appreciate the alignment with similar mechanisms in California's LCFS and Oregon's CFP. Operational CIs can fluctuate, especially with digester projects as biological processes make the fuel production process inherently indeterminate. Many low-CI fuel pathways depend on biological processes: anaerobic digestion, fermentation, or crop growth. These processes depend on weather and the behaviors of communities of plants, animals, and bacteria, which are far harder to forecast than the parameters of a conventional oil refinery.

8) CleanFuture opposes the 4x penalty provision

For similar reason that we support the true up provision, CleanFuture has significant concerns with the 4x penalty provision in the proposed rule. Excessive penalties may punish projects for things beyond their control. CleanFuture supports a balanced approach with symmetrical true up.

CleanFuture appreciates this opportunity to provide feedback, and we look forward to continuing to work with Ecology on the CFS program. Please advise if any further input on these issues would be constructive.

Sincerely,



John A. Thornton, President
CleanFuture, Inc.