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accelerating the transition to our clean energy future

31 July, 2025

Department of Ecology
State of Washington
P.O. Box 47600
Olympia, WA 98504-7600

Re: Proposed rule language for updates to the Clean Fuel Standard (Chapter 173-424 WAC)

Dear Adam Saul,

Climate Solutions thanks you for the opportunity to submit comments on updates to Chapter 173-424 WAC, the Clean Fuel Standard. Climate Solutions strongly supported the passage of the Clean Fuel Standard (CFS) and the recent passage of HB 1409 that will strengthen the program's annual carbon intensity reductions. We are excited to continue engagement in this rulemaking to ensure that the program is effective and equitable, and that it reduces climate pollution to the maximum extent possible.

Book-and-claim accounting for biomethane

We commend the Department of Ecology's inclusion of deliverability, additionality, temporal matching, and documentation in the book-and-claim accounting framework for biomethane. To ensure environmental integrity and maximize economic benefits to Washington, we support requiring that biomethane used for credit generation be delivered to Washington state. We support a requirement that captured biomethane must be injected into a pipeline that delivers gas into Washington, and we understand that is Ecology's intent under WAC 173-424-600(7)(b). To ensure that intent is clearly upheld, we encourage Ecology to strengthen the language by more precisely defining what constitutes "an interstate pipeline that flows into Washington." Currently, that section states: "an interstate natural gas pipeline system, including but not limited to the Williams Northwest Pipeline and Gas Transmission Northwest Pipeline." The phrase "including but not limited to" introduces ambiguity, as it could be interpreted to allow injection into *any* interstate pipeline in North America, regardless of whether it actually delivers gas into Washington. This could significantly weaken the rule's intention and dilute its intended climate and economic benefits.

Book-and-claim accounting for biomethane - alternative jet fuel

While we support the overall book-and-claim accounting framework in this rulemaking, <u>we are concerned about and opposed to the proposed exemption and extended timeline for alternative jet fuel from key sourcing and deliverability requirements</u>. This rule will undermine in-state renewable natural gas (RNG) projects by making it more cost-effective for regulated entities to source the cheapest RNG from across the country, rather than supporting projects that deliver direct benefits to Washington state. This significantly expands the possibilities for credit generation for alternative jet fuel, which is an opt-in fuel and otherwise carries no compliance obligation. We urge Ecology to ensure all fuels participating in the clean fuels standard, including alternative jet fuel, adhere to the overall book-and-claim requirements.

This proposal is a significant policy change that we believe requires further regulatory understanding of the impacts, and we recommend delaying this section for a future rulemaking to reconsider how book-and-claim is applied to alternative jet fuel. If regulators decide to move forward with this amendment without further public process, we encourage you to significantly narrow its scope to avoid locking in long-term policies prematurely. At the very least, we encourage you to require that if an in-state alternative jet fuel producer seeks to use RNG sourced outside of Washington, Oregon, and California, they should first demonstrate that adequate RNG is not available within those three states. A reassessment should occur at least every three years to allow flexibility as the RNG market evolves. While we support the growth of the RNG market, it is important

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that policy does not unintentionally disadvantage in-state projects or make it harder to source RNG from out of state when justified.

The intent behind integrating sustainable aviation fuel into the Clean Fuels Standard, as required by SB 5447 in 2023 was to expand possibilities for credit generation in the program. It is important for the integrity of the program to balance real emissions reductions across the transportation space with needed support for a nascent industry. However, granting exemptions from book-and-claim, especially for an opt-in fuel like alternative jet fuel that carries no compliance obligation, risks devaluing the credit market and compromising the core objective of the Clean Fuel Standard: decarbonizing Washington's on-road transportation.

A robust and credible credit market is essential for driving real emissions reductions. While electrification is the ultimate path, drop-in fuels like renewable diesel play a significant near-term role in pollution reduction as vehicle stock turns over. Ensuring the credibility of all credits, including those for sustainable aviation fuel, is paramount to maintaining program integrity and achieving the state's climate goals.

Renewable Energy Credits

We support Ecology's proposal that, to be eligible for the CFS, Renewable Energy Credits (RECs) must be generated from facilities located in Washington, Oregon, or Idaho. This better aligns with climate pollution reduction targets. We support that RECs claimed for electricity must be associated with electricity being delivered to Washington. Regarding the use of RECs, we support requiring that electricity claimed under the CFS is delivered to Washington as well as a requirement for the generating facility to have been built on or after January 1, 2023.

We support the geographic limitation to the three West Coast states beginning in 2023, as it helps maintain regional integrity. However, the program would be strengthened by requiring third-party verification to prevent double-counting—particularly for Renewable Energy Certificates (RECs). In several previous comment letters, we have raised concerns about the potential for double-counting RECs. Conflicts may result from claiming RECs under the CFS given the potential for double-counting RECs that are also being counted toward states' 100% clean electricity or other clean energy policies across multiple states. This concern is underscored by Oregon PUC Order No. 24-002, which led Green-e to stop certifying RECs reported for compliance with Oregon's 100% Clean Energy law (HB 2021). Given Green-e's recognition of the double-counting risk, we support requiring Green-e certification—or equivalent third-party verification—for any RECs claimed under the CFS.

Capacity crediting

We support offering capacity crediting for shared – not only public – heavy-duty vehicle charging sites and support its inclusion in this or future rulemakings. Currently, there is a dearth of MHD charging that has the potential to hinder electric MHD vehicle adoption at the rate required to hit our state's statutory climate pollution reduction targets. This equipment is generally expensive and allowing for capacity crediting under the Clean Fuels program could expedite the build-out.

Avoided Methane Credits

Fundamentally, the CFS is intended to drive climate pollution reductions. Methane credits should, therefore, be additional—but the counterfactual baseline to calculate what is indeed additional is subject to debate. We strongly support building current policy into the baseline. In other words, avoided methane must be on top of legal or regulatory requirements.

While we support the development of the nascent electrolytic hydrogen industry for certain applications, we are concerned it could be negatively impacted by extremely low carbon intensity (CI) values being assigned to biomethane. For example, traditional steam reformation hydrogen with a fossil gas feedstock (gray hydrogen) in-state could offset its pollution via purchase of environmental attributes (book-and-claim), including from projects out-of-state. Avoided methane credits allow

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gray hydrogen with book-and-claim accounting to achieve a lower CI score than electrolytic hydrogen. Steam methane reforming technology is established; electrolysis less so.

We appreciate the intent to incentivize methane capture, which can meaningfully reduce pollution. However, it is critical to ensure that the CI scoring is grounded in factual accounting and avoids creating perverse incentives. We are particularly concerned about how avoided methane credits have incentivized the expansion of large-scale industrial farms, which has happened in California's LCFS program—an outcome that undermines climate and environmental goals of Washington's program.

Given these concerns, we recommend a cautious, narrow approach to avoided methane credits. To maintain the integrity of the CFS credit market and ensure it supports fuels with a compliance obligation, the CFS should prioritize support for industries that are essential to transportation decarbonization. Washington's program must carefully manage crediting mechanisms to avoid unintended consequences.

Hydrogen for Aviation and Marine Fuels
As discussed in previous comments, we support allowing SAF and alternative marine fuel pathways to claim utility-specific CI for process energy if they must claim the utility-specific CI and do not have a choice between statewide or utility-specific CI. If a choice is presented, each individual producer would rationally choose whichever CI is lower, resulting in a deflated CI for SAF and alternative marine fuels as a whole and an overallocation of credits that does not reflect the real-life climate impact.

Credit Generation Opportunities for Transit
Transit agencies should not be penalized for having the forethought to build cleaner transportation options early on. We support allowing full credit generation for fixed-guideway systems (e.g., light rail and electric trolley buses). Currently, the Clean Fuel Standard prevents transit agencies from receiving equal credit generation for fixed-guideway systems installed prior to 2023, modeled after California's LCFS program. CARB recently made a change to LCFS to allow full credit generation for fixed-guideway systems prior to the establishment of the credit market. We encourage Ecology to make the same change for the CFS program in this rulemaking.

Thank you for your hard work. We are eager to continue working with the Department of Ecology on implementing and improving this important program over time.

Sincerely,

James Hove, Washington Director