Montana Renewables, LLC (Corey Lavinsky)

Thank you for advancing policies that support the renewable fuels industry and environmental sustainability. Our comments are set forth in the attached letter from our CEO Bruce Fleming.

MONTANA RENEWABLES™
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March 3, 2026

Submitted online at: https://ecology.commentinput.com

Ms. Lauren Sanner
Washington State Department of Ecology
Clean Fuels Program Rulemaking
P.O. Box 47600
Olympia, WA 98504-7600

Re: Comments on Proposed Amendments to Chapter 173-424 WAC and Section 150 of Chapter 173-455 WAC (Clean Fuels Program)

Dear Ms. Sanner:

Thank you for the opportunity to comment on the proposed amendments to Washington's Clean Fuels Program (Chapter 173-424 WAC). Montana Renewables, LLC (MRL) is a renewable fuel producer based in Great Falls, Montana, with a current production capacity of around 15,000 barrels per day. We provide consumers in Washington with a reliable source of low carbon intensity fuels and products, including renewable diesel (RD), sustainable aviation fuel (SAF), renewable naphtha (RN) and renewable hydrogen.

We applaud the leadership Washington has shown in setting ambitious emission reduction goals for its Clean Fuels Program, including a carbon intensity (CI) reduction target of 45% below 2017 levels by 2038 with the option to reach 55% under specified conditions. These targets send clear and durable demand signals, providing the market certainty needed to support continued growth and investment in low-carbon fuel production, infrastructure and innovation.

With this in mind, we respectfully request Ecology to consider the following during its rulemaking process:

1. **Ecology should adopt 4% annual greenhouse gas (GHG) emissions reductions starting in 2028.**

Chapter 173-424 WAC provides that GHG emissions must be reduced by "no less than an additional three percent and no more than an additional four percent each year beginning January 1, 2028, through January 1, 2038," allowing Ecology to decide the percentage.

We encourage Ecology to adopt an annual schedule reflecting 4% reduction increments per year starting in 2028. We believe these targets are achievable and will create robust demand for low carbon fuels in Washington. Ambitious demand signals will attract more low carbon fuel to the state, likely from a mix of existing producers, marginal idled producers, and new projects awaiting clear and durable price signals to reach a final investment decision (FID). Setting targets at the maximum legislatively-approved levels will demonstrate Washington's commitment.

Further, we request that Ecology provide clearer criteria for triggering the 55% reduction. Markets need clarity to anticipate and adapt to future changes.

2. Ecology should adopt stronger measures that incentivize the delivery and use of SAF in the state.

Montana Renewables is one of North America's first and largest producers of SAF, though SAF volumes are still far smaller than other more mature biofuels. Given the nascent state of the SAF industry, policies are needed to support a robust supply chain for delivery to markets like Washington.

As a SAF producer, we were encouraged by legislation passed in 2023 (SB 5447) which provides a tax credit of at least $1 per gallon for SAF used in the state. It also featured a preferential 0.275% Business & Occupation tax rate for certain in-state producers. Unfortunately, these incentives are not triggered until there is 20 million gallons/year of in-state SAF production capacity, which is unlikely to occur in the near term. Without specific policy support, Washington risks falling behind states and provinces with more established markets (such as California) or programs directly supportive of SAF (British Columbia; Illinois). Creative policy support now will help facilitate near- and longer-term innovation, logistical and operational problem solving and market-making in the inherently hard-to-decarbonize aviation sector.

Ecology can serve a clear public interest by promoting the growth of SAF. Providing targeted, limited preferential treatment for SAF would help support supply chains and provide greater certainty for producers, marketers and consumers for this emerging fuel. We have highlighted below several concepts for Ecology to consider:

- Adopt a separate schedule of emission reduction targets applicable to SAF, and to temporarily allow for a slower pace of additional annual reductions relative to the schedule applicable to other renewable distillates (e.g., 2% per year compared to 4%). This would offer a credit-generation advantage on a per gallon basis for SAF compared to renewable diesel, thereby incentivizing SAF production and delivery.
- Allow producers greater flexibility in mass balancing feedstocks that they have used to directly allocate the best / lowest CI feeds to their SAF output. This would serve customer preference for low-CI (typically waste-based) SAF and create a credit advantage relative to other renewable fuels produced at the same facility.

- Enhance opportunities for SAF producers to lower fuel pathway CIs through the purchase and retirement of qualified renewable electricity credits (RECs) and renewable natural gas (RNG) to displace their respective fossil equivalents.

3. **Ecology should not adopt changes to the tailpipe emission factors in WA-GREET 4.0 that mirror the erroneous conclusions drawn by CARB in the CA-GREET 4.0 model.**

Washington law (RCW 70A.535.060) directs Ecology to seek harmonization of its Clean Fuels Program with low carbon fuel programs in other states where appropriate. In 2025, California transitioned from CA-GREET 3.0 to a CA-GREET 4.0 model with some methodological flaws. While harmonization with California is encouraged, Montana Renewables respectfully urges Ecology to maintain the current WA-GREET 3.0 framework until a fully validated replacement is available that avoids the shortcomings of CA-GREET 4.0.

CARB's treatment of tailpipe emissions in its CA-GREET 4.0 model illustrates why alignment with California would be problematic. In updating from CA-GREET 3.0 to CA-GREET 4.0, CARB increased certain ULSD tailpipe emission factors and applied identical increases to RD, biodiesel, SAF and RN, despite differences in engine systems and operating conditions. This approach has significant policy consequences. CARB's methodology lowers credit generation potential for these biofuels by reducing lifecycle CI differentials relative to the petroleum baseline. This creates an unwarranted penalty for low-carbon fuels, distorts market signals, and undermines investment certainty for producers.

For these reasons, Ecology should retain the existing WA-GREET 3.0 tailpipe emission factors for RD, biodiesel, SAF, and RN until a new model is fully developed and validated. Doing so will preserve methodological integrity and avoid unintended economic harm.

Thank you for advancing policies that support the renewable fuels industry and environmental sustainability. Strong policy is essential for energy security, rural economic development, and continued decarbonization. If you have any questions or need further clarification and detail, please do not hesitate to contact me or other members of our team.

Sincerely,

Bruce Fleming
Chief Executive Officer
Montana Renewables, LLC