Washington Department of Ecology
P.O. Box 47600
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SUBMITTED ELECTRONICALLY TO: cfs@ecy.wa.gov

Re: Comments in Response to the May 27, 2026, Workshop Regarding Proposed Amendments to Chapter 173-424 WAC, Clean Fuels Standard (CFS)

A coalition of automakers, including Rivian Automotive, LLC; Tesla, Inc.; and Nissan North America, Inc.; and supported by the Alliance for Automotive Innovation ("the Coalition"), is pleased to submit the following comments in response to the recent workshop discussing proposed amendments to the Clean Fuel Standard ("CFS").[1] We appreciate this opportunity to reflect on key concepts discussed in this forum and during our May 21, 2026, meeting with staff.

Our comments below provide detailed suggestions and recommendations for targeted reforms to certain provisions of the CFS governing electricity credit generation. We believe these proposals will improve the CFS's effectiveness as a catalyst for transportation electrification ("TE") in the state and meet the Department of Ecology's ("ECY's") stated objectives for the rule making.

[1] [1]These comments are submitted solely to advocate for regulatory changes to the proposed rule, and each Coalition member will continue to make its own independent business decisions.

The Coalition Supports ECY's Draft Methodology to Revise the Energy Economy Ratio (EER) for Light-Duty Electricity Credit Pathways

We encourage ECY to revise the EER used to calculate credits in all light-duty electricity pathways. As noted during the recent workshop, the current rule's EER values are based on older vehicles. Manufacturers have substantially improved EV efficiency in recent years, justifying an updated EER that accurately reflects the true energy demand and fossil fuel displacement of the EV fleet.

ECY already calculates up-to-date EERs for purposes of residential credit calculation. The staff also presented a draft methodology for calculating a revised EER. The Coalition welcomes this proposal, finds the draft methodology sound, and supports the preliminary finding of an EER of 4.2.

Recommendation:
ECY should adopt the proposed methodology it presented during the workshop for purposes of light-duty electricity credit calculations. Fuel economy values should be averaged harmonically, as opposed to arithmetically.

During the workshop, the staff described challenges matching data due to different levels of detail available in the data sources used for the EER calculation. ECY might wish to explore whether the National Highway Traffic Safety Administration's "VIN Decoder" tool could match state vehicle registration information with EPA fuel economy data.

Ultimately, the staff must strike a balance, developing a methodology rooted in the best available data yet is also practicable. Overall, we find that ECY's proposed methodology achieves that objective.

For administrative simplicity, ECY could perform this calculation on a statewide basis rather than for each utility service territory as it currently does for residential credit calculation. This calculation should be performed periodically, for example once every year or two, to reflect ongoing changes to the composition of the fleet.

Allow Automakers to Earn Residential Credits

Absent certain regulatory drivers, the TE transition will be increasingly market-led. Evolving the CFS's residential credit allocation framework would make EV sales more valuable to automakers, spurring additional private sector investment in EV market growth in Washington.

In the light-duty transportation sector, automakers and their customers are critical to the success of the TE transition. Automakers invest in and develop the products to sell while consumers decide to purchase an EV. Both are highly responsive to incentives that can make those investments and purchase decisions more valuable.

Yet to date, the CFS has awarded most of the largest source of electricity credits–those generated by residential charging–to electric utilities.[2] This approach has always come with tradeoffs. While utilities have a role to play, ECY has an opportunity in this rulemaking to bring additional stakeholders to the table to strengthen the CFS.

The residential charging credit pool is one of the CFS' most significant value streams. EV efficiency, which is a product of automaker investment, generates most of that value–not the electricity itself. Illustrated below, more than 70 percent of the CFS credit (orange bar) assigned to Washington utilities servicing >1000 EVs is due to EV efficiency (EER>1). If electricity is treated like a direct replacement fuel for a standard vehicle (EER=1), the blue bar represents the portion of credits attributable to electricity provided by the utility. Total bar height represents the CFS credit generated from 1 MWh of residential charging.

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[2] We acknowledge that the regulation technically provides for automakers to earn residential credits. However, by placing utilities first in the priority order, the practical reality is that utilities claim most base residential credits.

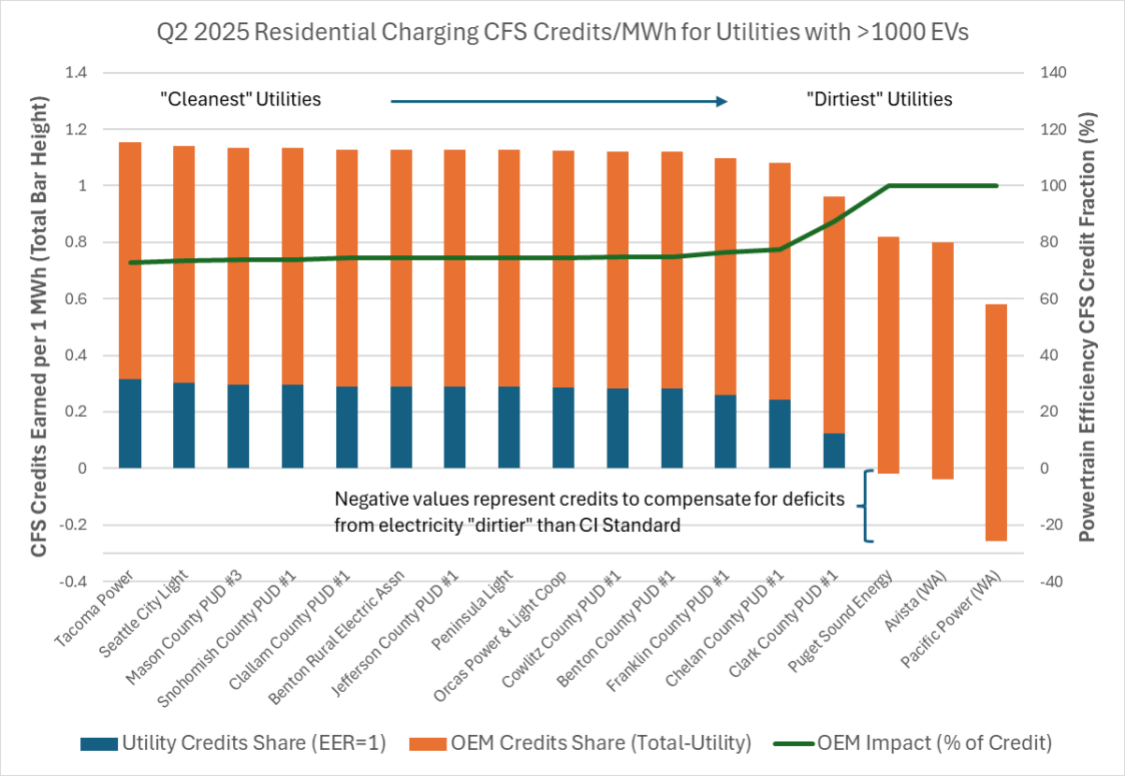

Figure 1. *Residential electricity credit generation is overwhelmingly a product of the investment made by automakers in EV efficiency.*

With the appropriate policy frameworks in place, automakers can better leverage the value from residential charging credits to advance Washington's climate goals. Specifically:

- Clear investment incentives leverage the market position and flexibility of manufacturers as businesses. Whereas utilities are, by design, risk averse entities, manufacturers' commercial agility enables them to nimbly leverage or direct new revenue streams–for example, from residential credits–to fund market-growth activities, creating a powerful, high-impact investment engine.
- Utilities still maintain a role to invest their credit proceeds in ways that directly support the EV market's growth.
- Automakers' access to residential credits creates the conditions to address the issue of take-home fleets. For fleets operating under a take-home model–especially in the light and medium-duty segments–fleet EVs might charge at

private residences. Associated credits should flow to the fleets as part of the value proposition for electrifying their operations.

- With a regulatory structure that allows manufacturers to earn a share of credits substantiated by charging data, the CFS would allow manufacturers to develop contractual arrangements with fleet buyers that return the value of their residential charging activity to them. This could take the form of upfront discounts on vehicle pricing, for example, or ongoing credit distributions.

Recommendation:

We encourage ECY to allow automakers to earn residential credits. In a recent rulemaking, New Mexico showed that this approach can deliver important benefits. For reference, the relevant sections of New Mexico's code are provided in appendices to this letter. We encourage ECY to consider the benefits of following New Mexico's lead, although with eligibility requirements equally accessible for all automakers, and reconsider how residential credits are allocated.

Alternative 1

Revise WAC 173-424-220 (11) to establish automakers as the first-priority generator of residential credits, with utilities as second priority and the backstop aggregator last.

Alternative 2

Revise WAC 173-424-220 (11) to establish automakers, alongside utilities, as the joint first-priority credit generator for base credits from residential EV charging, and the priority credit generator for all incremental credits.

- Opt-in participating manufacturers would be eligible to claim 50 percent of the residential base credits attributable to their fleet and 100 percent of the residential incremental credits.
- Utilities would be entitled to the remaining 50 percent of the residential base credits and have priority to claim credits unclaimed by manufacturers.
- We recommend continuing to provide a backstop aggregator if neither manufacturers nor utilities claim credits.

In both alternatives, automakers would report charging data derived from telematics or battery management systems.

- These data would be anonymized to protect to personally identifiable information and would form the basis of the residential charging credit calculation. See below for an example.
- Data to be reported quarterly or at another interval deemed appropriate and feasible by ECY.

	Registered EVs	EVs Reporting	Reported Charging	Avg. Charging	Total Charging	Automaker Claim	Utility Claim
	Fleet registered with DMV in the utility service territory	Share of registered fleet reporting via telematics	Total MWh reported via telematics	Reported charging/ EVs reporting	Registered EVs x Avg. Charging	Total charging x 50%	Total charging x 50%
Auto-maker A	1500	100%	1500 MWh	1 MWh	1500 MWh	750 MWh	750 MWh
Auto-maker B	2500	80%	750 MWh	0.38 MWh	938 MWh	469 MWh	469 MWh
Auto-maker C	5000	50%	1500 MWh	0.6 MWh	3000 MWh	1500 MWh	1500 MWh

Table 1. Stylized example of potential quarterly residential charging calculation for a utility service territory with three participating manufacturers and a 50:50 division of credits between automakers and utilities.

In exchange for a larger share of residential credits, automakers should directly reinvest net credit proceeds to grow Washington's EV market. The Coalition

recommends that ECY establish a menu of eligible investment options, that could include some or all of the following:

- On-the-hood purchase rebates (contingent on a sufficiently large allocation of credits).
- Annual dividend checks returned to customers.
- Rebates on home EVSE purchases.
- Public charging infrastructure deployment.
- Quantifiable reductions in public charging infrastructure per-kWh costs.

ECY should hold automakers to a reasonable timeline for completion of investments.

The Coalition also recommends that ECY allow automakers to propose unique, "off-menu" investment projects, subject to ECY approval. Automakers could report to ECY on a regular basis on their expenditures.

Require Utilities to Invest Credits in EV Growth

Where utilities earn credits, the CFS should require reinvestment of all proceeds to grow the EV market in Washington, like the menu we proposed above for automakers. This approach would feed into a "flywheel" whereby EV credits directly support further investment in EV market growth, which in turn will grow the pool of EV credits and bring Washington closer to its goals.

Recommendation:

If the regulation continues to establish utilities as the priority residential credit generator, we encourage ECY to require utilities of a certain size to contribute their net credit proceeds to a statewide EV rebate program. For example, in California the Low Carbon Fuel Standard has historically directed utilities to contribute a share of their residential credit proceeds to a statewide incentive known as the Clean Fuel Reward.

We view this as a "second best" outcome. The truth is that highly regulated and risk-averse utilities are not in the best position to nimbly deploy and manage incentives on behalf of another industry. However, for the CFS to be most effective–and consistent

with its fundamental principles–the market signal sent by compliance credits needs to be felt by economic actors in the value chain who are positioned to adjust investments accordingly and in service of greater clean fuel use. By passing credit value through to EV buyers, utilities can send a signal to the market as the CFS is intended to do.

At a minimum, greater transparency for how utilities spend their credit revenue is critical for ECY and other stakeholders to better evaluate how CFS is driving the transition to low-carbon fuels.

Expand the Capacity Credit Pathway to Private Depots

While total cost of ownership is shifting to favor medium- and heavy-duty EVs, particularly in high-mileage applications, fleets face a distinct barrier to capturing these benefits. Fleets in theory can optimize their operations to maximize use of charging infrastructure more effectively than public or shared-private stations. But phased electrification plans and multi-year vehicle replacement schedules limit use of depot infrastructure during the initial years of each operator's transition.

Right-sizing charging capacity upfront, rather than adding it incrementally, minimizes repeated construction disruptions and enables a smoother shift to a low-carbon fleet. However, the costly upfront capital expenditures required for major private depot investments remains a significant hurdle, trapping fleets into using high-emitting fuels.

Recommendation:
We encourage ECY to expand the capacity credit pathway, which is already available for public and shared depot charging stations, to also cover private fleet depots. The rule should mirror the 2025 revisions to the California Low Carbon Fuel Standard and establish two credit pools for light-medium and heavy-duty applications. This change would deliver greater revenue certainty to electrifying fleets, lower the upfront investment needed to replace each incremental vehicle with its low-carbon alternative, and speed up the electrification of fleets across Washington.

Conclusion

We believe our proposed revisions will accelerate the EV market's growth in Washington and help the state meet its TE goals. As always, we welcome the opportunity to meet with ECY for further discussion and would be pleased to present on any of these topics at a future workshop.

Sincerely,

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