RPMG (Jon Costantino)

See attached comments filed on behalf of RPMG.

RPMG™
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July 31, 2026

Clean Fuel Standard Department
Washington Department of Ecology

Re: July 15, 2026 Clean Fuel Standard Workshop – Fee Proposal

Submitted via electronic docket

Clean Fuels Standard Team,

RPMG Inc. (RPMG) appreciates the opportunity to comment on the Clean Fuel Standard Fee update currently underway[1]. We understand the need for such a fee to support the State's clean fuels program, and RPMG supports a transparent and public process to update the program's fee schedule.

RPMG is a leading biofuel marketing company representing our diverse owner and marketing partner facilities throughout the Midwest. We provide bioethanol and distillers corn oil (DCO) as essential inputs to Washington's low-carbon transportation fuel market. Our facilities are continually investing in lower-carbon technologies to produce lower carbon intensity fuels in furtherance of the CFS program goals. RPMG imports only credit generating fuels for use in the Washington transportation fuel market.

The changes being proposed are potentially material, but without more details we can only respond to the implied direction and fiscal impact. Therefore, we recommend Ecology provide additional details before any formal proposal is presented. Below are the areas of focus for clarification.

RPMG is not opposed to updating the fee schedule provided it is fair to participants and doesn't provide a barrier to market participation. The staff presentation[2] introduces several changes RPMG believes will increase the fee credit generators pay in general, and for larger biofuel suppliers specifically, independent of the annual total program budget amount.

These changes include:

1) The addition of a 'pathway fee' regardless if fuel is being brought in under that particular pathway;
2) Payment of 'base fees' prior to the historic 5%/95% split of costs for credit and deficit generators; and
3) Switching to a 'per credit' fee methodology for credit generators.

[1] https://content.govdelivery.com/accounts/WAECY/bulletins/41fa732
[2] https://ecology.wa.gov/getattachment/053fd70f-4c02-4ee6-8325-f2457bd89037/7-15-26-CFS-Rulemaking-Fee-Credit-Monetization-Public-Workshop.pdf

RPMG supports the current definition of 'deficit generators', which is limited to those responsible for fuels having carbon intensity values higher than the annual standard. This metric provides a clear delineation of those fuel providers for which Ecology has historically intended to pay the bulk of the program costs. We did not see anything in the staff presentation that suggested this clear standard of who is a deficit generator would be modified. If Ecology does intend to amend this foundational principle, RPMG would have significant concerns and would request additional public process.

Key implementation details were also not provided in the workshop materials, including the following parameters.

The proposed pathway fee structure is new and hasn't been used in other jurisdictions. The fee isn't for the application work, but rather the right to have an approved pathway in the system. Such a fee could be a disincentive to biofuel producers as it has no relationship to the work being performed, nor to the fuel volumes brought into the state. This is especially perplexing once Third-Party Verification is added to the Program. What costs is that fee covering? Today, if the Washington market needs additional biofuels, entities with existing pathways have an immediate way to provide the State with marginal quantities of fuel. Depending on the rate at which pathway fees are set, pathway holders would need to evaluate the costs vs. potentially supplying fuel to the state. This could impact fuel supply in the future.

Additional clarity is requested on the "per credit" fee. Specifying the regulated entity being assessed (e.g. pathway holders, opt-in entities, importers, producers, and/or all other fuel reporting entities expressed in 173-424-200, 210 and 220) for each fee (pathway, per credit, base fee), and details about transaction types targeted for establishing credit fee activity are critical[3]. RPMG suggests the final rule specify which transaction types will trigger "credit generation" activities that will be assessed these fees. These details are important to understand exactly what Ecology is envisioning. Would that fee be applied to pathway holders (opt-in or directly regulated), importers of record, or final user of such a credit? Having a 'per credit' fee brings in a volumetric component to the credit generator fee for the first time. Is it staff's intent to require differential fees based on the amount of biofuels brought to market?

It was also unclear from the workshop if staff was intentionally shifting fee collection off of the 5%/95% division for total cost recovery. If that is the intent, no rationale was presented for changing this historic policy parameter. The relative impact of this proposal on biofuel producers depends on the amounts of the base fees and pathway fees being assessed *prior* to the 5%/95% split. What is the intent of staff in determining the overall split of that base and per pathway fees versus the variable per credit or deficit fee will cover? The examples were clearly stated as 'made up', however it is these "base" and "pathway" fees that directly define the program costs for participants, and determine if the allocation is indeed fair, or would provide an impediment to market participation. If Ecology's intent is to cover say 50% of the budget with the Base and Pathway fees, then the credit/deficit apportioned split becomes much narrower. It was implied that these fees would be static year over year, but additional clarity is sought. Also, is the only variable fee proposed the 'per credit/deficit' fee?

[3] https://apps.ecology.wa.gov/publications/documents/2614036.pdf (see section 5.4-Fuel Transaction Types)

Reducing the annual fee variability per entity was one of the primary drivers stated by staff. However, there are a number of variables that could still impact a fee payer's year-to-year fee amount that are completely independent of their individual operation. Has Ecology run scenarios to verify that this newly proposed methodology would indeed result in a more predictable fee assessment from year to year?

Conclusion

In conclusion, we understand the need for a program fee, are not opposed to its use, but believe it should be fairly assessed in terms of program goals. Additionally, without real-world numbers to evaluate, along with additional implementation details, it is impossible to say how this new proposal will impact a given reporting entity. We look forward to continuing to work on this update specifically, and the larger CFS rulemaking update. If you have any questions, please contact Jon Costantino at jon@tradesmanadvisors.com.

Thank you,

/s/

Jon Costantino
On behalf of RPMG