September 30, 2026

Clean Fuels Program
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600

RE: Chapter 173-424 WAC and WAC 173-455-150, Clean Fuel Standard Rulemaking, Informal Comments on CI Reduction Schedule

Dear Clean Fuels Program Staff,

SkyNRG appreciates the opportunity to provide feedback on the Washington Department of Ecology's discussion paper regarding carbon intensity (CI) reduction targets under the Clean Fuel Standard (CFS) for 2028-2038.

SkyNRG is developing a Sustainable Aviation Fuel (SAF) production facility, Project Wigeon, in Walla Walla County in Eastern Washington. Project Wigeon will produce SAF and renewable diesel (RD) on a commercial scale from biomethane, often referred to as renewable natural gas. SkyNRG's SAF would reduce lifecycle greenhouse gas emissions of aircraft that use SAF by approximately 85%[1] and harmful emissions like sulfur and particulate matter by 90% or more,[2] relative to traditional jet fuel. SkyNRG anticipates participating in the CFS as an opt-in fuel under RCW 70A.535.150. As we approach Project Wigeon construction and engineering milestones, consistent implementation of the CFS carbon intensity standards will be essential to project success.

SkyNRG supports ambitious yet durable policies that accelerate decarbonization, attract investment in low-carbon fuel production, and provide long-term market certainty for producers and consumers of SAF. We see use of RNG to SAF technology as the best near-term solution to abate methane and decarbonize aviation, which is among the most difficult sectors to address. Washington's CFS is a critical policy signal for emerging SAF projects in the Pacific Northwest that require significant upfront capital investments and long development timelines.

**Question 1: Which scenario do you prefer: A, B, or C? Why?**

Of the scenarios presented, SkyNRG prefers Scenario C. Under this approach, the annual CI reduction is even across the early program years under consideration at 3.25% before a gradual reduction to 3%. This approach allows the best chance of market predictability and price stability – which is essential to stimulate investment in clean fuels. Additionally, given the scenarios presented, it prepares the program for relative stability in the likely event that the 55% by 2038 reduction scenario is triggered.

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[1] Emission savings based on WA-GREET when compared against fossil baseline of 87.42 gCO2e/MJ
[2] https://doi.org/10.1016/j.atmosenv.2025.121280

A consistent reduction target requirement provides several benefits:

- It establishes a stable demand signal for low-carbon fuels and associated credit generation.
- It supports investment decisions being made today by developers of SAF, renewable fuels, and other low-carbon fuel production facilities.
- It reduces market volatility in a growing market. Market instability risks investment potential.
- It positions the program well in the event the 55% by 2038 reduction scenario is triggered.

A consistent market encourages investment and project development, which is particularly important for capital-intensive SAF projects that often require multi-year development, permitting, financing, and construction timelines.

Both scenarios A & B risk relative market volatility. Steeper reductions in individual years may significantly affect credit prices in the short term but would not stimulate investment to meet this demand as parties will expect prices to quickly shift again. This is especially exacerbated in the event the 55% by 2038 reduction scenario is triggered. Further commentary on the 55% by 2038 reduction scenario is included in response to Question 3.

**Question 2: Do you prefer a more gradual schedule or a less gradual schedule? Why?**

SkyNRG prefers a consistent schedule, provided it continues to achieve Washington's long-term climate objectives. The market for low-carbon fuels, particularly sustainable aviation fuel, remains in a growth phase. While SAF demand is expected to increase significantly over the coming decade, fuel production capacity, feedstock availability, infrastructure deployment, and project financing require time to develop. A more consistent trajectory allows these markets to scale efficiently based on stable credit prices, while continuing to drive emissions reductions.

Although a more aggressive scenario might lead to greater GHG reductions on a shorter time horizon initially, it will not support the investment needed now in next-generation technologies needed to meet long-term targets. While we share Ecology's desire to reduce GHG emissions rapidly, stable markets are a critical driver of investment. Considering the potential triggering of the 55% reduction scenario, it is essential to minimize volatility in the market. We see Scenario C as the most likely to create stable market conditions. This consideration is particularly important for aviation, which requires major investment now to meet market demands. We believe strong examples exist in the CA LCFS and OR CFP where consistent schedules have led to growth of low carbon transportation in those states and achievement of program goals.

A consistent schedule can:

- Encourage sustained investment in new clean fuel production capacity.
- Support market liquidity and credit market stability.
- Reduce the risk of supply shortages, or significant compliance cost increases during periods of rapid credit price shifts up or down.

SkyNRG believes Scenario C provides the most durable pathway to support both emissions reductions and long-term market development. Precedent in the California LCFS and Oregon CFP both demonstrate that consistent increasing stringency of CI targets enables clean fuels program success.

**Question 3: Are there alternative scenarios you would like Ecology to consider?**

SkyNRG recommends that Ecology also evaluate an additional scenario designed to balance long-term investment certainty with market responsiveness. Given that these scenarios all focus on a 45% reduction by 2038, we urge Ecology to consider these scenarios against a 55% reduction by 2038 scenario as well. Exploring how the scenarios presented in this decision paper affect the adjustments necessary post-2032 to meet the 55% by 2038 scenario should also be considered under this rulemaking. Ensuring the carbon reduction schedule is predictable and stimulates investments under the likely scenario of triggering the 55% reduction is critical to stimulating development of clean fuel projects.

**Additional Considerations**

Washington is poised to become a leading hub for low-carbon fuel production, including sustainable aviation fuel but achieving this outcome will require substantial private investment over the coming decade for which stable and predictable policy frameworks are essential. Because aviation has fewer near-term technological alternatives than many other transportation sectors, maintaining a durable and stable framework for low-carbon liquid fuels is critical. A consistent emissions reduction trajectory will help ensure that SAF production capacity grows alongside demand, supporting both emissions reductions and long-term market sustainability.

Thank you again for the opportunity to provide comments on the proposed rulemaking. We sincerely look forward to an ongoing collaboration and partnership with Ecology to implement the CFS program.

Sincerely,

Amy Malaki

Head of Policy and Sustainability, SkyNRG