



# Clean Fuels Program Rule Chapter 173-424 WAC Stakeholder Meeting

November 16, 2021

**Welcome to the  
Clean Fuels Program Rule  
Chapter 173-424 WAC  
Rulemaking Stakeholder Meeting**

**We will start at 2 p.m. PST**

We will check sound 10 and 5 minutes before start.

# Sound Check

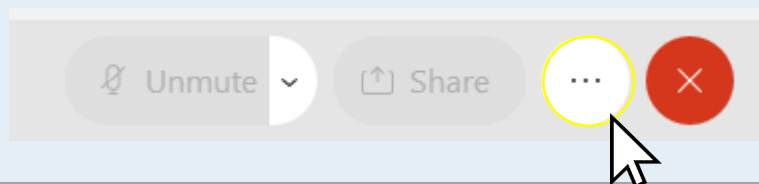
**No sound?** Connect your audio and listen for a sound check before we start.

All attendees are muted.

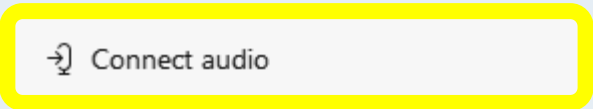
To change your audio connection:



**1** Click on the 'More Options' button at the bottom of your screen.



**2** Select "Connect Audio" button.

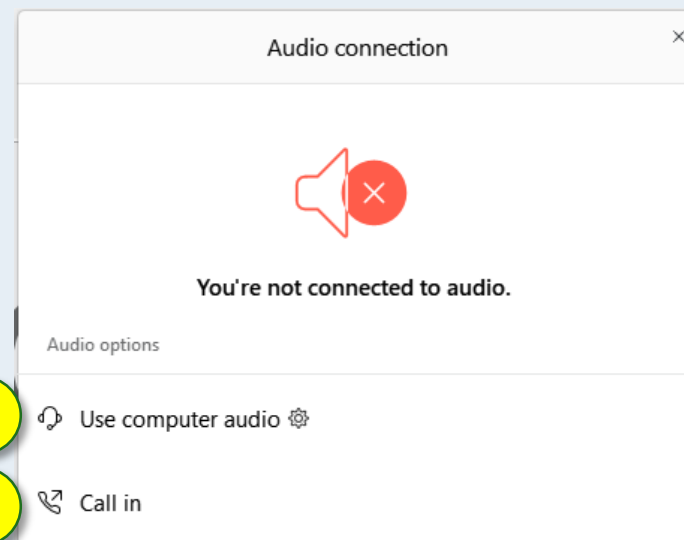


Connect audio

**3**

Select Audio Connection

**2**  
Options

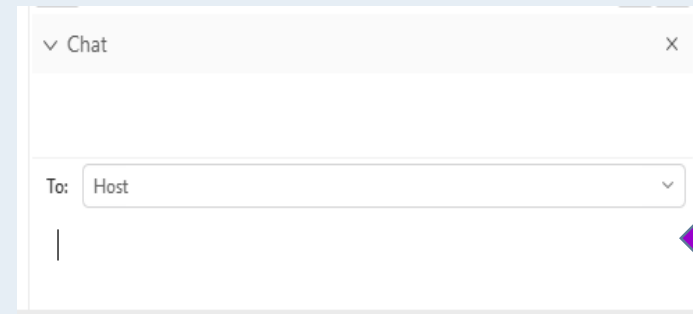
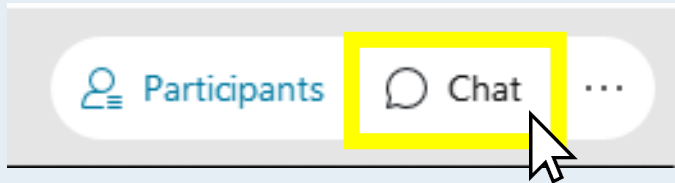


If you select "Call in," the system will provide you with a phone number and entry information.

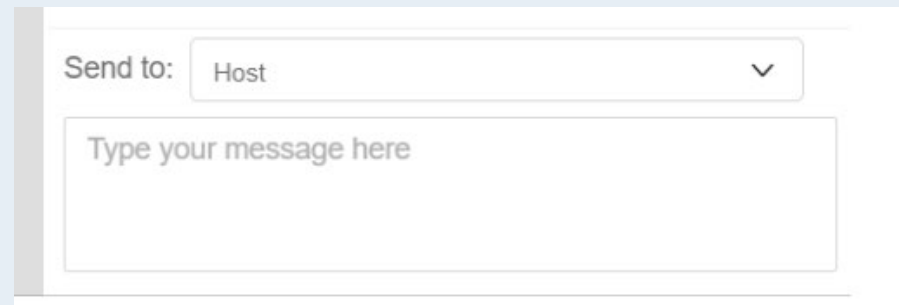
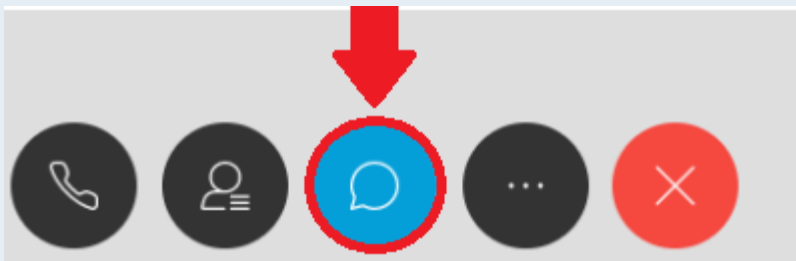
# How To Use the “Chat” Function

Chat with the host for technical problems

**If you are using the  
WebEx application:**

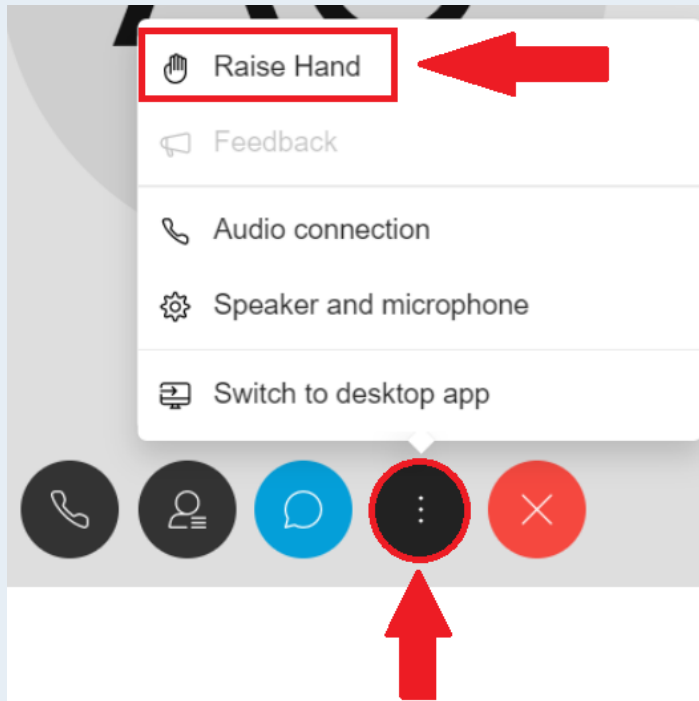


**If you are using the WebEx browser:**

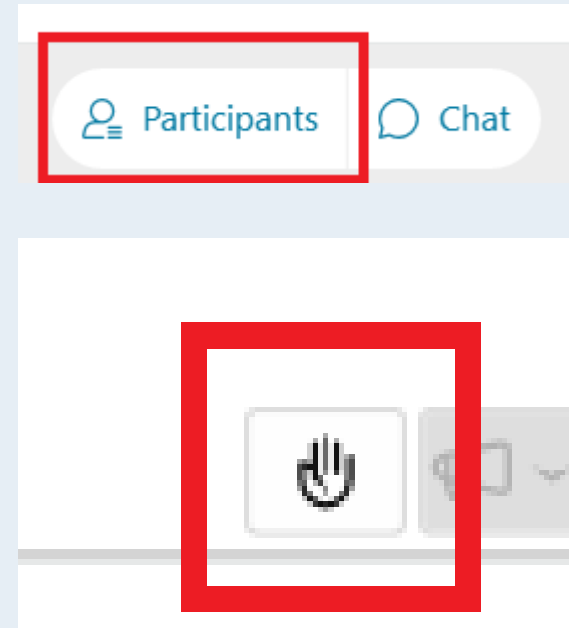


# How To Use the “Raise Hand” Function

## Joined by Browser



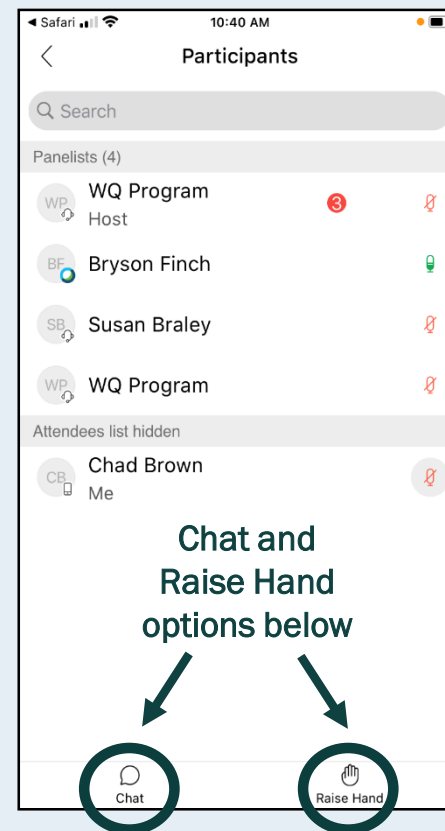
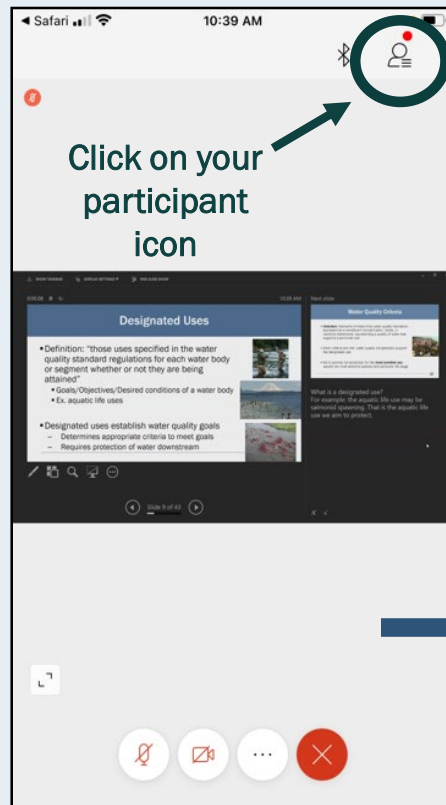
## Joined by Application



## Joined by Phone




# Joined by Phone or Tablet



# How To Participate

## During today's question-and-answer period:

- Participants using computer or mobile app: Use the “Raise Your Hand” button. This button is located in the lower right hand corner of the participant list window. 
- Participants listening in on the phone: Press \*3 on your phone. The system will show you have your hand raised. The host will unmute you at your turn and the system will announce that you are unmuted.

# Start Recording

We will begin recording at this time.





# Ecology Staff

- Laura Westfall – Host
- Tina Maurer – Co-Host
- Jason Alberich – Rules and Planning Unit Supervisor
- Abbey Brown – Technical Lead
- Joel Creswell – Climate Policy Section
- Debebe Dererie – Rulemaking Lead

# Agenda

- 1 Stakeholders' comments received
- 2 Draft rule overview
- 3 Stakeholders' comments
- 4 Next steps and wrap up



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# Comments Received

Abbey Brown

# Comments Received From

FlexCharging

bp America

NW Alliance  
for Clean  
Transportation

Charm  
Industrial

Coltura

Climate  
Solutions

ChargePoint

Puget Sound  
Energy

multiple  
organizations

# Comments Received

- **Carbon Intensity (CI) standard scenarios**
    - 0.5% CI reduction in 2023, with compliance obligation in 2024 ★
    - Make 2023 a reporting-only year
    - 10% CI in 2034 and 0% CI in 2035-2038
  - **Calculating CI**
    - Develop defensible CI score for each fuel
    - Adopt a statewide, annual average CI for electricity
- ★ Support from more than one stakeholder/group

# Comments Received (cont'd.)

- **Credit generating activities**

- Include in the 2023 rule: Credit generation for EVs by non-electric utilities, smart charging, and DCFC
- Use network charging data for residential EV charging, not averages/estimates
- Use the EVSE ID (electric vehicle supply equipment) number registered to charging stations instead of serial number
- Award non-residential charging credits to charging station owner/operators
- Adopt smart charging pathways to encourage charging at times when electric grid CI is low ★
- Prioritize battery fueling by non-electric utilities

- **Alternative credit generation**

- Allow alternative credit generation from worldwide direct-air-capture projects
- Adopt a reasonable cap on alternative credit generation ★
- Adopt project-based refinery crediting

★ Support from more than one stakeholder/group

# Comments Received (cont'd.)

- **Base and incremental credits**
    - Include incremental crediting pathway to this rulemaking
  - **First right to credit generation**
    - Allow utilities to have first right to generate credits
    - Allow whatever entity is closest to fuel use and delivery first right to credits
    - Do now allow vehicle manufacturers to claim credits from EV fuel use
  - **Capacity-based credit generation**
    - Analyze the benefits of offering capacity credits (must reduce emissions and not dilute the program) ★
    - Set a cap on capacity-based credit generation ★
    - Phase out as use increases
    - Allow capacity-based crediting pathways for DCFC
  - **Advance credits**
    - Prioritize transit agencies, public or non-profit fleets, and tribes
- ★ Support from more than one stakeholder/group

# Comments Received (cont'd.)

- **Book and claim accounting**
  - Allow refueling infrastructure owners to designate third party book-and-claim accounting management
- **Carbon sequestration and removal**
  - Harmonize with California LCFS for current technologies
  - Allow all forms of measurable and verifiable carbon sequestration technologies to participate in the Clean Fuels Program ★
  - Do not allow credit generation in this rulemaking
- **Electric vehicles**
  - Revise EV incentives to prioritize transitioning biggest gasoline users to EVs
- **Exemptions**
  - Adopt the small volume threshold of 360,000 gal/year ★

★ Support from more than one stakeholder/group



# Comments Received (cont'd.)

- **Opt-in fuels**
  - Create a clear process for non-covered entities to opt in to the CFS
  - Allow Sustainable Aviation Fuel (SAF) as an opt-in fuel pathway ★
  - Allow for clean fuels used in exempted categories (e.g., off-road special fuels for log transport, agriculture, mining, and timber harvest) to earn credits before the compliance obligation begins on January 1, 2028
- **Investment of credit revenue**
  - Spending revenue
    - Follow the guidelines of the Healthy Environment for All (HEAL) Act when investing credit revenue generated by utilities
    - Community members should guide decisions on spending credit revenue on transportation electrification projects
    - Adopt strong rules to ensure benefit to disproportionately-impacted communities
  - Do not limit revenue spending all entities beyond a baseline requirement
  - Allow revenue reinvestment for non-residential charging, especially non-residential credits generated by non-utilities
- ★ Support from more than one stakeholder/group

# Comments Received (cont'd.)

- **Technology neutral**
  - Washington's CFS should be technology agnostic
- **Fee**
  - Do not charge fees to small business participants
- **Biofuel capacity**
  - Require progress updates on in-state production and feedstock in the quarterly credit generation report
- **Language clarification**
  - Clarify meaning of “investment in production of gaseous and liquid fuels from non-fossil feedstocks” – Does this mean crediting biofuel production?
  - “Export” – Does this include fuel sold on tribal land?



# Draft Rule Overview

Abbey Brown, Debebe Dererie, and Joel Creswell

# Transportation Fuels Subject to Regulation

Fuels Subject to the Rule	Opt-in Fuels (CI less than standard through 2038)
Gasoline	Bio-CNG, bio-LNG, or bio-L-CNG
Diesel or diesel fuel	Electricity
Ethanol and blend 10 to 100	Alternative Jet Fuel
Fossil CNG, LNG, L-CNG	
Biomass-based diesel and blend	
Propane/LPG	
Compressed or liquefied hydrogen	
Bio-CNG, bio-LNG, or bio-L-CNG	
Electricity	
Alternative Jet Fuel	
Any other liquid or non-liquid fuel	

# Exemptions – Fuels and Uses

- Fuels used at low volumes
  - Proposed threshold of **360,000 gallons/year**
- Fuels exported from Washington
- Fuels for aircraft, watercraft, and locomotives
- Fuels for military tactical vehicles and support equipment
- Through January 1, 2028
  - Off-road dyed special fuels for timber operations, agriculture, and mining
  - Dyed special fuel used for agricultural purposes exempt from chapter 82.38 RCW

**Ecology may adopt rules to specify the standards** for persons to qualify for the exemptions provided in this section.

## Part II.

# Designation of Fuel Reporting Status

- Identify first fuel reporting entity – initial credit or deficit generator
- Identify subsequent fuel reporting entities, and credit or deficit generators
- Prescribes how these status transfers with fuel ownership

Objectives: to meet legislative intent of carefully-designed program that reduces carbon intensity of transportation fuels

- Reduce GHG and conventional air pollutant emissions, and
- Spur economic development and create jobs

# First Fuel Reporting Entity for Liquid Fuels

- Liquid fuels refers to:
  - Fossil fuels: gasoline, diesel, and conventional jet fuels
  - Liquid alternative fuels: ethanol, biomass-based fuels, and alternative jet fuels
  - Blend of the above
- First fuel reporting entity for:
  - i. Liquid fuels is the producer or importer of the fuel.
  - ii. A blend of alternative and a fossil fuel is:
    - A. The producer or importer of alternative fuels for the alternative fuel component
    - B. The producer or importer of liquid fossil fuels for the fossil fuel component, except conventional jet fuel

# Liquid Fuel Reporting, and Credit or Deficit Generating Status, and Conditions for Transfer

- An entity transferring ownership of fuel is the “transferor”
- An entity acquiring ownership of fuel is the “recipient”

	Transferred status for credit or deficit generation	Transferor retained status as credit or deficit generator
Fuel Reporting Entity	Recipient, but transferor is subject to reporting requirement	Recipient and transferor
Product transfer document specifies	Recipient accepts the responsibility of FRE and credit/deficit generating status	Recipient accepts the responsibility of FRE status, and transferor retains credit or deficit generating status
<ul style="list-style-type: none"> <li>• Contractual agreement specifies the status by the time the fuel ownership is transferred</li> </ul>	<ul style="list-style-type: none"> <li>• Recipient accepts responsibilities of FRE, and credit or deficit generator</li> <li>• Responsible party for accounting base and incremental deficit, as required</li> </ul>	<ul style="list-style-type: none"> <li>• Recipient accepts responsibilities of FRE, and transferor retains the responsibilities as a FRE and credit generator</li> </ul>



# Credit Generators for Gaseous Fuels

Fuel	Equipment	(A) Fossil	(B) Bio-based/ Renewable	(C) Blend of fossil & Bio-based
CNG, LNG, LCNG	Motor vehicles	Fuel supplying equipment owner	Fuel producer or importer	Split between (A) and (B)
LPG (Propane)	Motor vehicles	Fuel supplying equipment owner	Fuel producer or importer	Split between (A) and (B)
	Forklift	Forklift owner or operator	Fuel producer or importer	Split between (A) and (B)
Hydrogen	Motor vehicles	Owner of finished hydrogen fuel (ODEQ) Owner of fueling equipment (CARB)		
	Forklift	Forklift owner or operator		

# Credit Generators for Electricity

Transportation units	Agency	Priority 1	Priority 2	Priority 3
Non-Residential EV	CARB	Charging eqpt. owner	Designated aggregator	
	ODEQ	Charging eqpt. owner or service provider	Electric Utility or aggregator	Backstop/Increm. aggregators
Fixed Guideway System	CARB	Transit agency	Electric Utility	
	ODEQ		Designated aggregator	
Electric Forklift	CARB	Fleet owner	Designated entity	
	ODEQ	Fleet owner or operator		
Transportation Refrigeration Unit, eTRU	CARB	Charging eqpt. owner	Designated entity	
	ODEQ	eTRU fleet owner or service provider		
Cargo Handling Eqpt., Ocean-Going Vessel Powering	CARB	Charging eqpt. owner	Designated entity	
	ODEQ			

# Credit Generators for Residential EV

	Oregon	California
Base credits	Electric utility or its designee	Electric Distribution Utility or its designee
	Unclaimed base credit – Backstop aggregator	Not eligible base credits – Clean Fuel Reward program
Incremental credit	Electric utility or its designee	Any entity, including EDU – precedence: LSE supplying electricity, OEM-EV, others 1. Metered EV <ul style="list-style-type: none"> <li>• Low-CI electricity</li> <li>• Smart charging</li> </ul> 2. Non-metered EV – EDU
	Unclaimed incremental credit – Incremental aggregator	

- Base credits – electric utility or its designee
- Incremental credits – metered – shared – utility and OEM-EV?
- Unclaimed credits: backstop and incremental aggregators

# Stakeholders' Comments

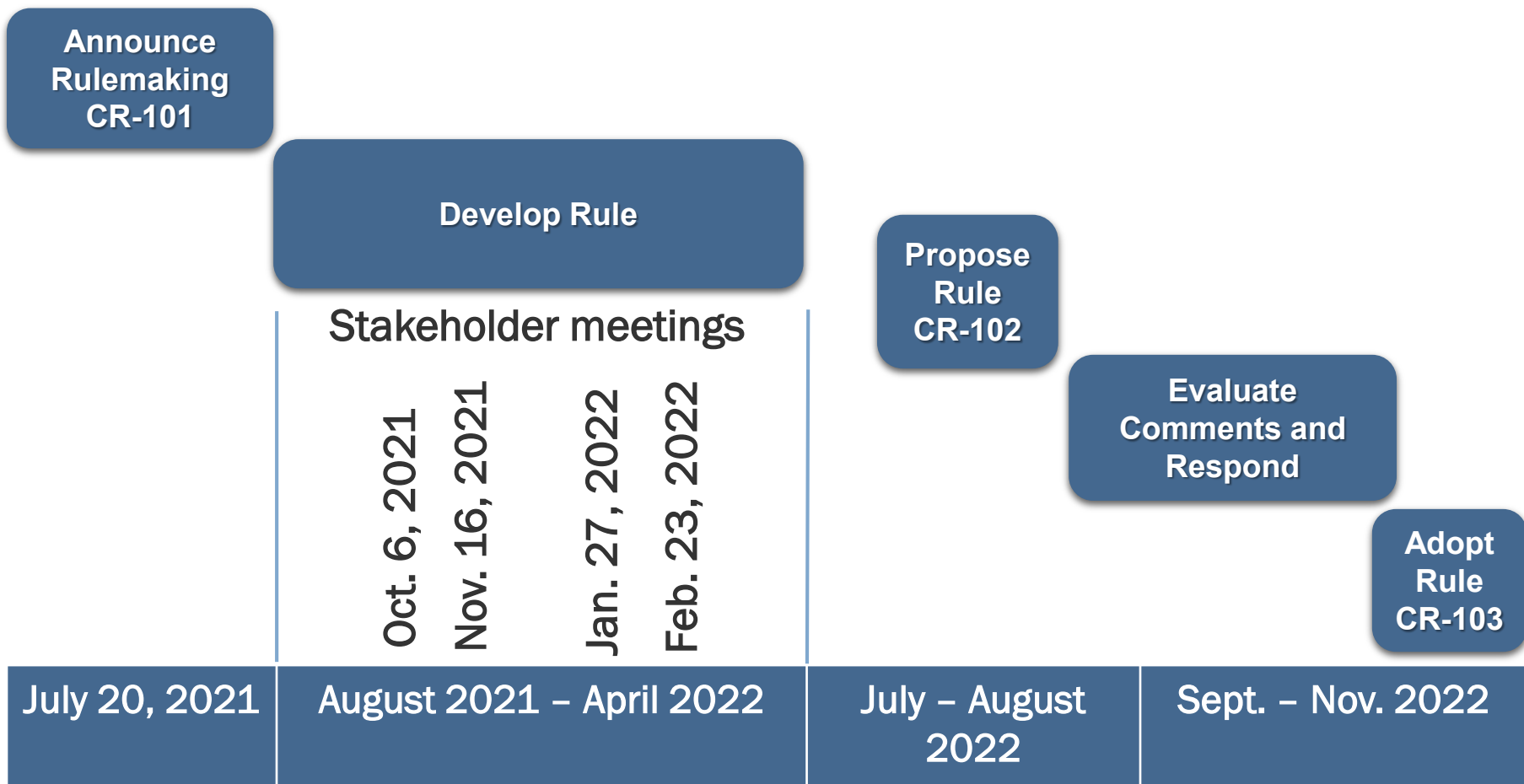
**Be brief, so everyone has a chance to comment.**



# Next Steps – Wrap up

Debebe Dererie

# Rulemaking Timeline



# Stakeholder Meetings and Comments

- Next stakeholder meetings
  - January 27, 2022 (1:30 p.m. – 4:30 p.m.)
    - Second draft rule language
  - February 23, 2022 (1:30 p.m. – 4:30 p.m.)
    - Carbon intensity calculation
    - Third draft rule language
- Summary of stakeholder meeting will be posted on the Clean Fuels Program rulemaking web page <sup>1</sup>
- Provide comments and read others' comments:  
<https://aq.ecology.commentinput.com/?id=DpgZ3>

<sup>1</sup> <https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-424-455>

# More Information

- Rulemaking web page:  
<https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-424-455>
- Join the email notification list:  
[https://public.govdelivery.com/accounts/WAECY/subscriber/new?topic\\_id=WAECY\\_142](https://public.govdelivery.com/accounts/WAECY/subscriber/new?topic_id=WAECY_142)



# Contacts

- Rulemaking Lead (process, meetings, documents, and timeline):
  - Debebe Dererie  
debebe.dererie@ecy.wa.gov  
360-688-8103
- Technical Lead
  - Abbey Brown  
abbey.brown@ecy.wa.gov  
360-819-0158
- Climate Policy Section Manager
  - Joel Creswell  
joel.creswell@ecy.wa.gov  
360-972-5035