



DEPARTMENT OF
ECOLOGY
State of Washington

Clean Fuel Standard Rulemaking

Climate Pollution Reduction Program

February 22, 2024

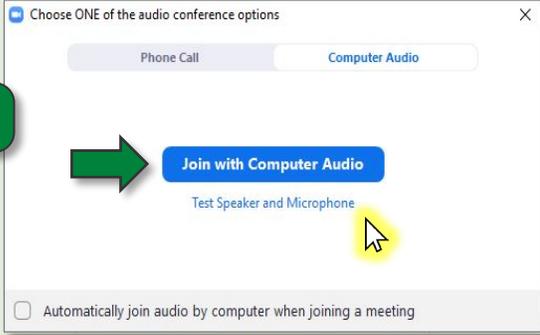
Welcome to the Zoom meeting

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Join

Connect Audio & Join



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Phone Call Computer Audio

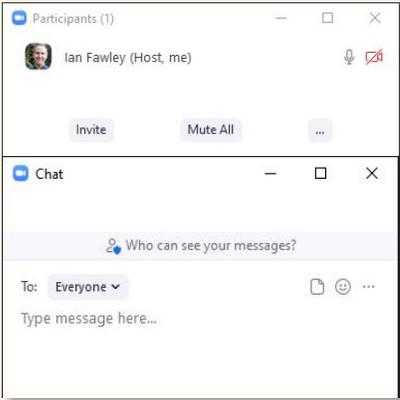
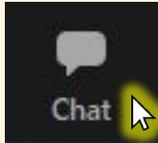
Join with Computer Audio

Test Speaker and Microphone

Automatically join audio by computer when joining a meeting

Participate

Question? Need help? Chat with us!



Participants (1)

Ian Fawley (Host, me)

Invite Mute All

Chat

Who can see your messages?

To: Everyone

Type message here...

Turn on the Chat box and Participant list from your toolbar.

Audio

868 3418 1535

A

B If selecting "Phone Call" ...



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Meeting ID: Unique Zoom-generated IDs and Passcode

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- Dial: **253-215-8782 (Tacoma)**
- Enter Zoom Meeting ID **842 5384 2371** followed by "#"
- Enter your unique Zoom Participant ID, followed by "#"
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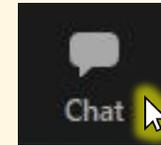
Connect Audio & Join



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Participate



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Audio

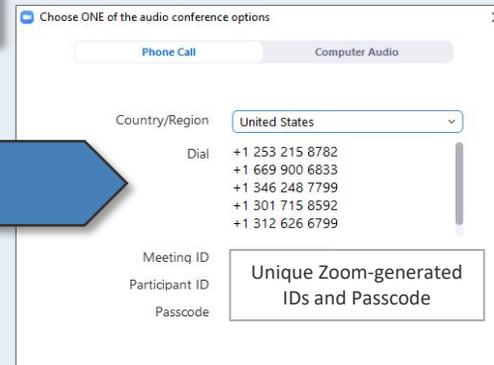
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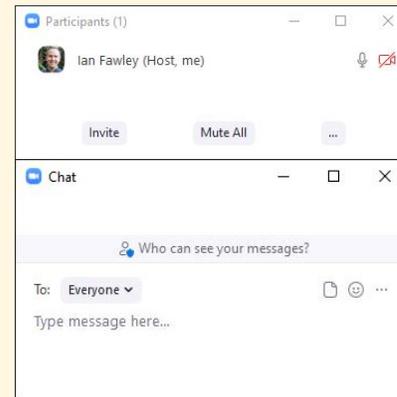
Best Option: Use computer for audio

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If selecting "Phone Call" ...



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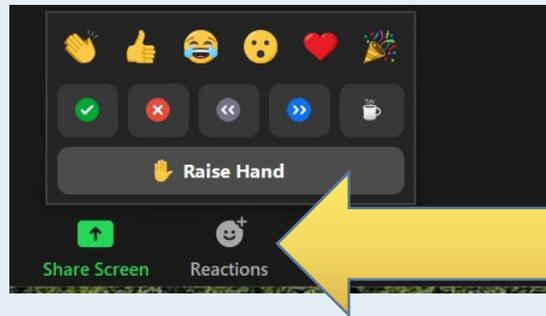


Turn on the Chat box and Participant list from your toolbar.

How To Participate

During today's question-and-answer period:

- Participants using computer app: To raise your hand, press the “Reactions” icon and then press the “Raise Hand” button. This button is located in the lower right corner of the participant list window. You can also use the “Chat” icon to access the chat box.



- Participants calling in on the phone: Press *9 on your phone. The system will show you raised your hand. The host will call on you when it is your turn to speak.

Ecology Staff

Presenters

- Nick Bourgault, Host
- Adam Saul, CFS Rule Lead

CFS and Climate Pollution Reduction Program Staff

- Joshua Grice, Policy and Planning Section Manager
- Abbey Brown, CFS Technical Lead
- Debebe Dererie, CFS Pathways Specialist
- Audrey Stacey, CFS Senior Program Analyst
- Rebecca Sears, CFS Partnership Specialist

Overview

- 1** Clean Fuel Standard Rule Background
- 2** Scope and Objectives
- 3** Rulemaking and Public Engagement Timeline
- 4** Environmental Justice
- 5** Key Topics and Input Requested
- 6** Q&A and Comments



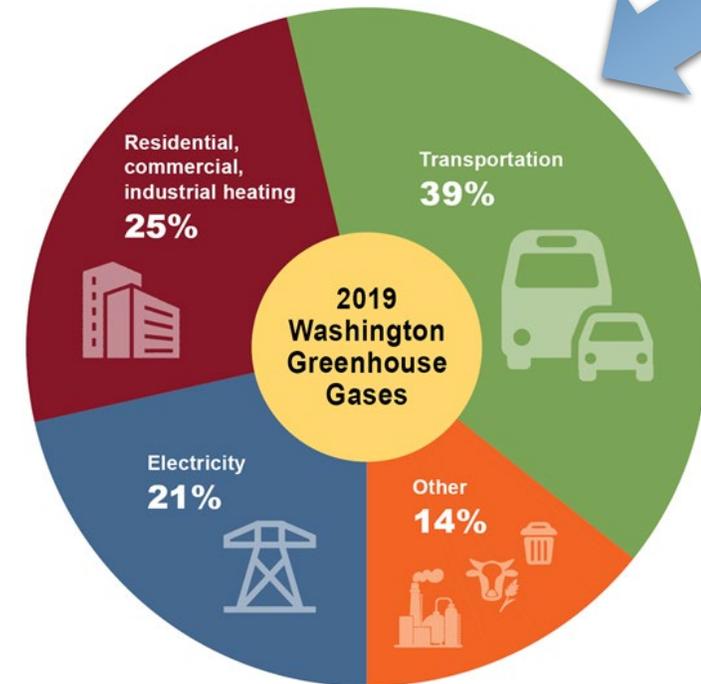
Clean Fuel Standard Basics

- Passed by the legislature in 2021 (RCW 70A.535) the Clean Fuel Standard (CFS) is a market-based system to reduce the carbon intensity (CI) of the production and supply of transportation fuels used in Washington.
- The CFS works with the Clean Vehicles Program (requiring new vehicles sold in WA to be low- or zero-emission) to decarbonize the transportation sector and help Washington meet its climate and greenhouse gas reduction goals.

Why is a Clean Fuel Standard needed?

Transportation is Washington's greatest single source of greenhouse gas emissions.

- Transportation is also a major source of air pollution.
- Washington joined California, Oregon and British Columbia in having clean fuel standards.

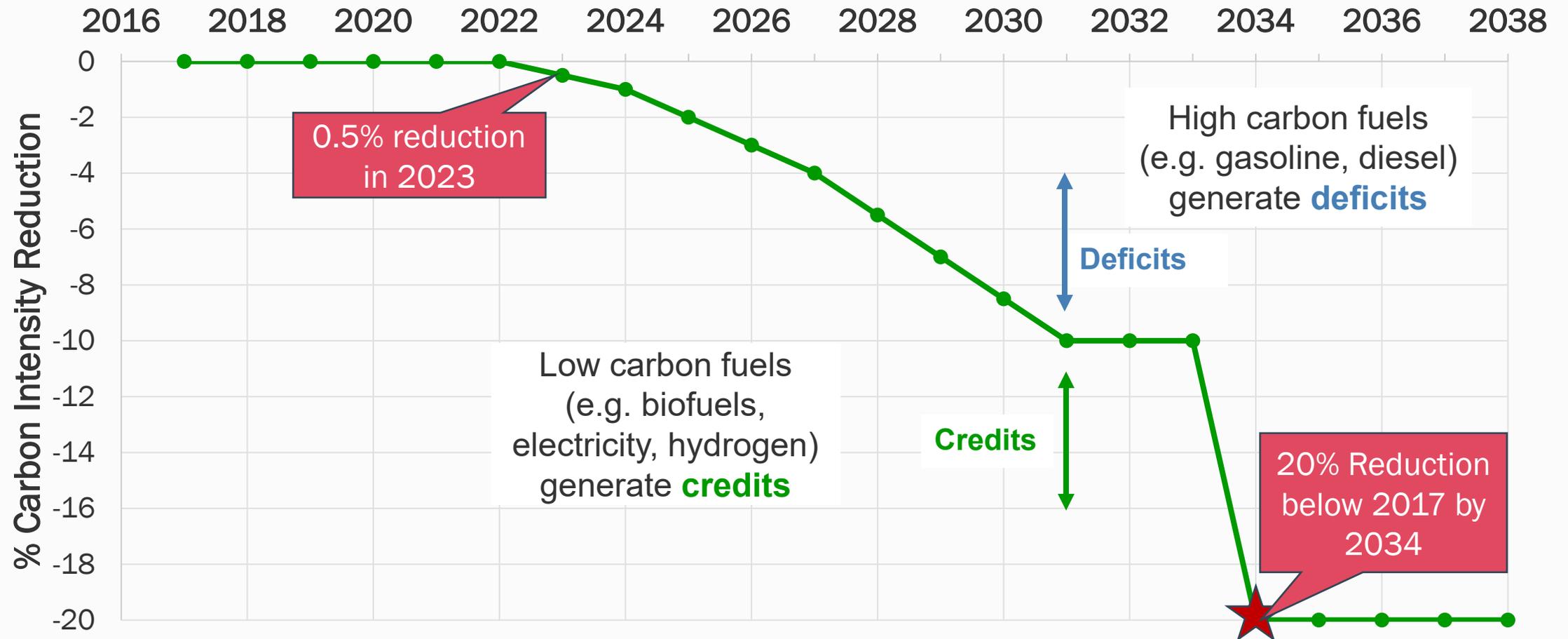


The Clean Fuel Standard will spur economic development, and will increase availability and affordability of low carbon fuels.

How does it work?

- A **yearly standard** is set for carbon intensity (CI) of fuels
- Fuel suppliers and producers generate **credits** or **deficits** based on the CI of fuels sold in WA
 - Below CI yearly standard = **credits** generated
 - Above CI yearly standard = **deficits** generated
- Organizations with deficits must buy enough credits to meet CI standard for that year
- The annual CI standard decreases over time, with a target of 20% reduction below the 2017 (baseline) levels by 2034

Carbon Intensity Reduction Requirements

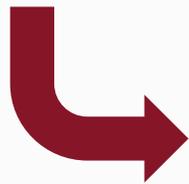


Carbon intensity

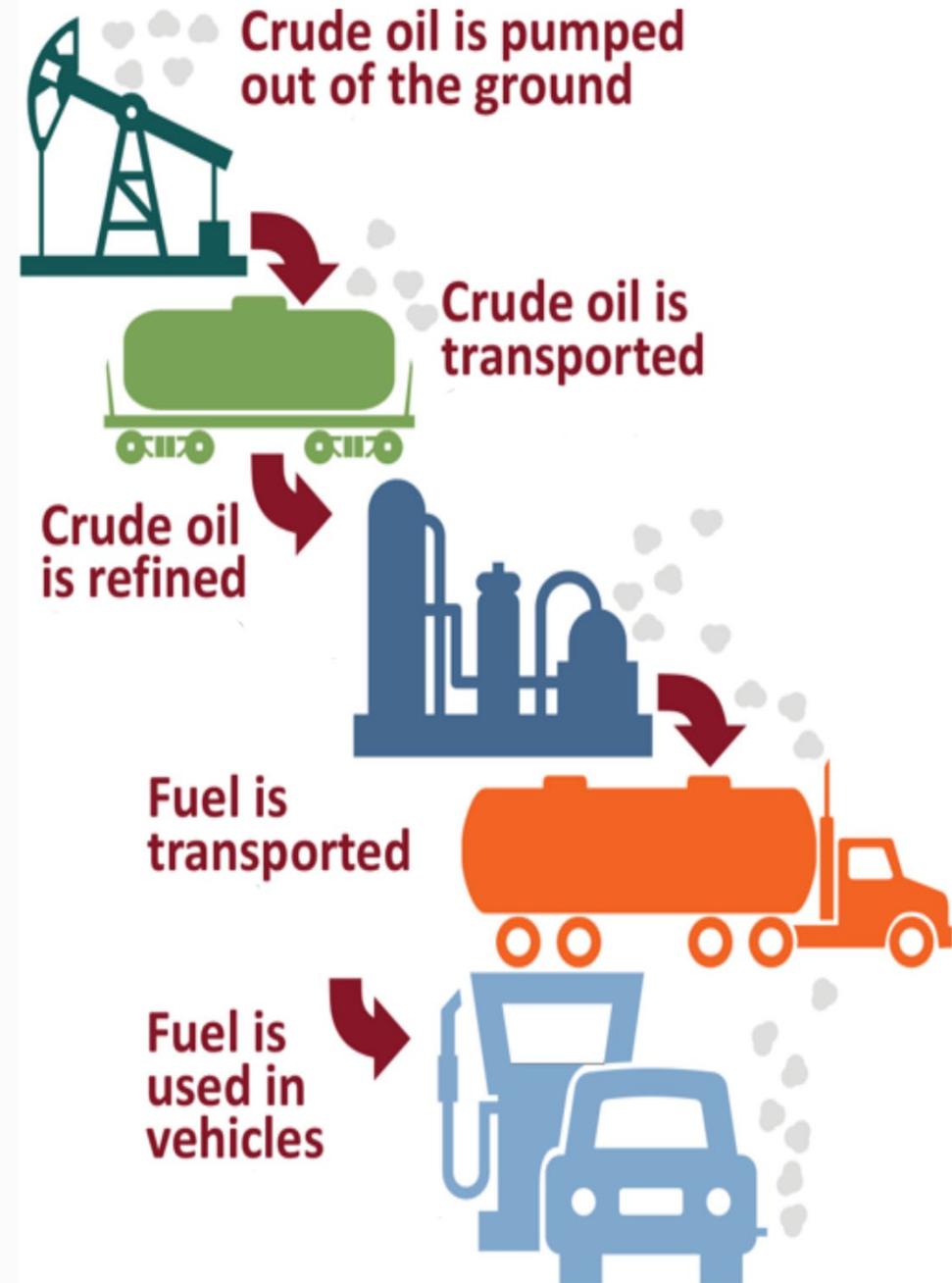
The Clean Fuel Standard accounts for greenhouse gas emissions over the full lifecycle of fuel.



Each fuel acquires a certified *fuel pathway* specific to its unique production and supply.



Each fuel pathway has a *carbon intensity score*.



How are CI reductions achieved?

- Credits can be accumulated by:
 - Improving efficiency of fuel production processes.
 - Producing and/or blending low-carbon biofuels into fuels sold in WA.
 - Purchasing credits from low-carbon fuel providers, like EV charging providers or hydrogen fuel suppliers.
- This system creates a *financial incentive* for the production and distribution of clean fuels in WA.

Regulated & Opt-in Fuels

For liquid and gaseous fuels, the CFS applies to producers or importers.

Regulated Fuels

(must participate)

Gasoline

Diesel or diesel fuel

Ethanol and blends 10 to 100%

Biomass-based diesel and blends

Fossil CNG, LNG, L-CNG

Fossil Propane/LPG

Hydrogen, compressed or liquefied

Any other liquid or non-liquid fuel

Opt-in Fuels

(may participate)

Alternative Jet Fuel/Sustainable Aviation Fuel

Bio-CNG, bio-LNG, or bio-L-CNG

Electricity

Renewable propane/ Renewable LPG

Sustainable Aviation Fuel (SAF) and the CFS

- Senate Bill 5447, passed in 2023, directs Ecology to accept pathways for alternative jet fuels/SAF by December 31, 2023.
- The bill also established tax credits for SAF, established an Alternative Jet Fuels workgroup, and funded research into air quality impacts of SAF.
 - Tax credits are being led by the WA Department of Revenue, but Ecology is playing a supporting role.
 - Ecology will assist in verifying fuel production volumes and carbon intensities for tax credit eligibility.

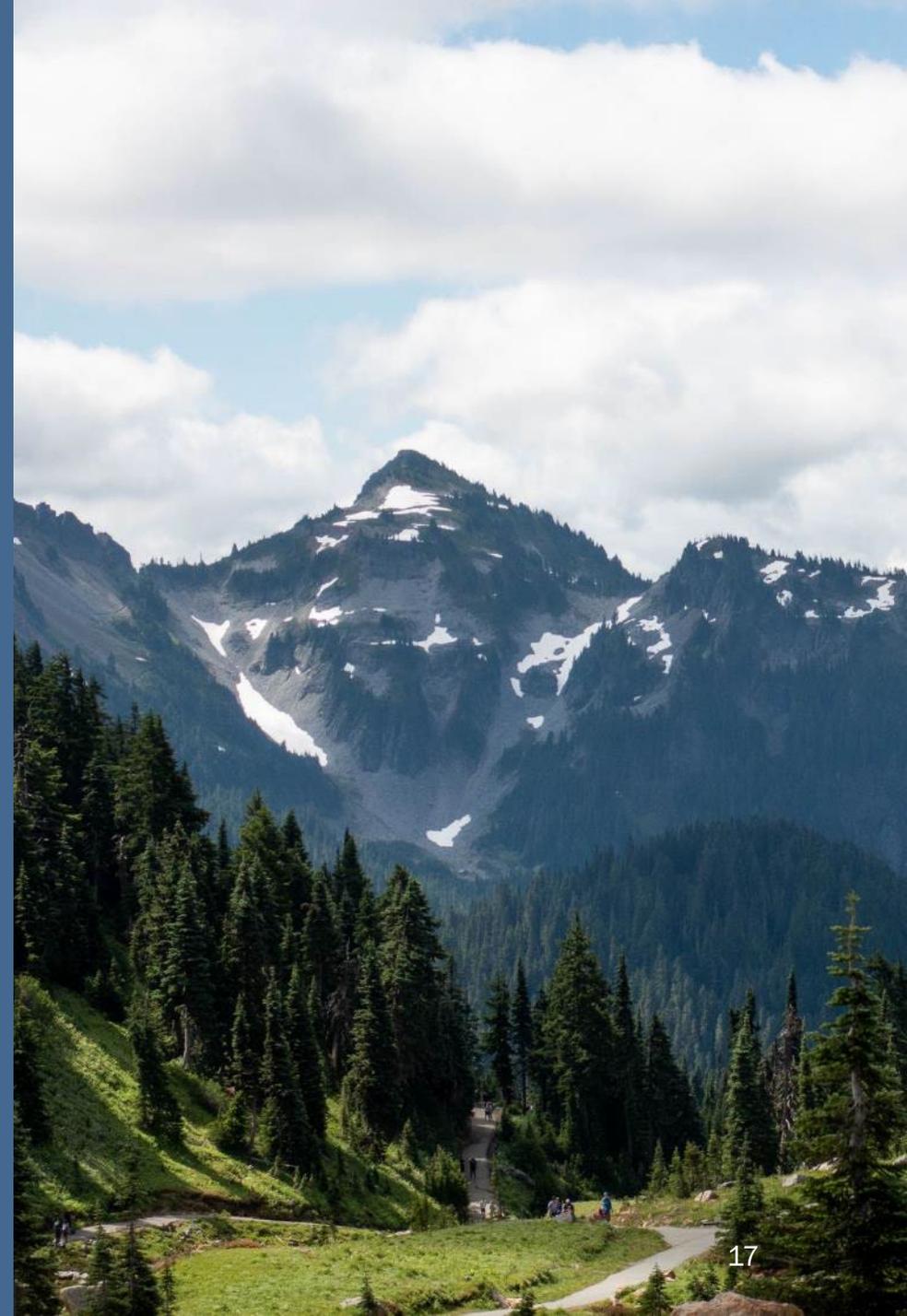
What is SAF?

- Fuel blends that decrease GHG emissions from aviation, which is more difficult to decarbonize than other transportation sectors.
- SAF also produces fewer emissions of ultrafine particles, sulfur, and other harmful compounds.
- Provides in-state economic and employment opportunities.





Rulemaking Scope and Objectives



Rulemaking Goals

- **Align the CFS with SB 5447** to further incentivize the production and use of low-CI SAF in Washington.
- **Improve accuracy** of data reports and pathway applications by instituting a third-party verification program.
- **Update compliance and enforcement procedures** in response to issues identified in the first year of program implementation.
- **Refine rule language** to improve clarity, align with guidance documents, and make other miscellaneous improvements to program implementation.

Sustainable Aviation Fuel

- Align Ecology's rule with ESSB 5447 by codifying December 31, 2023, as the deadline for Ecology to begin accepting applications for SAF.
 - Moves date up from October 1, 2024 (the current Tier 2 pathway deadline).
- Align with the definition of alternative jet fuel in ESSB 5447.
- We intend to explore ways of further incentivizing production of low carbon intensity SAF, including aligning with state and federal tax incentives.

Third-Party Verification Program

- This would require fuel pathway applications and reports, and fuel transaction reports, to be verified by independent verification experts. The rule will establish requirements for identifying verifying experts, conducting verification, submitting verification reports, and review and approval of the reports.
- These independent experts will be certified by Ecology.
- The requirements would mirror similar programs implemented in Oregon and California.
- Ecology's goal is to ensure data accuracy and completeness.

Updating compliance & enforcement

- Ecology staff is currently reviewing updates to OR/CA requirements, including changes to:
 - Book-and-claim accounting procedures.
 - Biomethane and electricity crediting.
 - ZEV infrastructure applicability.
 - Other miscellaneous rule provisions.
- We intend to align our rule with OR/CA standards as much as is practicable and allowed by statute.

Refining Rule Language

- This set of revisions is intended to clarify imprecise rule language, improve readability, and correct errors.
- We also intend to align rule language with agency guidance documents issued in the first year of program implementation.
- Ecology staff has been keeping a running list of potential revisions, but we are also requesting public input on rule provisions requiring clarification.

Recap: In-Scope/Out-of-Scope

In-Scope	Out-of-Scope
<ul style="list-style-type: none">-SAF updates-Third-party verification-Streamlining compliance and enforcement requirements-Aligning with California and Oregon program updates-Clarifying confusing or unclear rule language-Miscellaneous small improvements to program implementation	<ul style="list-style-type: none">-Changes to WA-GREET model-Updating annual carbon intensity standards-Amending land use change factors-Other major changes to the CFS program

HEAL Act

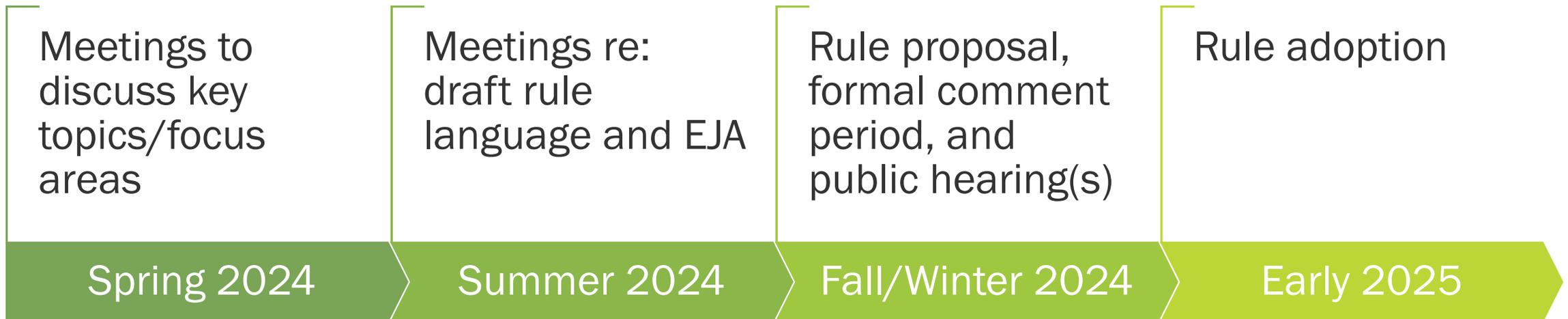
- The Healthy Environment for All Act (HEAL Act) requires agencies to conduct environmental justice assessments (EJAs) on rulemakings and other agency actions.
- This rulemaking's EJA will be co-developed alongside draft rule language and will be made available in both formal and informal comment periods.

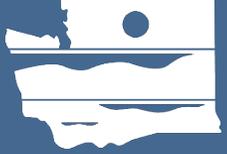
Environmental Justice Assessment (EJA)

- We invite public input on this rulemaking's effect on overburdened communities and strategies for mitigating negative impacts.
- We plan to conduct EJ-specific outreach on this rulemaking starting in late spring or early summer, and welcome feedback on what types of engagement would be most productive and beneficial.

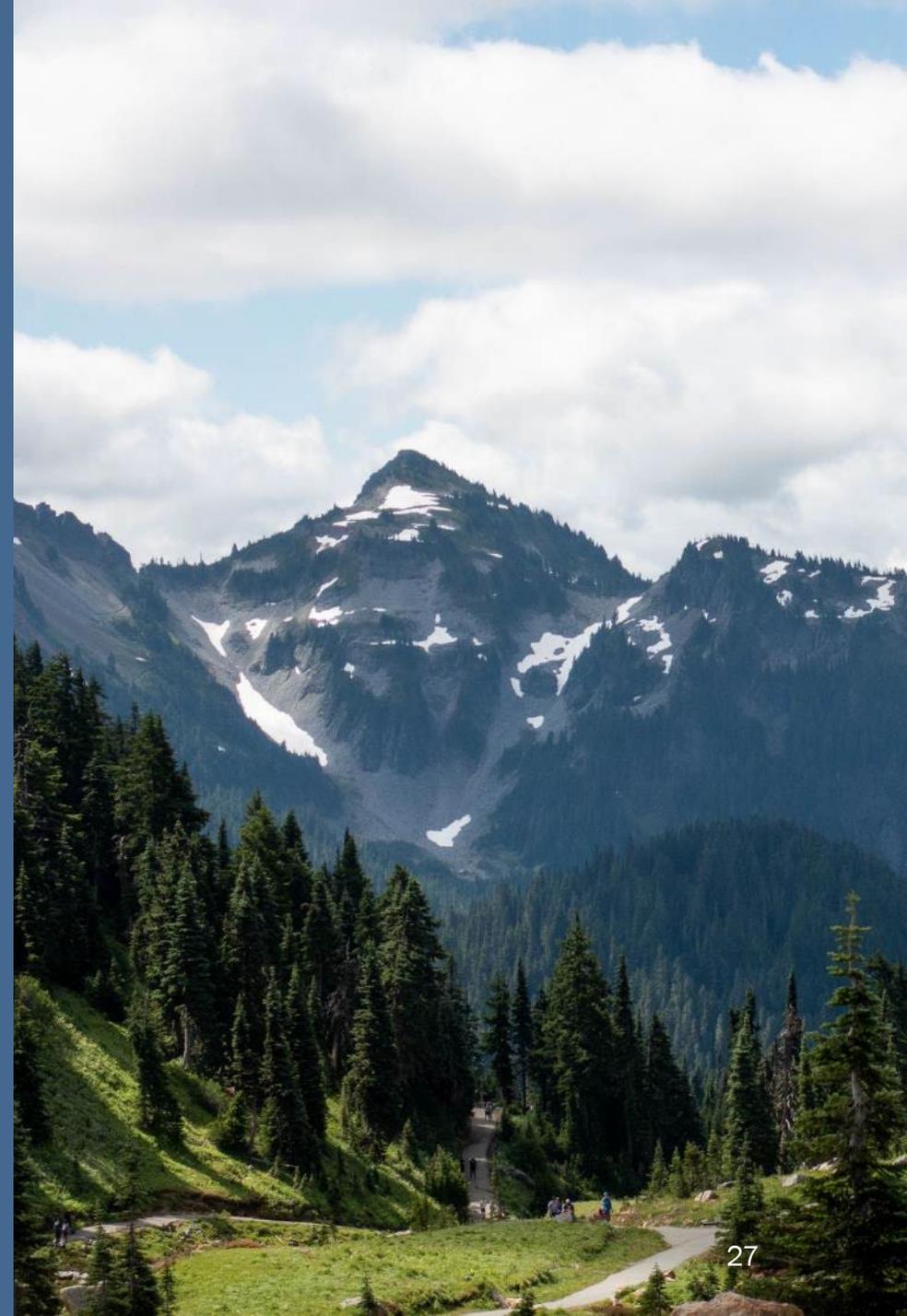


Rulemaking Timeline



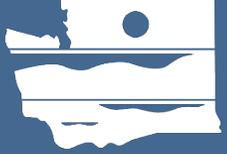


Key Topics and Questions

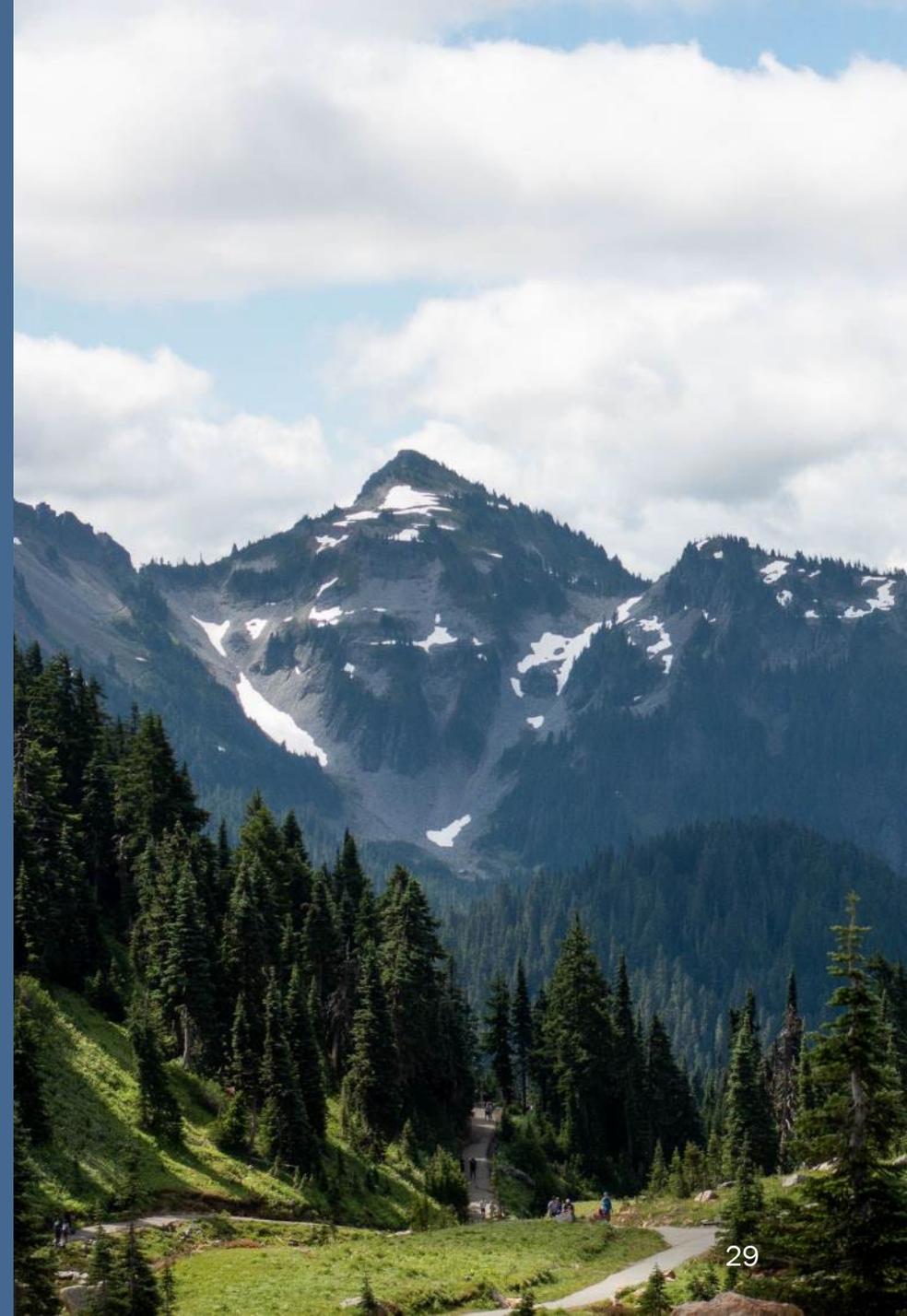


Rulemaking Questions

- How might this rulemaking affect overburdened communities? What can Ecology do to mitigate any negative impacts?
- What areas of the current rule text are confusing or unclear? Are there sections that could be worded differently?
- How might Ecology align with other clean fuel programs to streamline regulatory requirements and compliance?
- What provisions of a third-party verification program will be most impactful for ensuring data accuracy and quality?



Q&A and Comments



General Rulemaking Process Questions

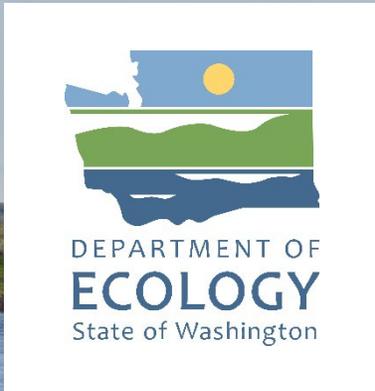
- What hopes and concerns do you have about this rulemaking?
- What barriers might make it harder to participate in this rulemaking?
- What else would you like to share or highlight?

Public Comments

- Informal comments can be made via email or online at <https://aq.ecology.commentinput.com?id=BsWVfdFPa>
- Please send comments (for next rule phase) by **March 24, 2024**.
- Other informal comment periods will be held during the rule development phase.
- Ecology will invite formal public comment on proposed rule language in Fall 2024.

Stay engaged!

- Clean Fuels email list.
- Online comment opportunities.
- Rulemaking webpage is updated regularly with documents/engagement opportunities.



Thank you!

Rulemaking questions:
adam.saul@ecy.wa.gov

For general questions and
interest in the program:
CFS@ecy.wa.gov