



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# Clean Fuel Standard Rulemaking

Climate Pollution Reduction Program

May 2024

# Ecology Staff

## Presenters

- Adam Saul, CFS Rule Lead

## CFS and Climate Pollution Reduction Program Staff

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

# Agenda

- 1** Rulemaking Overview – Review of Scope and Objectives
- 2** Rule Changes Under Consideration (3PV, Book-and-Claim, FCI Capacity Credits, etc.) and Comments Discussion
- 3** Upcoming Comment Periods and Meetings
- 4** Q&A and Comments

# Review of Rulemaking Goals

- **Align the CFS with SB 5447** to further incentivize the production and use of low carbon intensity sustainable aviation fuel 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.

# Recap: In-Scope/Out-of-Scope

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

# Rulemaking Timeline

June/July 2024: Plan to release first draft of proposed rule language

Approx. June – September 2024: Public meetings to discuss draft rule language, EJA, technical requirements

Fall 2024: Rule proposal and CR-102 filing

Early 2025: Rule adoption, takes effect 31 days after

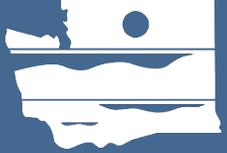
# Engagement and Comment Periods

- An additional informal comment period is being opened in connection with this round of meetings
- We plan to open additional informal comment periods with release of each draft prior to CR-102 publication
- Ecology will not issue formal written responses, but will take all comments into consideration and discuss themes and focus areas at public meetings

If you have questions about a specific issue, please reach out to us directly: [adam.saul@ecy.wa.gov](mailto:adam.saul@ecy.wa.gov)  
or [CFS@ecy.wa.gov](mailto:CFS@ecy.wa.gov)

# Before we begin...

- These are our initial considerations and do not represent final policy decisions
- We plan to discuss some informal comments received throughout this section if they overlap with our key topics
- This list is not comprehensive, but focused on key areas with most changes compared to the current rule
- Some topics are still being discussed internally or need further study



# Sustainable Aviation Fuel (SAF)



# SAF Background

- Jet fuel is an “opt-in” fuel under the CFS; SAF can generate credits, but conventional jet fuel does not create deficits
- Senate Bill 5447, passed in 2023, established tax credits for SAF and moved up acceptance date of SAF pathway applications in the CFS
  - Tax credits overseen by Dept. of Revenue, but Ecology will verify eligibility through CFS submission data
  - Tax credit eligibility criteria:  $\geq 50\%$  lower carbon intensity and cumulative in-state production capacity of  $\geq 20$  million gallons of SAF annually

# SAF Updates

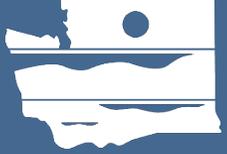
- We plan to clarify the CI of petroleum jet fuel in the rule
  - ESSB 5447's definition of "alternative jet fuel" requires us to base CFS credit eligibility on the clear diesel standard (Table 2 under 173-424-900)
  - Tax credit eligibility will be based on carbon intensity of conventional jet fuel, which currently has an average CI of 90.12

# SAF and Hydrogen

- Considering allowing zero-CI electricity to be claimed for producing electrolytic hydrogen for SAF using book-and-claim
  - Aligns with interpretive statement issued in January 2024
  - The only fuel eligible to do this in the current rule is hydrogen that is being used as a transportation fuel
  - We welcome comments or feedback on this option
- This practice would be allowed only for SAF and hydrogen in order to address hard-to-decarbonize sectors
  - Also aligns with ESSB 5447's goal of increasing in-state SAF production

# Sustainable Aviation Fuel

- We do not plan to add jet fuel used for intrastate flights as a regulated fuel, as it is exempt per statute
- Not planning to add credit multipliers or amend WA-GREET for SAF based on air quality or non-CO<sub>2</sub> climate benefits



# Third-Party Verification



# Third-Party Verification Background

- We plan to create third-party verification program modelled after similar requirements in Oregon and California
  - Would require independent experts to conduct site visits, monitoring, and inspections to verify fuel pathway and transaction data reported in the program
  - Applicability would depend on fuel, pathway, and transaction types
- Goal is to ensure accurate data reports and program integrity for participating organizations, stakeholders, and the public

# Third-Party Verification Basics

- Requirements would apply to liquid and gaseous fuels, and electricity
  - Nonmetered residential EV charging would be exempt
- Would take effect at 6,000 credits/deficits per year
  - Considering deferral or exemption for orgs that do not meet the 6,000/year threshold
    - If applied, at what lower threshold would an exemption be appropriate?
- Fuel pathways already verified through CARB Low Carbon Fuel Standard (LCFS) or OR-DEQ Clean Fuels Program (CFP) would be exempt from Ecology verification under most circumstances

# Third-Party Verification of Electricity

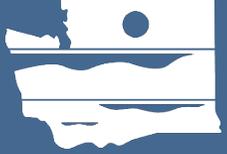
- We will be developing requirements for aggregators, OEMs, and other entities generating credits/deficits from fuel supply equipment (FSE) at multiple locations
  - Flexibility for metered residential EV charging requirements
  - Specifics are still in development, and we appreciate input from both verifiers and reporting entities
  - Goal is to ensure accurate data collection while limiting costs and onerous or impractical requirements

# Third-Party Verification – Accreditation and Rotation Requirements

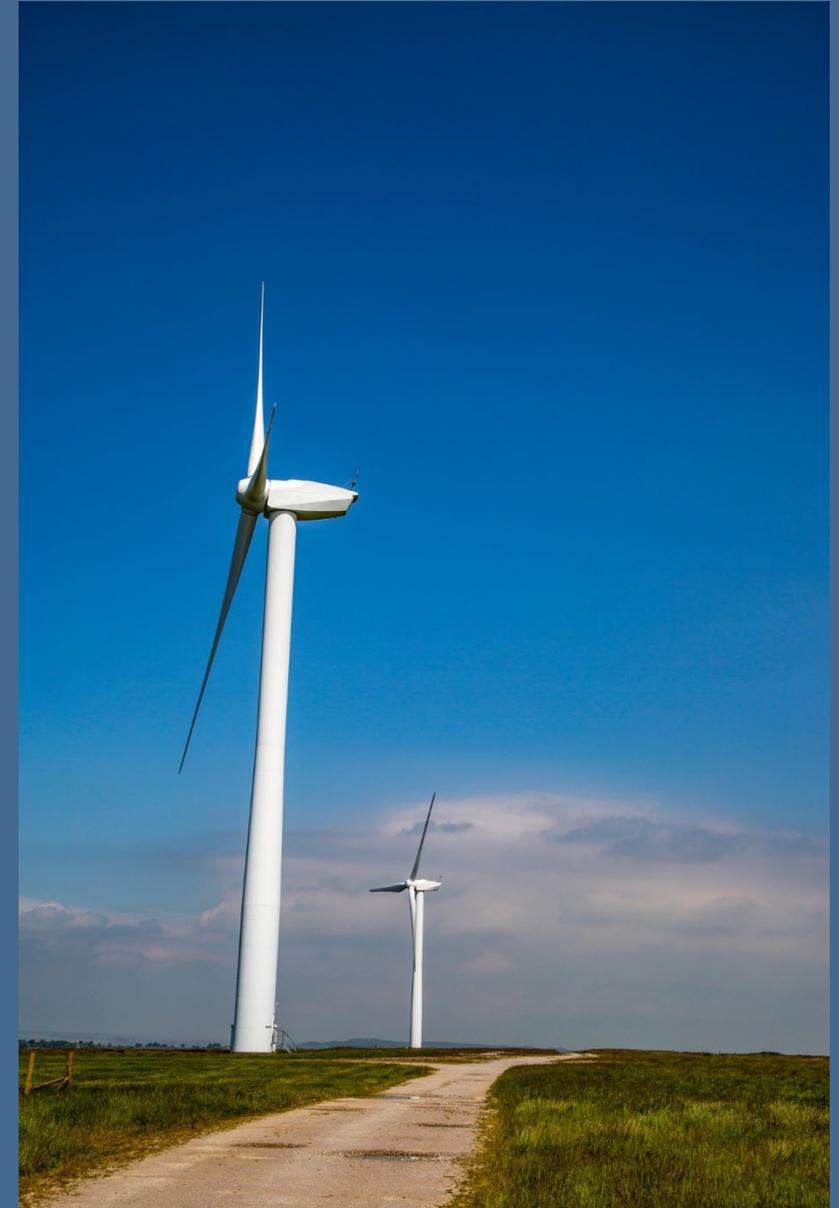
- Firm and verifier rotation would be required
- Same verification body would be prohibited from handling **more than six out of nine** consecutive reporting periods
  - Aligns with
    - CARB LCFS and OR-DEQ CFP
    - Climate Commitment Act requirements for offset verification in WAC 173-446-535
- Similar to OR, we plan to accept CARB accreditation and will provide training on WA-specific requirements

# Third-Party Verification Proposed Timeline

- Current plan is for third-party verification program to become fully operational in 2027, using:
  - 2026 operational data for fuel transaction reports
  - 2025-2026 operational data for fuel pathway reports (CI)
- Latter part of 2025 & 2026 would be for staff preparation, training, establishing and accrediting verification teams, and other tasks



# Book-and-Claim Requirements



# Book-and-Claim Background

- Book-and-Claim is an indirect accounting system where a physical product and its environmental attributes can be separately traded
  - Examples: renewable energy certificate (RECs) vs. electrical energy produced
- Components include:
  - *Deliverability*: physically or contractually delivered for use in WA
  - *Additionality*: the product must be produced in addition to other voluntary or mandatory requirements (exceptions may apply)
  - *Temporal matching*: must be used within specified time period
  - *Documentation* to demonstrate compliance (e.g. contracts, REC retirement reports, invoices, etc.)

# Book-and-Claim - Electricity

- We plan to add requirements to ensure that electricity claimed under the CFS is delivered to WA
  - Looking to other WA statutes, such as the Energy Independence Act (EIA), and rules to establish these standards
- Similarly, we want to increase requirements that RECs from renewable electricity represent additional renewable electricity generation
  - We are considering a requirement that the generating facility must be built on or after Jan 1, 2023, or the electricity comes from incremental efficiency improvements made on or after Jan 1, 2023
- Considering Green-e and we welcome comments on this option

# Book-and-Claim - Biomethane

- Similarly, we plan to add deliverability, additionality, temporal matching, and documentation requirements for biomethane used as a feedstock in the CFS
- Looking at similar rule requirements in CARB or OR-DEQ programs as a baseline
  - Further information or feedback on how these requirements have worked would be helpful for our rule development



# Fast Charging Infrastructure Capacity Credits



# FCI/Capacity Credits Background

- “Capacity credits” may be obtained for installing fast charging infrastructure (FCI) for electric vehicles
  - Separate and in addition to credits based on electricity consumption
  - Designed to accelerate and incentivize deployment of public DC fast charging infrastructure
  - Currently, FCI must be publicly accessible and meet other criteria specified in WAC 173-424-560 to be eligible
  - Also available in rule for hydrogen refueling infrastructure (HRI)
- CARB recently proposed creating FCI provisions specific to the medium- and heavy-duty (MHD) vehicle sector

# FCI & Fast Charging Credits

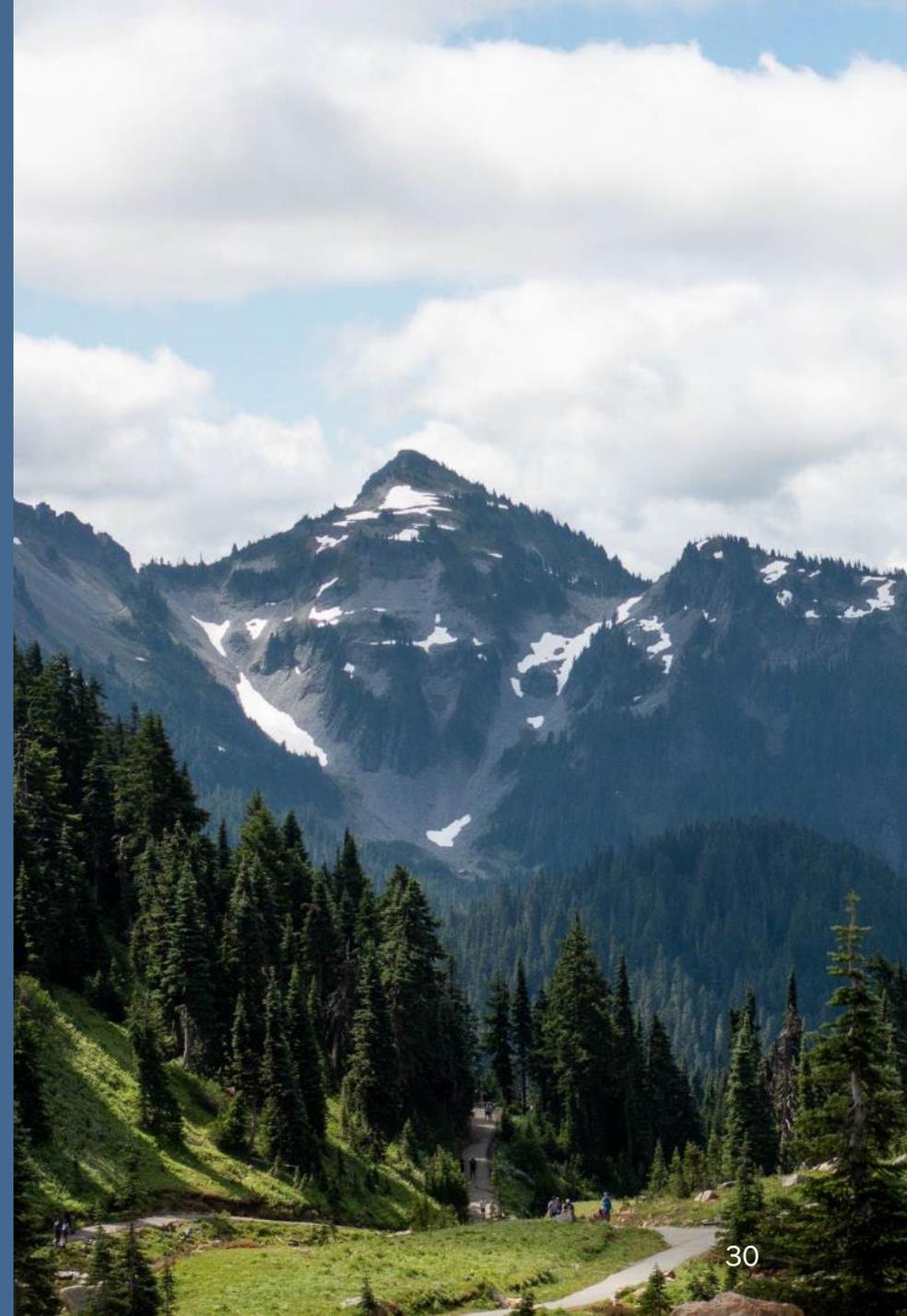
- Planning to extend credit opportunities to sites shared by multiple MHD fleets that are not otherwise publicly accessible
  - Not applicable to private trucking charging sites; would only apply to sites open to two or more fleets under separate ownership
- MHD would be subject to sector-specific requirements re: nameplate capacity, # of FSE per site, types of chargers required, etc.
- Location requirements are still under discussion, but we are considering basing them on environmental justice and diesel reduction benefits
  - Aligns with recommendation in the Washington Transportation Electrification Strategy

# FCI & Capacity Credits

- We plan to base other requirements on those in CARB's proposal, which are still subject to change
- No plans currently to establish separate programs for MHD and light-duty, or increase the credit cap



# Rule Language Refinements & Miscellaneous Topics



# Electricity – Residential Charging Credits

- We will amend rule language to clarify requirements about metered vs. nonmetered residential incremental credits
  - VINs and addresses for **metered** residential EV credits will continue to be required, as this is necessary to avoid double-counting
  - VINs are not required for **nonmetered** residential incremental credits, and this will be clarified in the rule
    - Guidance will be provided soon on claiming nonmetered incremental credits

# Reporting Liquid Fuels

- We plan to clarify the rule to explicitly allow for mass balance accounting of fuels from commingled storage
  - Considering using similar language to OR-DEQ's Clean Fuels Program
  - Would be helpful to hear from liquid fuel suppliers about how this can be implemented

# Certified CI vs Operational CI

- We plan to introduce a more comprehensive method of reconciling differences between certified carbon intensity and operational carbon intensity of fuel
- Evaluating OR-DEQ's current process, as well as CARB's proposal in their current rulemaking to assign credit deficits for underreporting CI
- Goal is to create a system that is fair and incentivizes accurate data reporting

# Rule Refinements Under Consideration

- We would welcome comments on whether to align with CARB's proposed changes to registering electric transport refrigeration units (eTRUs) based on the facility or location rather than each eTRU
- We plan to require metering for all non-residential electricity applications, including electric forklifts

# Other Refinements

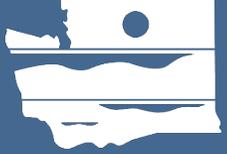
- Ecology CFS team has been developing a list of other small rule changes to improve clarity and functioning of the program
- We are not planning on presenting about these changes today, but they will be provided when our first draft rule changes are released to the public
- Please feel free to submit additional suggestions

# Upcoming Comment and Engagement Opportunities

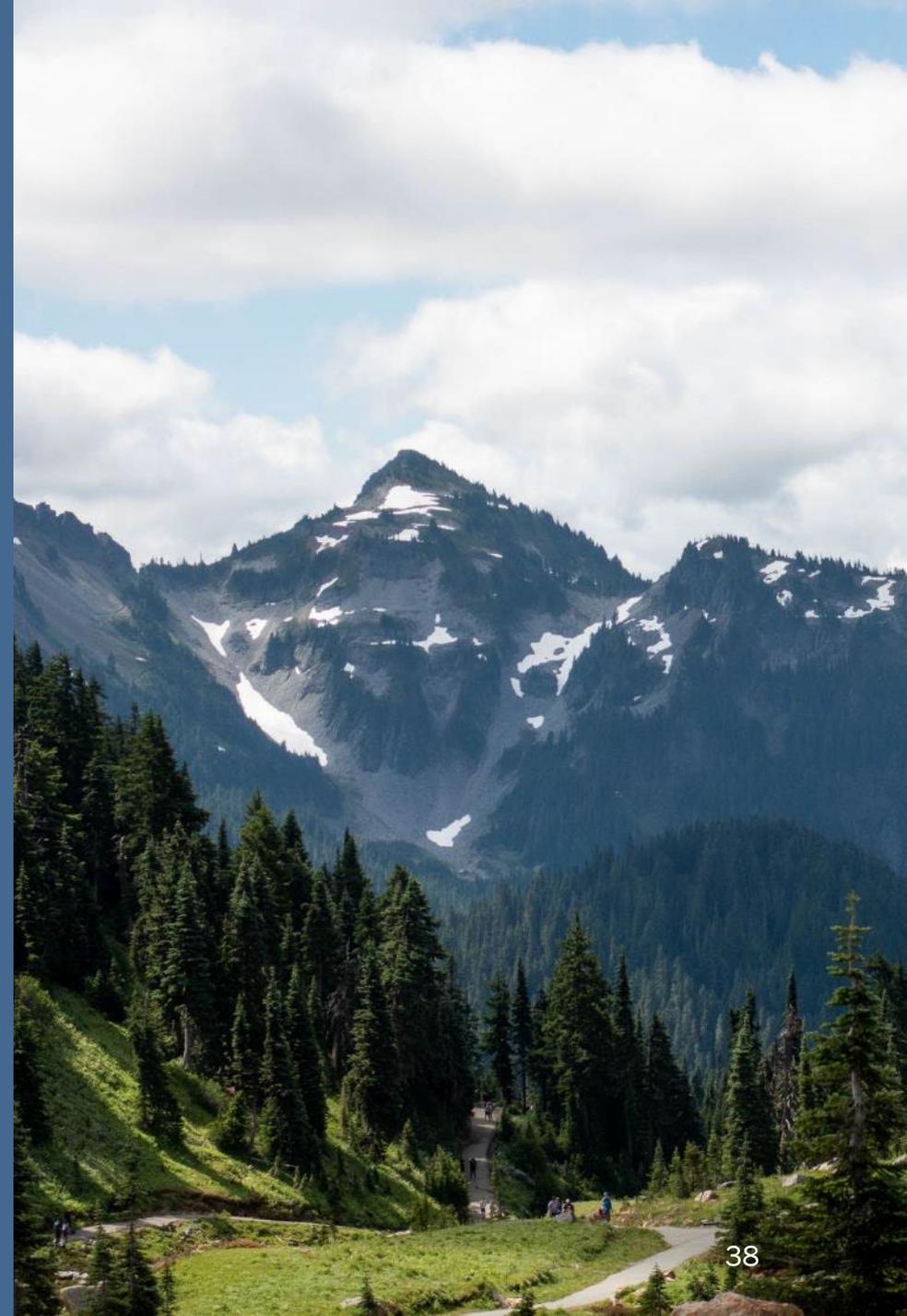
- We plan to hold meetings this summer following the release of rule language drafts
  - Hoping to provide at least 1-2 weeks in between release of draft rule language and meetings for Q&A/comments
  - Will also hold informal written comment periods
- Exact number of meetings/draft versions will depend on feedback received, staff progress and availability, and other factors
- Goal is to address as many issues as possible before rule goes out for formal comment

# Other Engagement Opportunities

- Currently planning EJ outreach regarding the impacts of this rule
  - Feedback will be used to help craft our EJ assessment and understand impact of the rule on local communities
  - We are hoping to provide additional details within the upcoming weeks
- We are also considering scheduling listening sessions about certain technical aspects of this rule
  - Will be helpful to Ecology staff in understanding details and drafting amended rule language



# Q&A and Comments



# Feedback Requested

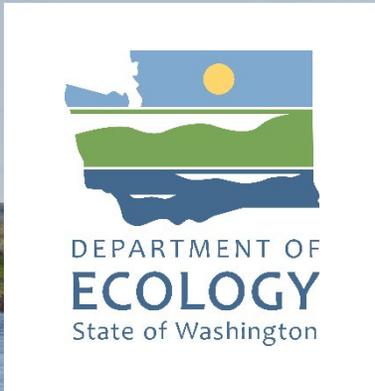
- We welcome your feedback on all of the topics presented on today, as well as additional data or information you can provide.
- Reminder: Ecology will not issue formal responses to these comments. However, we will use them to help inform our rule development and will discuss them during the next phase of public meetings.

# Public Comments

- Informal comments can be made via email or online at <https://ecology.commentinput.com/?id=7auJYTbfk>
- Please send comments (for next rule phase) by **May 31, 2024**
- Other informal comment periods will be held following releases of draft rule language this summer.
- A formal public comment period and public hearing will be held following our rule proposal (CR-102 filing) 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](mailto:adam.saul@ecy.wa.gov)

For general questions and  
interest in the program:  
[CFS@ecy.wa.gov](mailto:CFS@ecy.wa.gov)