



173-424 WAC – Clean Fuels Program Rule

Proposed Rule Overview

July 23, 2025

Rule Background

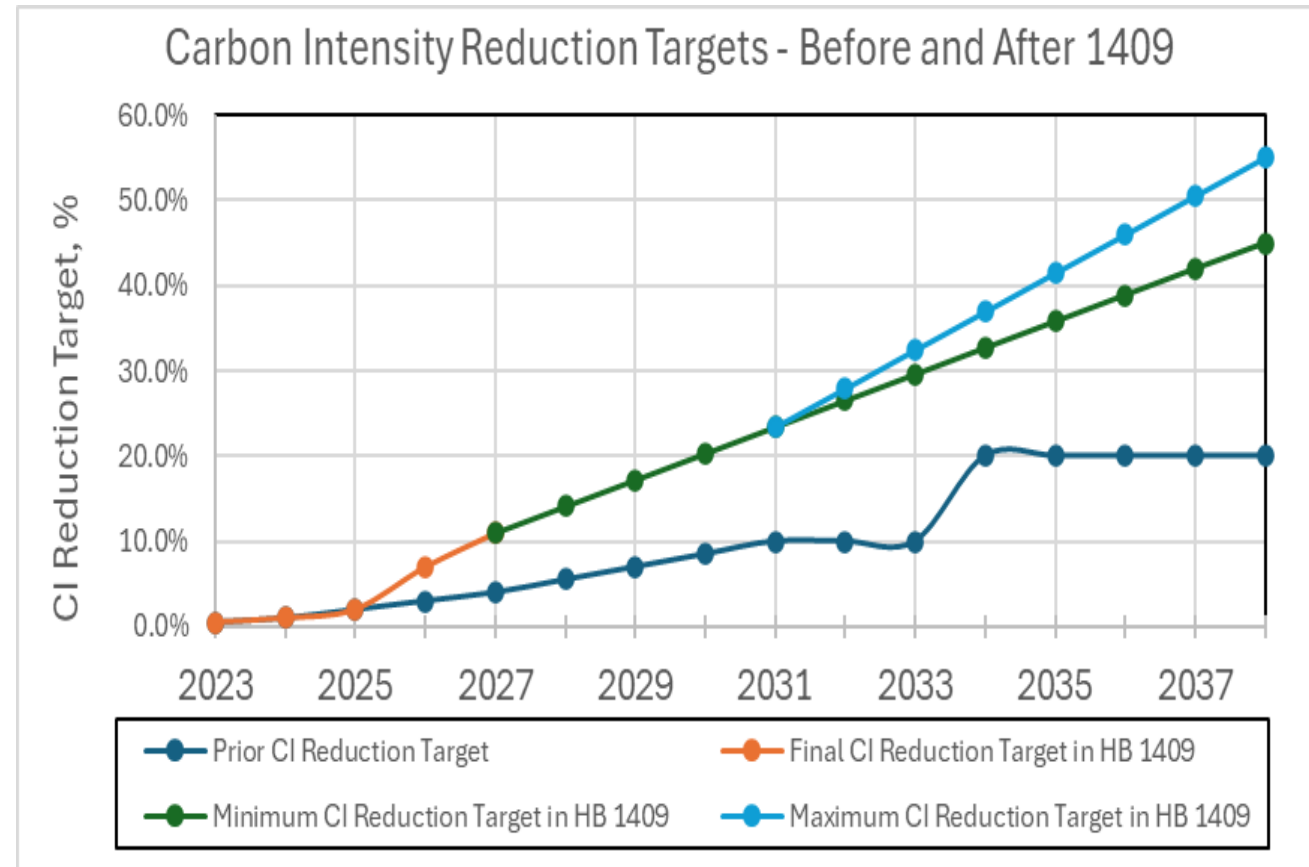
- The Clean Fuel Standard (CFS) was established by the state legislature in 2021.
- The CFS is a market-based program modeled after similar policies in Oregon and California. It requires carbon emissions from transportation fuels to be progressively reduced over time and provides credit incentives for low-carbon technologies.
- Ecology adopted rules to implement the CFS in late 2022, and the program became operational in January 2023.

Rule Background – cont.

- In the 2023 legislative session, the state legislature passed SB 5447, which established various incentives for the production and use of low-carbon alternative jet fuels (AJF) (also known as sustainable aviation fuel or SAF) in Washington – including updating the date at which Ecology was required to accept pathway applications.
- Ecology staff had also identified various changes that were needed to improve program implementation, maximize environmental benefits, and align Washington with other states.

House Bill 1409

- As we were preparing for our rule proposal this spring, the state legislature passed HB 1409, which established more stringent carbon intensity standards for the CFS.
- HB 1409 sets the carbon intensity standards for 2026/2027 **in statute** (i.e., no rulemaking is necessary/possible for these years). However, Ecology plans to announce rulemaking later this year on the 2028-2038 carbon intensity targets.

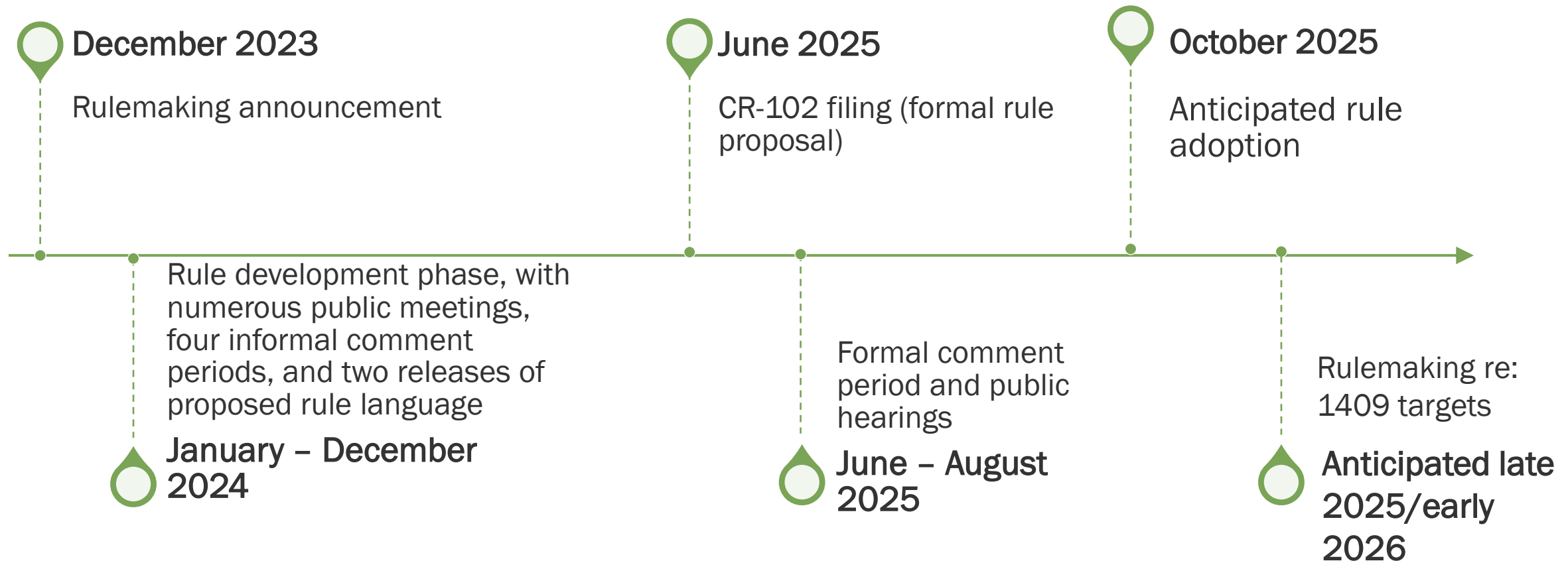


Rulemaking Objectives

- Expand credit opportunities for “hard-to-decarbonize” transportation sectors, such as aviation and heavy-duty trucking.
- Improve credibility of reported environmental benefits through third-party verification and updated standards.
- Update rules based on experiences during first two years of implementation, best practices in other states, and external input.



Rulemaking Timeline





Proposed Rule Language Summary

Chapter 173-424 WAC

Hard-to-Decarbonize Sectors - Aviation

- In addition to various administrative changes with respect to AJF, we have codified agency 'interpretive policy statement' about using [utility-specific carbon intensities](#) for electrolytic hydrogen used as a feedstock for AJF production.
 - This also applies to alternative marine fuel.
 - Sunsets at the end of 2033 to allow AJF/AMF industry to develop.
- We also plan to clarify the CI of conventional jet fuel (90.12g CO₂e/MJ) in the final rule.

Hard-to-Decarbonize Sectors

Marine

WAC 173-424-110(9) and 120(3)(b)(vi)

- The proposed rule adds specific reporting requirements for low-carbon alternative marine fuel (AMF) (note: this is an **opt-in** fuel).
- AMF must have a lower CI than traditional marine fuel, and only the volume combusted in Washington waters is eligible for credit generation.



Hard-to-Decarbonize Sectors

Heavy-Duty Trucking

WAC 173-424-560

- Expanding capacity crediting to the heavy-duty trucking sector, in alignment with [Washington's Transportation Electrification Strategy](#) and climate goals.
- Changes include adding access to “shared” sites, separating heavy-duty credit pool from light- and medium-duty heavy pool, and focusing on heavy-duty vehicles for hydrogen crediting.

Hard-to-Decarbonize Sectors

Heavy-Duty Trucking – cont.

WAC 173-424-560

- Also establishes various administrative updates to the capacity credits section, such as amending reporting requirements and clarifying credit thresholds from FSE.
- We plan to include a 10 MW site cap for heavy-duty FCI in the final rule (this was included on our December 2024 draft and inadvertently left off the proposal).



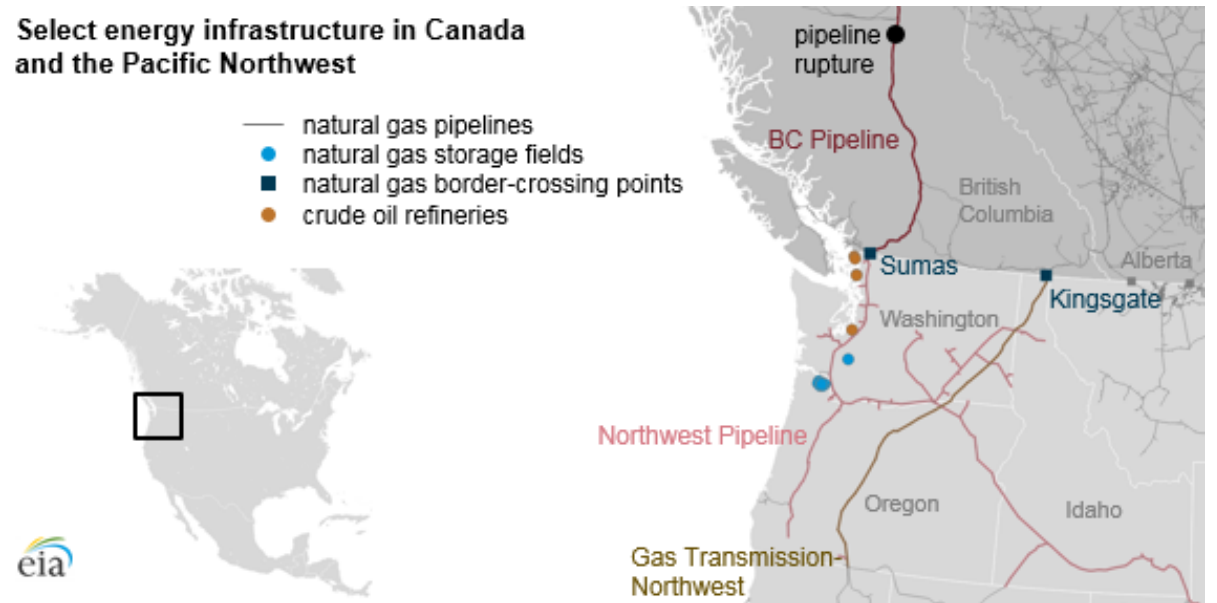
Book-and-Claim Amendments

Biomethane

WAC 173-424-600(7)

- *Biomethane*: starting in 2030, require production in WA or injection into a pipeline flowing into WA, to encourage increased methane capture and decarbonization of the regional pipeline system.
 - Current rule allows sourcing anywhere in North America.
 - Alternative jet fuel excluded until 2046 to give industry additional time to develop.

Select energy infrastructure in Canada and the Pacific Northwest



Source: Energy Information Administration

Starting in 2030, entities reporting biomethane for all purposes *except AJF production* would need to inject into one of the pipelines above to be eligible for book-and-claim under the CFS rule.

Book-and-Claim Amendments

Electricity

WAC 173-424-630(5)(c)

- Starting in 2026, RECs would need to be sourced from generation facilities in the Pacific Northwest (Washington, Oregon, or Idaho) from facilities built in **2019** or later.
 - Can also be sourced from efficiency improvements to existing generation sources made in 2019 or later.
 - 2019 was chosen because it is close to the start date of our program, but flexible enough to allow sourcing from a variety of clean energy projects.
- The purpose of these amendments are to ensure that the highest credit incentives are for utilizing *additional clean energy sources* that further decarbonize our region's energy grid.

Avoided Methane Crediting (AMC)

WAC 173-424-610(16)

- “Avoided methane crediting” (AMC) grants additional CFS credits for capturing biomethane from livestock manure and using it as a transportation fuel or feedstock for other transportation fuels.
 - Unlike other biomethane-based pathways, livestock manure generally receives an extremely low (often negative) carbon intensity score based on the assumption that this methane would otherwise be vented directly into the atmosphere, creating a highly negative climate effect.
- Our primary goal with the AMC amendments is to ensure the longest crediting periods are going to **in-state** or **in-region** projects that provide **additional** climate benefits.

Avoided Methane Crediting (AMC) – cont.

WAC 173-424-610(16)

- Our proposal: cap crediting period at **15 years** (two 7.5-year periods) and grant the highest incentives for projects that became operational after the CFS program's start date in January 2023.
- Projects that were operational before the CFS began can still receive avoided methane credits, albeit for a reduced period.
- Our intention is to grant the highest level of credit incentives to projects that create *additional climate benefits* for Washington while ensuring a balanced incentive across different fuel types.

Third-Party Verification

(173-424-800 to 850)

- Adding requirement that program participants engage a third-party verifier to confirm accuracy of submitted reports.
- The proposed rule language is closely aligned with California and Oregon's programs, although it contains some minor changes to make the language Washington-focused (including aligning, when appropriate, with the Climate Commitment Act's verification rules).
- Electricity was inadvertently removed from eligibility for “less intensive verification” – we plan to correct this typo in our final rule.

Other Changes - Reporting & Registration

- Added standards for reporting fuels in commingled storage via “mass balance accounting”: *173-424-420(6)(d)*. As stated in prior presentations, our proposed rule language aligns with that in OR-DEQ's Clean Fuels Program.
- Amends eTRU registration procedures to allow registration by facility, rather than by charger: *173-424-300(1)(h)(I)*.
- Clarifies procedures for corrections requests: *173-424-420(10) and 173-424-430(4)*.
- Various other administrative updates for clarity and consistency.

Other Changes – Fuel Pathways

173-424-600 to 630

- Added “true up” mechanisms for fuels with a lower CI than initially reported: *173-424-610(9)(m)*.
- Added additional deficit obligations for fuels whose verified operational CI is higher than the certified CI: *173-424-610(9)(l)*.
- Numerous other changes to align with changes to CARB and OR-DEQ’s rule language, update pathway application procedures, and clarify Ecology’s review and acceptance process.

Other Changes – Credit/Deficit Modifications

WAC 173-424-700(3)

- These provisions were added to better incentivize accurate and on-time reporting in our program.
- Deficits would be assigned if corrections are not made **by the end of the reporting period.**
- Intention is not to be overly punitive towards small mistakes
 - these modifications would only take effect after multiple opportunities to correct inaccurate submissions.
 - Builds a process to better ensure data accuracy and market stability. Allows for warnings and small adjustments before moving on to full enforcement.

Other Changes – Tables

173-424-900

- Updates various pathway codes for consistency with WFRS.
- Some carbon intensity values have been updated to align with CARB's most recent rule changes, based on their assessment of fuels submitted in the LCFS.
- We plan to update Tables 1 and 2 in the final rule to incorporate HB 1409's updated annual CI standards.

“Out-of-Scope” Topics

- While these topics may be the subject of a future rulemaking, we are not planning to incorporate any amendments regarding:
 - The WA-GREET 3.0 model.
 - Feedstock limits or sustainability certifications.
 - Indirect land use change values.

Next Steps

- Comment period is open through August 1 at 11:59pm PT – no extensions allowed.
- Anticipated adoption date of October 9.
 - Ecology staff are open for short meetings in between now and the adoption date.
- Following adoption, we plan to announce a new rulemaking covering the 2028-2038 carbon intensity targets established by House Bill 1409.



Thank you!