

RCW 70A.535.025 Carbon intensity in transportation fuels—

Standards to reduce carbon intensity—Adoption of rules—Monthly calculation.

(1) The department shall adopt rules that establish standards that reduce carbon intensity in transportation fuels used in Washington. The standards established by the rules must be based on the carbon intensity of gasoline and gasoline substitutes and the carbon intensity of diesel and diesel substitutes. The standards:

(a) Must reduce the overall, aggregate carbon intensity of transportation fuels used in Washington;

(b) May only require carbon intensity reductions at the aggregate level of all transportation fuels and may not require a reduction in carbon intensity to be achieved by any individual type of transportation fuel;

(c) Must assign a compliance obligation to fuels whose carbon intensity exceeds the standards adopted by the department, consistent with the requirements of RCW 70A.535.030; and

(d) Must assign credits that can be used to satisfy or offset compliance obligations to fuels whose carbon intensity is below the standards adopted by the department and that elect to participate in the program, consistent with the requirements of RCW 70A.535.030.

(2) The clean fuels program adopted by the department must be designed such that:

(a) Regulated parties generate deficits and may reconcile the deficits, and thus comply with the clean fuels program standards for a compliance period, by obtaining and retiring credits;

(b) Regulated parties and credit generators may generate credits for fuels used as substitutes or alternatives for gasoline or diesel;

(c) Regulated parties, credit generators, and credit aggregators shall have opportunities to trade credits; and

(d) Regulated parties shall be allowed to carry over to the next compliance period a small deficit without penalty.

(3) The department shall, throughout a compliance period, regularly monitor the availability of fuels needed for compliance with the clean fuels program.

(4) (a) Under the clean fuels program, the department shall monthly calculate the volume-weighted average price of credits and, no later than the last day of the month immediately following the month for which the calculation is completed, post the formula and the nonaggregated data the department used for the calculation and the results of the calculation on the department's website.

(b) In completing the calculation required by this subsection, the department may exclude from the data set credit transfers without a price or other credit transfers made for a price that falls two standard deviations outside of the mean credit price for the month. Data posted on the department's website under this section may not include any individually identifiable information or information that would constitute a trade secret.

(5) (a) Except as provided in (b) of this subsection, the greenhouse gas emissions attributable to each unit of the fuels must be reduced to 45 percent below 2017 levels by January 1, 2038, based on the following schedule:

(i) 0.5 percent each year in 2023 and 2024;

(ii) An additional one percent each year in 2025;

(iii) An additional five percent on January 1, 2026;

(iv) An additional four percent beginning January 1, 2027; and

(v) As determined by the department by rule, no less than an additional three percent and no more than an additional four percent each year beginning January 1, 2028, through January 1, 2038.

(b) (i) Taking effect no earlier than January 1, 2032, the department may adjust the carbon intensity standard established in (a) of this subsection to require a 55 percent reduction in the greenhouse gas emissions attributable to each unit of fuels by January 1, 2038, and may adjust the intermediate annual reduction targets for the years 2032 through 2037 established in (a) of this subsection accordingly, if:

(A) The department determines that as of January 1, 2030, at least one rule that is part of the zero emission vehicle program established under chapter 70A.30 RCW was not being enforced; or

(B) The department determines, based on the greenhouse gas emissions data reported under RCW 70A.15.2200 for calendar year 2030, that greenhouse gas emissions associated with transportation fuels covered under this chapter have not been proportionately reduced relative to the 45 percent reduction in RCW 70A.45.020, and that an increase of the carbon intensity standard to require a 55 percent reduction in the greenhouse gas emissions attributable to each unit of fuel by January 1, 2038, is necessary to proportionately reduce the greenhouse gas emissions associated with transportation fuels covered under this chapter relative to the 70 percent reduction in RCW 70A.45.020.

(ii) Taking into consideration the fuel supply forecasts produced under RCW 70A.535.100, the department may, at any time between now and 2038, adjust the carbon intensity standard for a calendar year to be up to two percent less than the percentage reduction in the carbon intensity standard for that year as established in (a) of this subsection if the department determines that doing so is necessary to avoid the department issuing a forecast deferral under RCW 70A.535.110.

(6) Beginning with the program year beginning in calendar year 2030, the department may not increase the carbon intensity reductions required by the applicable clean fuels program standard adopted by the department under subsection (5) of this section beyond a 20 percent reduction in carbon intensity until the department demonstrates that at least one new or expanded biofuel production facility has received a siting, operating, or environmental permit after January 1, 2025.

(7) Transportation fuels exported from Washington are not subject to the greenhouse gas emissions reduction requirements in this section.

(8) To the extent the requirements of this chapter conflict with the requirements of chapter 19.112 RCW, the requirements of this chapter prevail. [2025 c 319 s 1; 2022 c 182 s 408.]

Effective date—2022 c 182 ss 313, 408-414, and 421: See note following RCW 82.21.030.

Intent—2022 c 182: See note following RCW 70A.65.240.