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GrowthEnergy.org

January 16, 2020

Senator Reuven Carlyle, Chairman
Senator Doug Ericksen, Ranking Member
Senate Environment, Energy, and Technology Committee
422 J.A. Cherberg Building
Olympia, WA 98504

Dear Chairman Carlyle, Ranking Member Ericksen, and members of the Senate Environment, Energy, and Technology Committee:

Thank you for this opportunity to comment on the substitute to SB 5412, legislation that would establish a “Clean Fuel Standard” in Washington. Growth Energy is the world’s largest association of biofuel producers, representing 103 U.S. plants that each year produce more than 8.6 billion gallons of cleaner-burning, renewable fuel; 96 businesses associated with the production process; and tens of thousands of biofuel supporters around the country. Together, we are working to bring better and more affordable choices at the fuel pump to consumers, improve air quality, and protect the environment for future generations. We remain committed to helping our country diversify our energy portfolio in order to grow more green energy jobs, sustain family farms, and drive down the costs of transportation fuels for consumers.

We sincerely appreciate your committee’s attention and hard work to reshape Washington’s fuel mix to make it more sustainable. This aim is a central driver for our industry, and we look forward to working with Washington on our common goals. To that end, while improvements have been made since introduction, we feel that there are still several ways the legislation can be improved or clarified to ensure that it achieves the goal of reducing greenhouse emissions while maximizing other environmental benefits in the most cost-effective manner possible.

Specifically, liquid fuels will continue to play an important role in the transportation sector, even as alternative technologies flourish. As such, it is imperative to look at ways to improve the availability and affordability of more environmentally sustainable fuel options that can be used in current vehicles or in future internal combustion engines. For example, where the legislation requires expenditures for transportation electrification projects, it should also consider investment in higher biofuel blends such as E15 which sells between 5 and 10 cents less per gallon and can be used by more than 9 out of 10 cars on the road today.

One option for cleaning up the liquid fuel supply is the promotion of additional use of ethanol, from starch or cellulosic sources. According to recent data from the U.S. Department of Agriculture, today’s starch

ethanol reduces greenhouse gas emissions by an average of 43 percent and, with further development of cellulosic technologies, biofuels are poised to do much more.

Ethanol's other environmental benefits are also noteworthy. As has been researched by the University of California-Riverside and the University of Illinois-Chicago, the use of more ethanol and ethanol-blended fuel reduces air toxics such as carbon monoxide, benzene, and other harmful particulates. To fully realize these and other important air quality benefits, there needs to be a clear policy with a firm future for the role and growth of cleaner-burning, affordable ethanol fuels.

We would urge the committee to outline a clear policy that recognizes the realities of today's fuel market and to examine how homegrown biofuels can immediately contribute to reducing consumer fuel costs to the people of Washington.

Further, higher ethanol blends can be immediately deployed in existing vehicles to achieve immediate greenhouse gas reductions. E15, a blend consisting of 15% ethanol, can be used in all passenger vehicles model year 2001 and newer, 9 out of 10 vehicles on the road today. In addition, blends up to E85 can be used in all flex fuel vehicles, leading to even greater reductions in fuel prices as well both greenhouse gas and toxic air emissions. Washington has millions of tons of biomass that with further development of cellulosic technologies could be converted to ethanol and used in today's vehicles.

Given the potentially significant benefits of additional ethanol use, we recommend the following additional clarifications to the legislation:

- The legislation should explicitly exclude all alternative fuels from the carbon intensity reduction requirements in the same manner it excludes electricity. Like electricity, alternative fuels such as E85 are innately low in carbon intensity, so the LCFS should promote the use of such fuels without adding additional burdens on their distribution. The use of these fuels will generate the carbon intensity credits required to make the LCFS successful. The legislature can adopt the existing definition of alternative fuels in RCW 19.112.010 to achieve this end.
- The legislature should require the use of the most up-to-date science related to carbon intensity values. The body of work related to transportation sector carbon intensity has significantly expanded over the last decade with the help of excellent work by the national laboratories. The legislature should specifically require the use of the most recent science developed by these laboratories to ensure that the LCFS transmits the correct signals to the marketplace to reduce the most greenhouse gases.
- The legislature should resolve ambiguity regarding the requirement that only transportation fuels that reduce emissions by 20% or more can generate credits. Right now, it is unclear from the legislation whether the 20% reduction requirement relates to fuel components (such as ethanol or petroleum blendstocks) or finished fuels (such as E10) and against what benchmark the 20% reduction requirement should be measured. If the 20% reduction requirement applies to finished fuels, significant greenhouse gas benefits could be lost from the program. For example, a finished fuel that reduces greenhouse gases by 15% compared to the 2017 finished fuel baseline would result in tremendous greenhouse gas benefits, but that finished fuel might not generate any compliance credits if the finished fuel is considered the relevant "transportation fuel" under the

bill. The bill should clarify that the 20% reduction requirement relates to fuel components rather than finished fuels.

- The bill specifies that electricity carbon intensity values should be calculated on a utility by utility basis. Similarly, the bill should specify that liquid fuel carbon intensities should be determined on a plant by plant basis, and that individual plants should be able to reduce carbon intensity values by improvements anywhere in the supply chain, including improvements related to carbon intensity associated with feedstocks. Only then will the program fully incent greenhouse reductions throughout the supply chain.

Thank you for the opportunity to comment today and Growth Energy is happy to provide you with any additional information you may need on the important, carbon-reducing role of ethanol in today's fuel.

Sincerely,

A handwritten signature in blue ink, appearing to read "Christopher D. Bliley". The signature is fluid and cursive, with a large, stylized initial "C" and "B".

Chris Bliley, Vice President of Regulatory Affairs