

Washington State Clean Fuel Standard

Community Oversight Panel

9/13/2023



Why we are here

- Overview of Clean Fuel Standard (CFS)
- How does the CFS work in Washington?
- What does CFS mean for Sound Transit?
- Implementation and Next Steps

What is a Clean Fuel Standard?

Clean Fuel Standard (CFS)

- A market-based policy designed to reduce greenhouse gas (GHG) emissions from transportation
- Existing programs - CA (2011), OR (2016) and BC (2020)

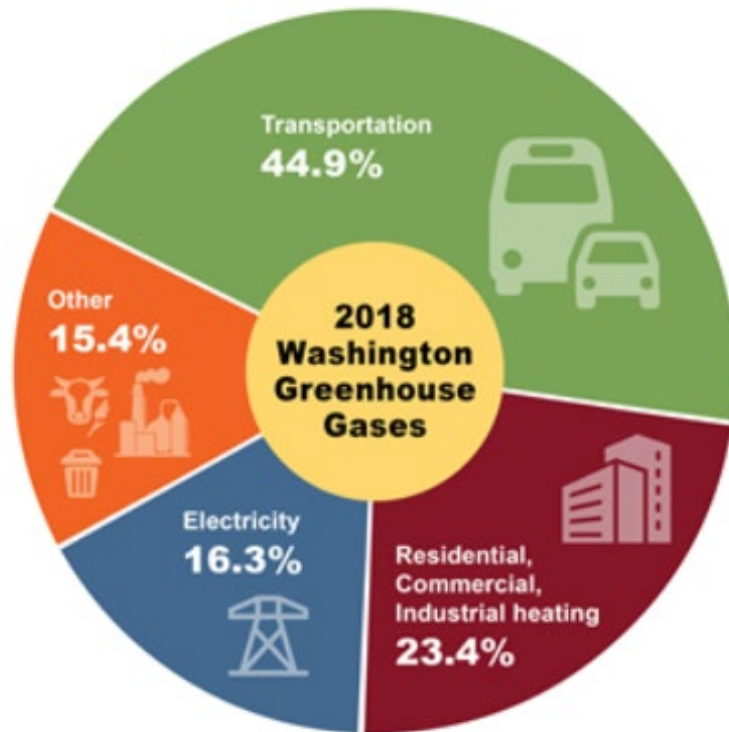
WA CFS Legislation – HB 1091

- Passed May 2021 → Went into effect, Jan 1, 2023
- Goals:
 - Reduce GHG emissions from transportation fuels 20% by 2034 from a 2017 baseline
 - Create revenue to re-invest in clean transportation

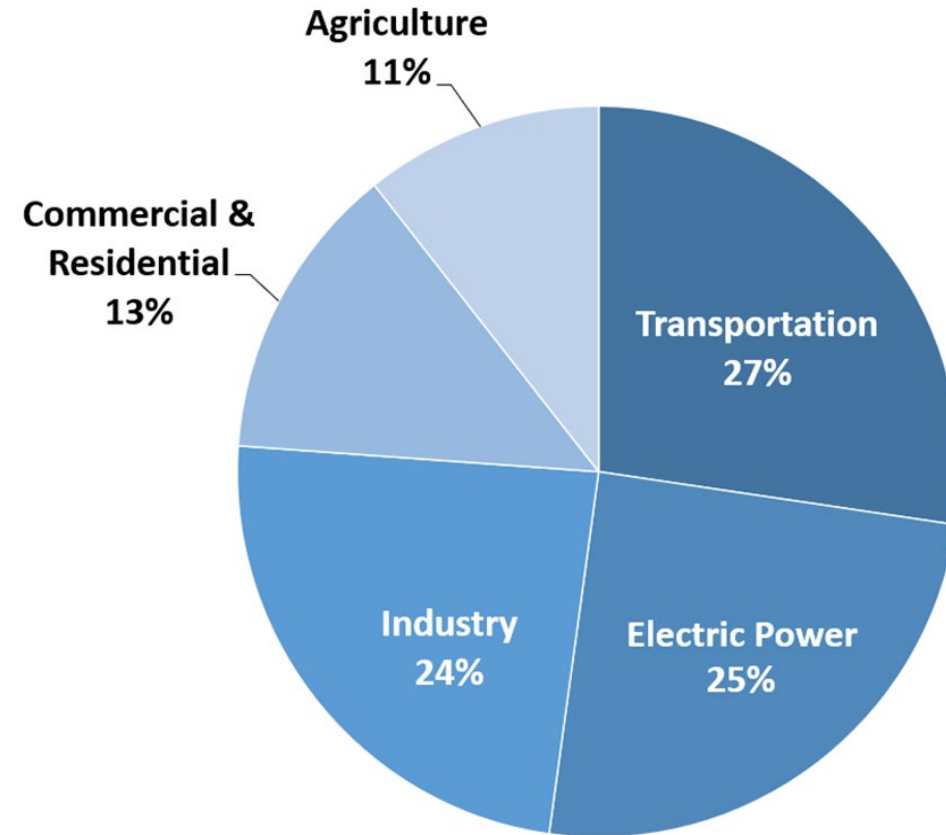


GHG Emissions from Transportation

WA GHG Emissions
by sector (2018)



US GHG Emissions
by sector (2020)



How Does the WA CFS Work?

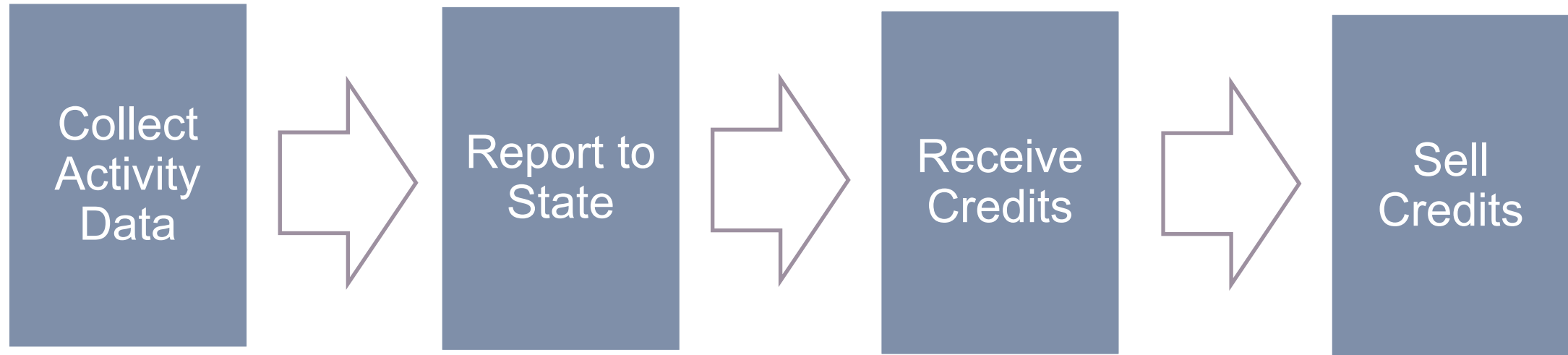
The CFS requires fuel producers to reduce the carbon intensity (CI) of fuels over time.

The program's credit sales incentivize:

- Fuel producers to *buy credits* and/or increase the supply of low carbon fuels like renewable diesel and green hydrogen
- Public and private orgs to *sell credits* from providing zero and low emission vehicles and infrastructure









How Can Sound Transit Generate Revenue?



How Can Sound Transit Generate Revenue?



-  Zero Emissions Link Light Rail
-  Battery Electric Bus Charging (2026)
-  Tacoma Link Streetcar
-  Non-Revenue Fleet EV Charging
-  Public EV Charging
-  Credit Sharing with Renewable Fuel Providers



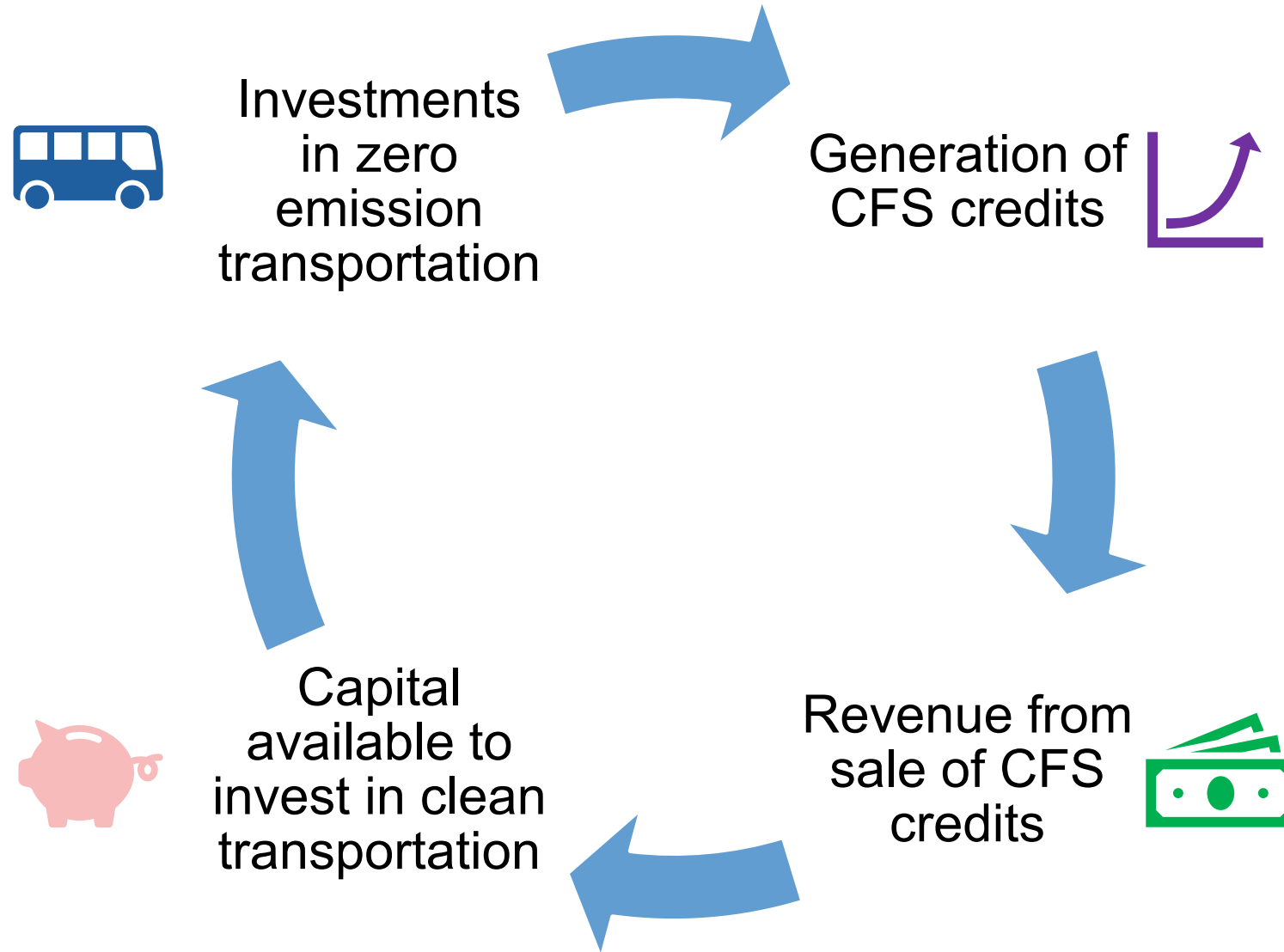
CFS Costs and Benefits

	Projected CFS Revenue Link Light Rail*
2023	\$750,000
2024	\$1,800,000
2025	\$4,500,000
2026	\$4,700,000

*Estimate based on projected light rail electricity use, updated 8/2022 project delivery timeline, and \$80/MT credit price

- Participation in the CFS is projected to be revenue positive
- Diesel cost premiums are projected to peak in 2031 at +\$0.20/gallon > \$750,000 annual max
- CA agencies report that they have not seen fuel cost increases from the state's clean fuel standard.

Positive feedback loop



Implementation

CFS Participation:

- Consult onboarded – agency registered in CFS
- Q1 data reported and remittances received
- Ready Q2 data for submission

Upcoming projects eligible for CFS

- Electrified BRT program
- Starter Line, LLE, DRLE



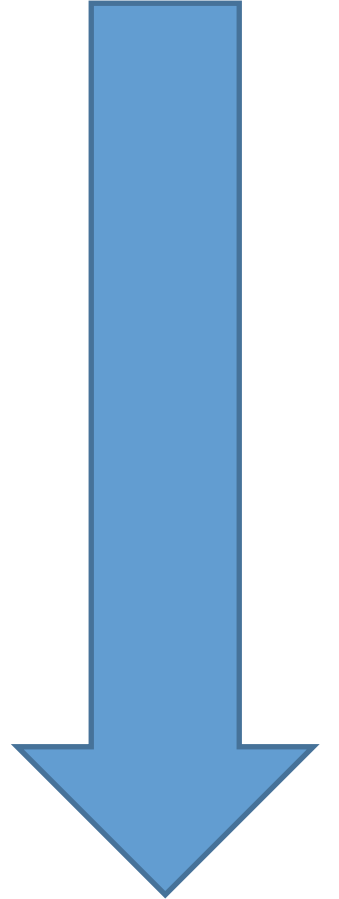
Next Steps

2023-2024

- Complete Draft ST Express & Sounder Zero Emissions Transition Plans
- Update ST Sustainability Plan (2024/5)

2024-2025

- Project long-term CFS revenues
- Project long-term zero emissions investment needs
- Discuss options with Board to meet ST's zero emissions fleet goals.



CFS Revenue

Quarter	Revenue
2023 - Q1 Total	\$367,145 <i>Complete</i>
2023 - Q2 Total	\$349,753 <i>Est.</i>
2023 - Q3 Total	\$359,331 <i>Est.</i>
2023 - Q4 Total	\$359,331 <i>Est.</i>
2023 Total	\$1,435,561 <i>Est.</i>
2046 Total	\$125 - 175M <i>Est.</i>

- CFS revenue is projected to be 56% higher than anticipated
- Revenue will grow with Starter Line, LLE, BRT and DRLE services
- Projections beyond 2024 will be calibrated after the next 3 quarters of credit sales are complete.

Thank you.

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 *soundtransit.org*

