

Washington's Clean Fuel Standard

SCLAC Council Committee | September 6, 2024

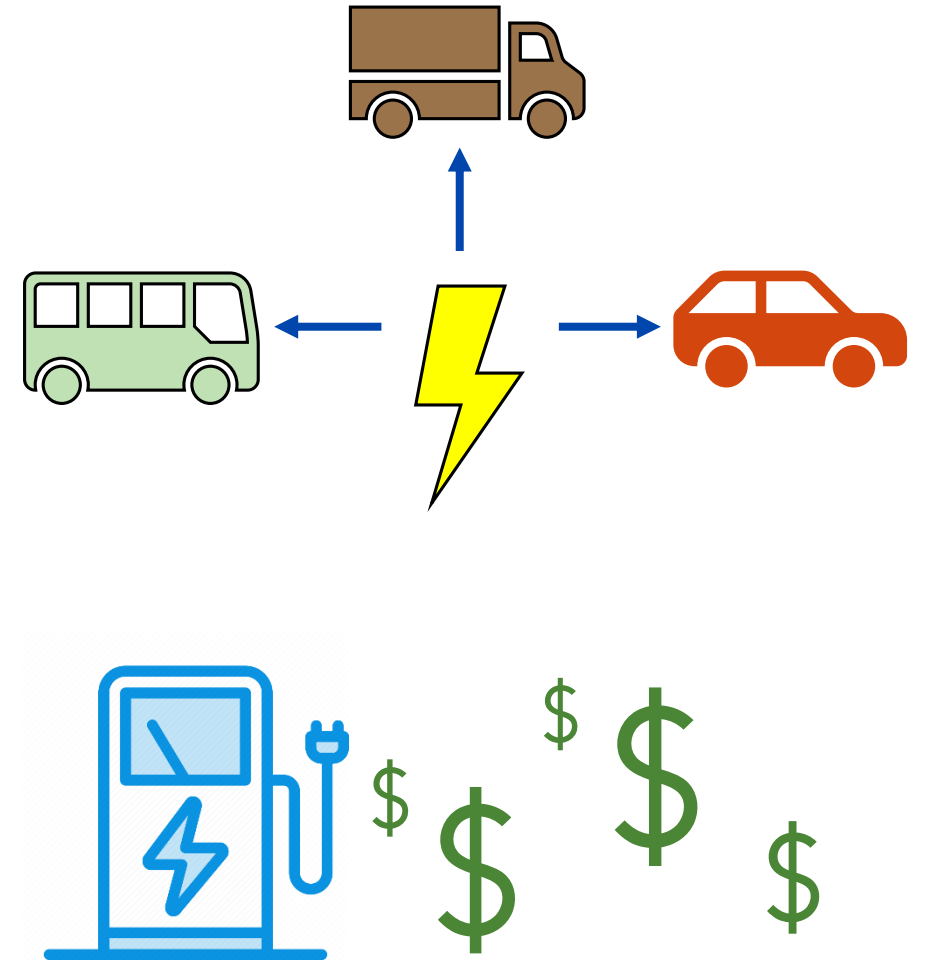


Agenda

- Clean Fuel Standard (CFS) Introduction
- Citywide & Departmental Impacts
- Compliance Activities to Date
- Citywide Coordination & Investment
- Next Steps
 - Council Approval of Resolution

Regulation Snapshot

- The Clean Fuel Standard (CFS) mandates transportation fossil fuels **reduce climate change and local air pollution impacts**
- Climate-friendly fuels like **electricity** are rewarded in the CFS
- Seattle departments that own or operate charging stations **may generate revenue** from the CFS



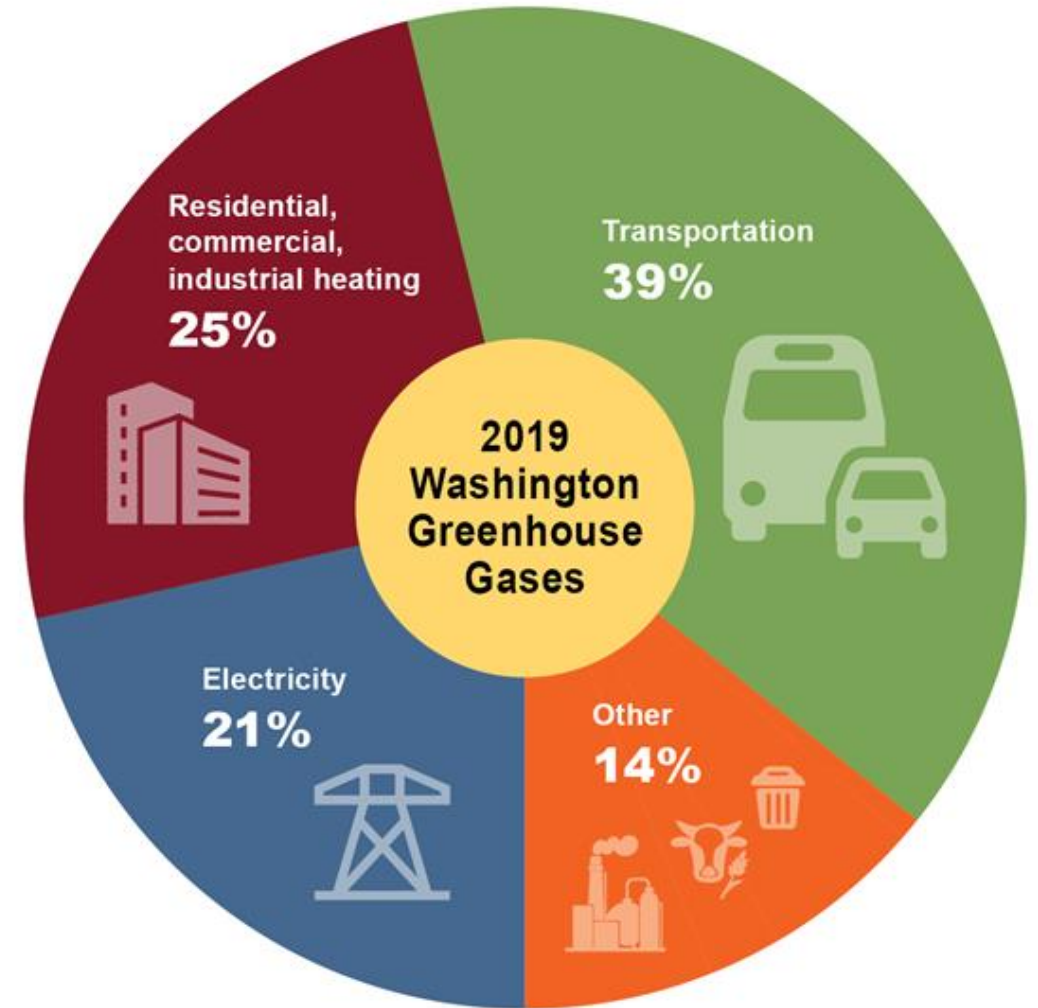
Clean Fuel Standard

Overview



CFS Fundamentals

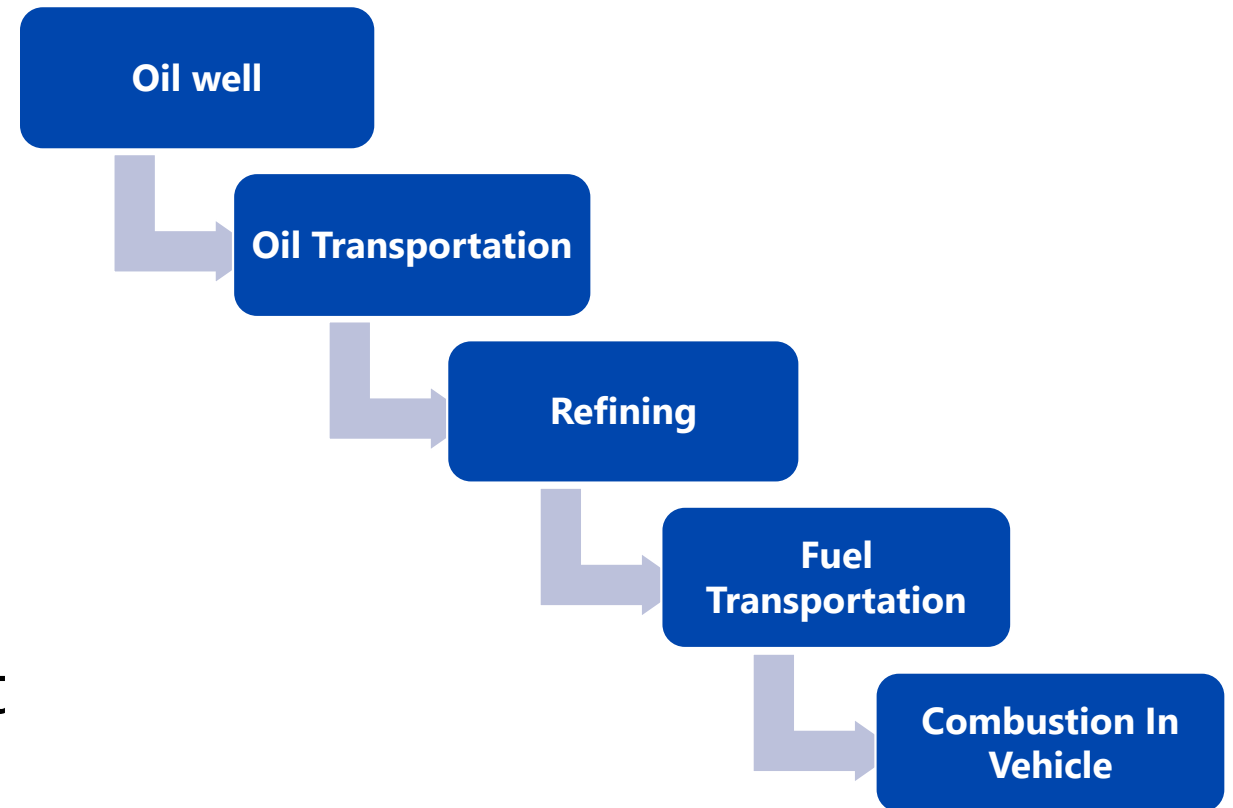
- Transportation is WA's greatest source of GHG emissions
- **State GHG reduction targets are not achievable without targeting transportation**
- Transportation sector is also a major source of conventional pollutants



CFS Fundamentals

- CFS will help achieve these GHG reductions
- Focuses on fuels in the transportation system
- CFS requires a reduction in carbon intensity (CI) across fuel lifecycle
 - CI = Carbon emissions per unit of energy

Fossil Fuel Lifecycle

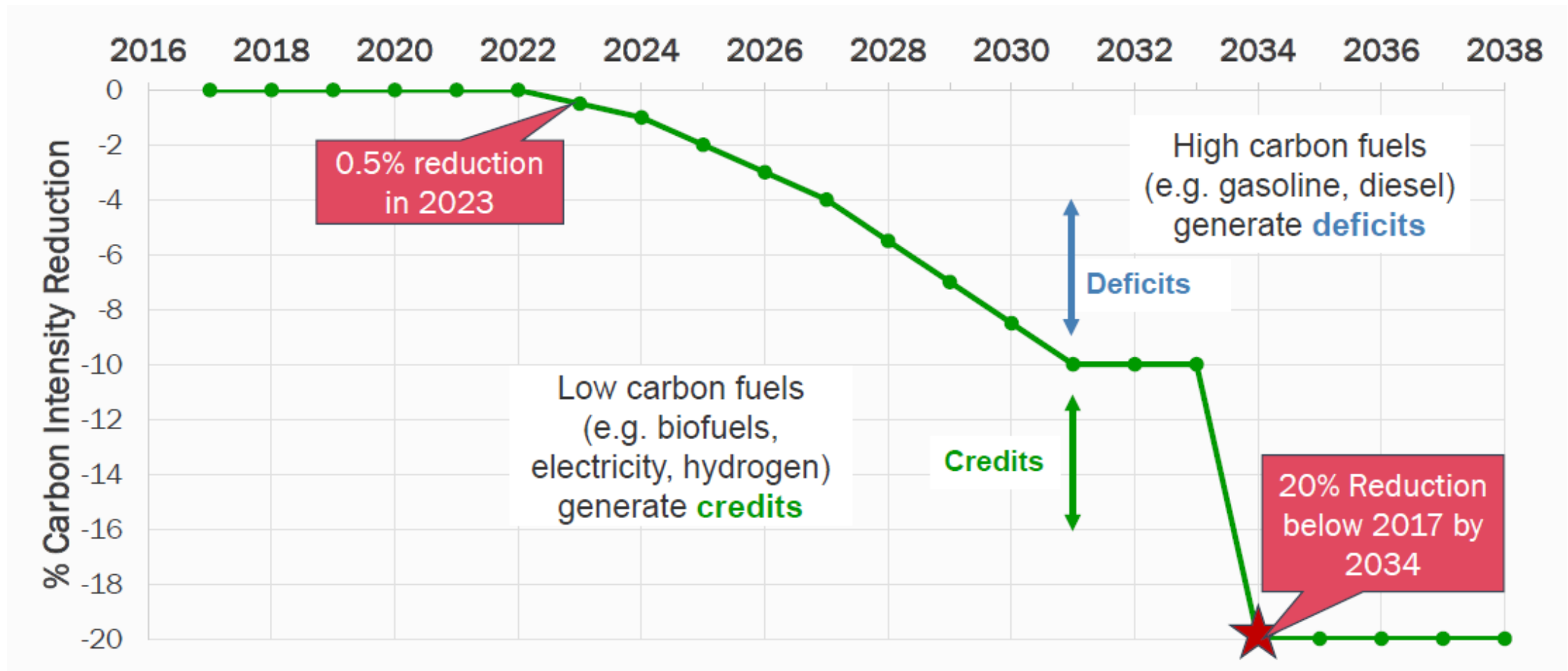


CFS Fundamentals

	Gasoline	Diesel
2017 CI Baseline (gCO ₂ _e /MJ)	98.93	100.11
2038 CI (gCO ₂ _e /MJ)	79.14	80.09
CI Reduction	<u>20%</u>	

CFS Fundamentals

Credits are generated when a cleaner fuel displaces a fossil fuel and are generated proportional to the amount of GHG pollution avoided



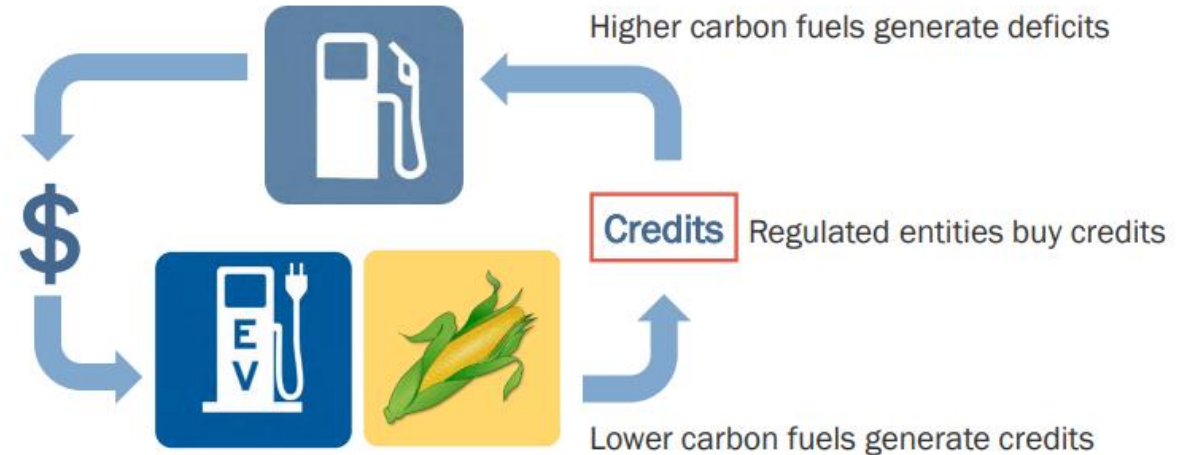
CFS Fundamentals

How to meet the annual carbon intensity target:

- Improve fuel production efficiency
- Produce blended fuels
- Use low- or zero-carbon fuels

What if you cannot meet the CI of your fuel?

Market-Based System



CFS Fundamentals

2024 Carbon Intensity Information

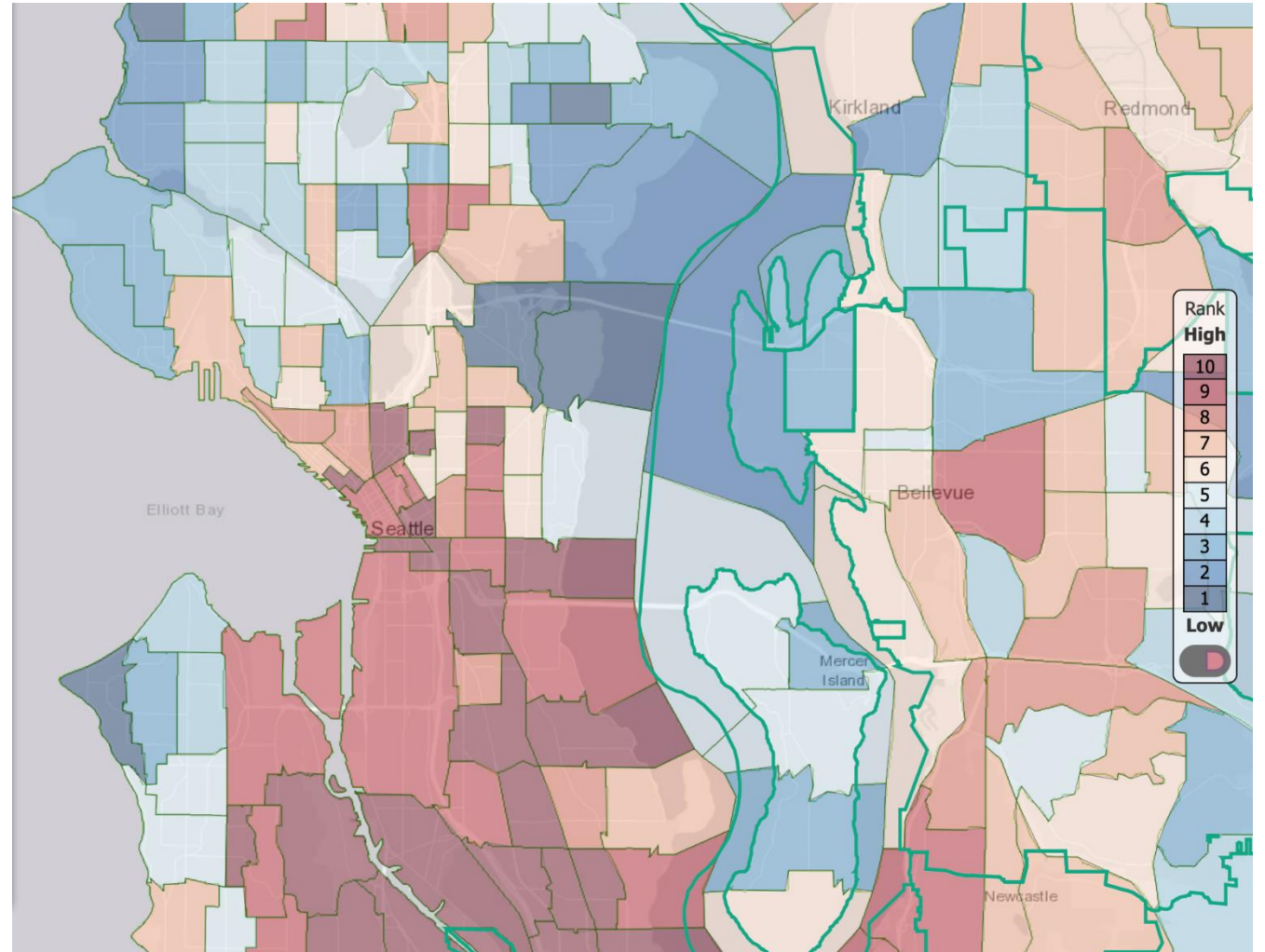
Gasoline Carbon Intensity = 97.97 grams CO₂-equivalent

Diesel Carbon Intensity = 99.11 grams CO₂-equivalent

SCL Electricity Carbon Intensity = 2.8 grams CO₂-equivalent

CFS Fundamentals

- Address environmental and transportation system burdens placed on most vulnerable populations
- Enables equitable and just outcomes, particularly around health and climate
- Interacts with Washington and Seattle equity requirements



Clean Fuel Standard Citywide & Departmental Impacts



CFS Impacts to City of Seattle

CFS impacts Seattle departments differently

- CFS targets transportation fuel providers
Departments with charging stations are directly impacted
- Outcomes are achieved mostly through investments in decarbonizing on-road transportation systems
- **CFS places specific requirements on electric utilities**



City of Seattle

City Light's Obligations under CFS

As a fuel provider & investor in charging infrastructure, City Light has more regulatory obligations under the CFS

- Additional and more onerous reporting requirements
- Investments using CFS revenues are subject to specific restrictions and evaluations
- Administer program and credits on behalf of all participating City departments



CFS Spending Requirements for Utilities

Electric Utility CFS revenue must be spent on transportation electrification activities and enabling efforts.

- 50% of revenues must be spent on utility transportation electrification projects.
 - 30% of this must be spent on equitable investments.
- 50% of revenues must be spent on a joint project list developed by State agencies.
 - Equity & justice outcomes are preferred but not mandated.
- Other City departments' revenue are more flexible and not part of SCL's reporting or responsibilities.

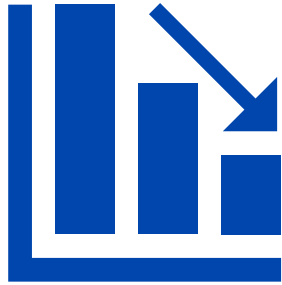
State Agency Project List

- Provision of new or used zero emissions vehicles
- Construction, operation, or maintenance of, or funding for charging infrastructure
- **Expanding grid capacity to enable transportation electrification investments**
- Partnership programs with public and private vehicle fleet owners

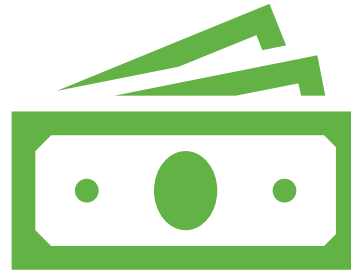
Overall CFS Obligations for the City of Seattle

Department	Revenue from Credit Sales	Record Retention	Registration and Reporting	Credit Sales & Arbitrage	Expenditure Reporting	Expenditure Restrictions	Account Management	Rulemakings, Guidance Phase, Program Implementation
Seattle City Light	✓	✓	✓	✓	✓	✓	✓	✓
Finance & Administrative Services	✓	✓	?	?				
Seattle Department of Transportation	✓	✓	?	?				
Seattle Public Utilities	✓	✓	?	?				
Other participating departments	✓	✓	?	?				

CFS Outcomes for Seattle City Light



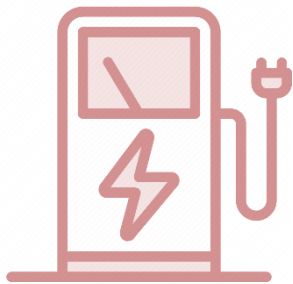
Greenhouse gas emissions reduction



Increased investments for clean and equitable transportation projects



Air, soil and water quality improvements



Increased investment in zero-emission refueling infrastructure



Community partnerships

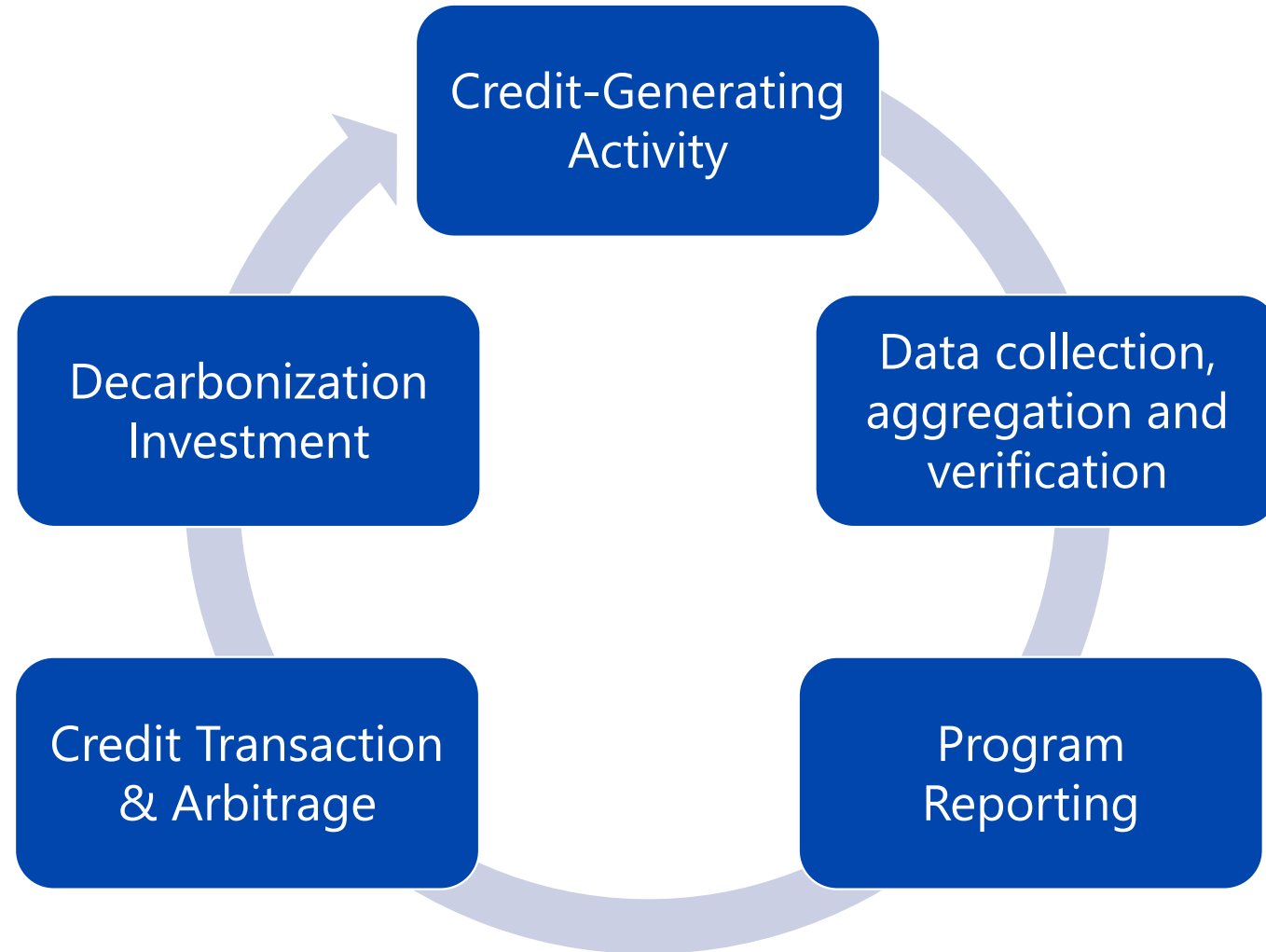


Electric grid investments and ratepayer benefits

Clean Fuel Standard Compliance Activities



Citywide Compliance



City of Seattle CFS Compliance Status

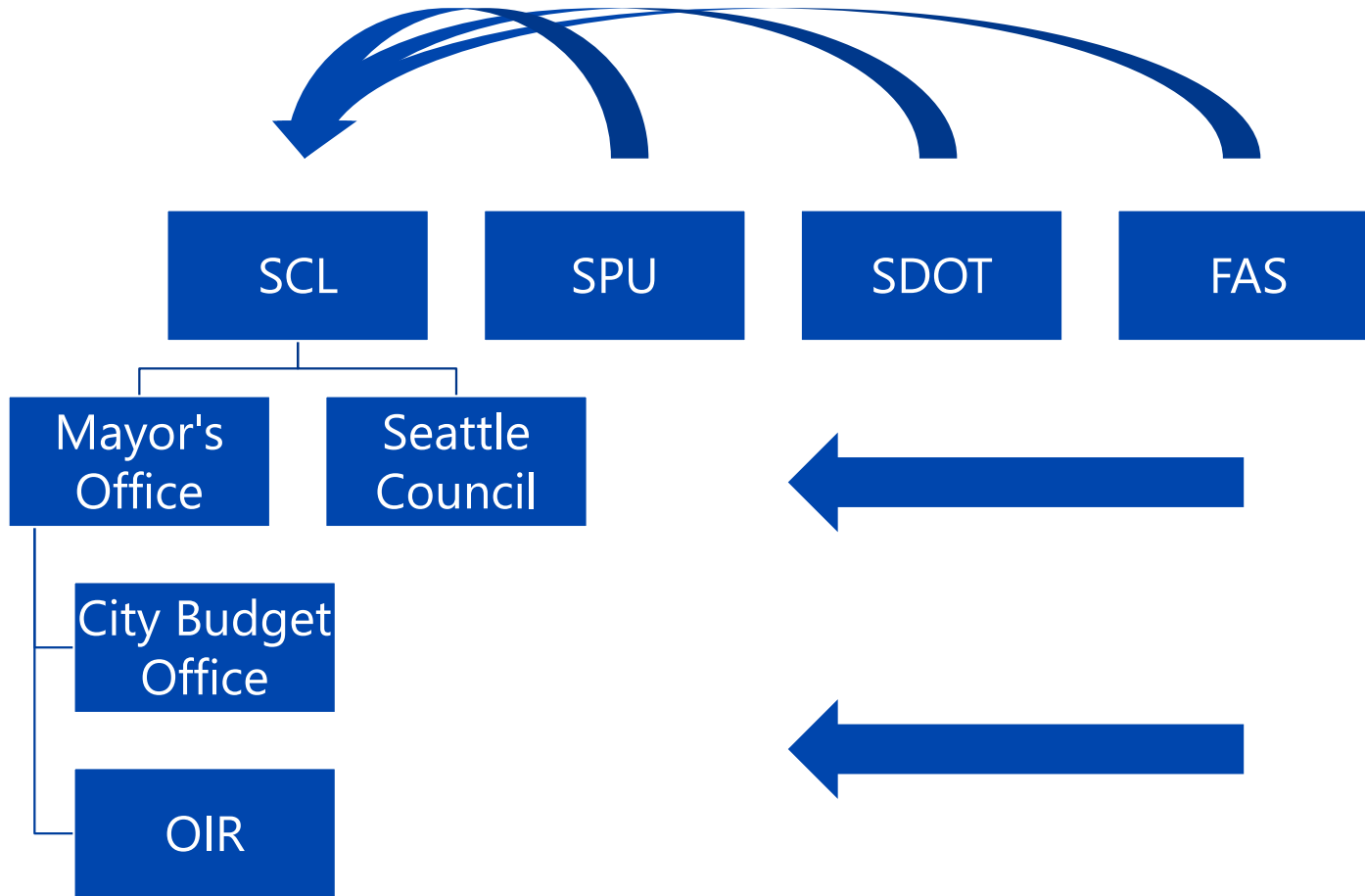
- City of Seattle is in good compliance with CFS
 - Successfully registering chargers on an ongoing basis
 - Successfully reporting dispensation data
 - SCL publicly owned chargers
 - SDOT streetcar
 - Successfully submitted our annual report
 - Generating non-residential credits quarterly and have received residential credits

Clean Fuel Standard

Citywide Coordination & Investments



One Seattle Approach



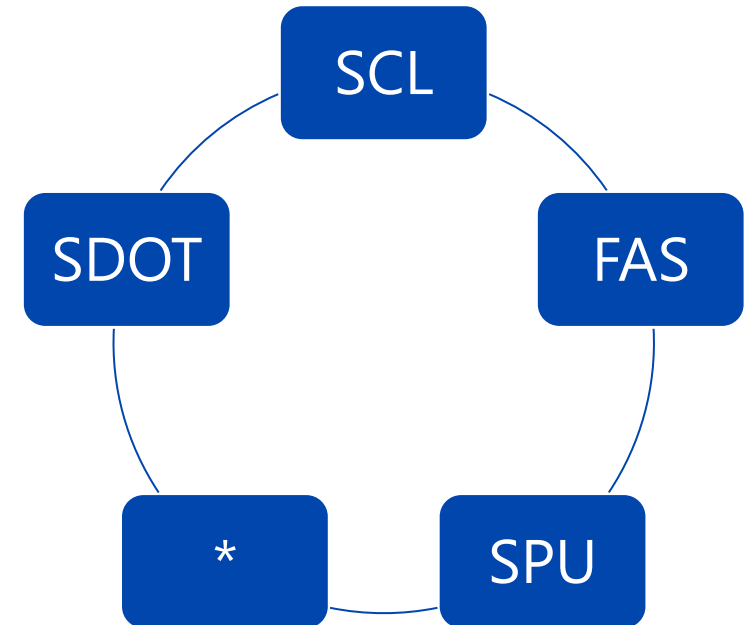
Credits generated by other departments are aggregated by SCL along with our substantial credits

SCL, along with other departments, work with Mayor's office and Council on budget and related policy

Mayor's CBO and OIR support budgeting process as well as intergovernmental needs (like WA leg or Governor's office)

City of Seattle Interdepartmental MOA

- Parties to the MOA are SCL, SDOT, FAS, and SPU;
- Governs all aspects of enterprise-wide participation in the CFS, such as:
 - Charger registration, reporting, and regulatory compliance
 - Credit activities and associated revenue
 - Interdepartmental coordination
 - Regulatory miscellanea



**Other departments may join as clean transportation roles and responsibilities evolve*

Actions & Next Steps



CFS Program Resolution

- Council approves and acknowledges:
 - Citywide participation in CFS
- Council acknowledges:
 - Role of SCL as citywide administrator
 - SCL ability to transact credits on behalf of other departments
 - The CFS interdepartmental MOA

Next Steps

- City Light
 - Develop data reporting systems (Q4 2024)
 - Develop an implementation plan (Q4 2024)
 - Develop policy manuals (2025)
- Citywide
 - Continue registering FSE and reporting electricity dispensation
 - Implement MOU (September)
 - Evaluate credit sale opportunity (TBD)

Questions & Discussion



THANK YOU



Seattle City Light