

# FAQ

## CLEAN FUEL STANDARD HB 1110

A clean fuel standard is *more than* just about climate change—it's about *cleaner air*, encouraging business and *economic development*, and *reducing the costs and impacts to public health*. Plus, producing local, low-carbon fuels will create jobs in Washington, *give consumers more choice at the pump*, and keep more of the *fuels we're already producing* here in Washington to benefit our residents and local businesses.

### Is a Clean Fuel Standard a regressive policy that will hurt Washingtonians' pocketbooks?

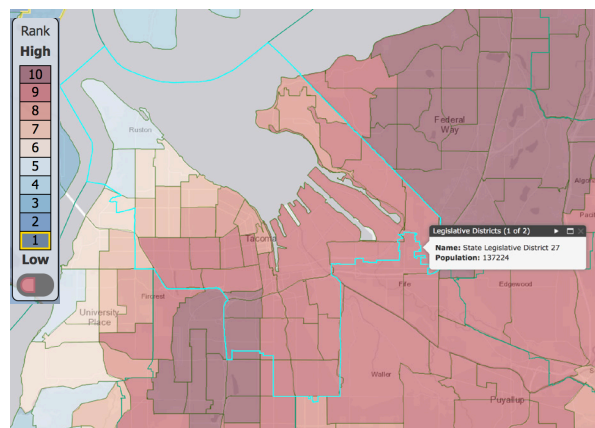
**Not enacting a Clean Fuel Standard is regressive. Lower-income people suffer the most from air pollution and climate change and have the fewest resources to cope, or to pay for health care.** In California, a study on their Clean Fuel Standard identified \$2.5 billion in annual avoided public health costs, expected to grow to \$8.3 billion by 2025 from fewer asthma attacks and hospitalizations, lower rates of lung cancer and heart attacks, and thousands of fewer lost workdays. Dependence on a global fuel market is already costing Washington residents with volatile fuel prices and rising health care costs.

### Won't a Clean Fuel Standard raise the cost of fuel?

**No.** In Oregon, the cost of the Clean Fuels Program has been less than a third of a penny per gallon.<sup>1</sup> The cost of fuel is dominated by the global market which overwhelms any market impact of a Clean Fuel Standard.

An analysis with input from a UC Berkeley professor, AAA, and the American Petroleum Institute determined that California's Clean Fuel Standard accounted for only 1% of the cost of gasoline. The price per barrel of oil accounts for 42% of the price, while transportation, refining, retailing, and profit accounts for 27%.

1. State of Oregon: AQ Programs - Data for the Clean Fuels Program; <https://www.oregon.gov/deq/aq/programs/Pages/Clean-Fuels-Data.aspx>



#### Pollution Impacts in District 27

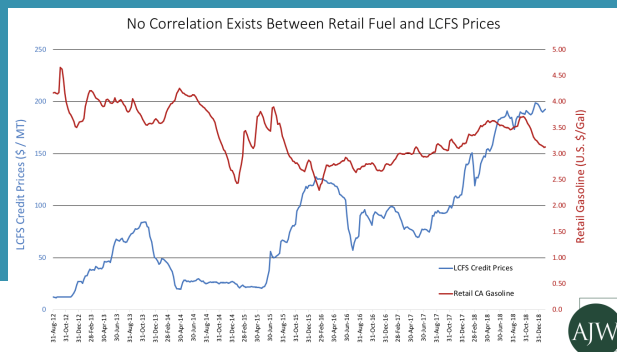
PM2.5 Concentration (Annual Tons/Km2): The impacts of pollution are significant as identified by the WA Env. Health Disparities Map, an interactive mapping tool that compares communities across our state for environmental health disparities.

Source: WA Dept of Health Environmental Disparities Map, <https://www.doh.wa.gov/DataandStatisticalReports/EnvironmentalHealth/WashingtonTrackingNetworkWTN/InformationbyLocation/WashingtonEnvironmentalHealthDisparitiesMap>

## The Cost Question in 3 graphs

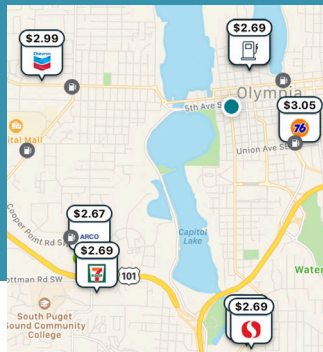
### How a Clean Fuel Standard has played out in California, where the average price of gas has no correlation to the price of credits.

Source: AJW Presentation: Low Carbon Fuel Standard-It's Working for California, <http://ajw-inc.com/ajw-presentation-lcfs-working-for-california/>



A snapshot of gas prices on 2/14/19 shows consumers already experience volatility in fuel pricing. Even within a small area we see a variability of over \$0.35/gal in Olympia.

Source: 2019 app data from Gas Buddy

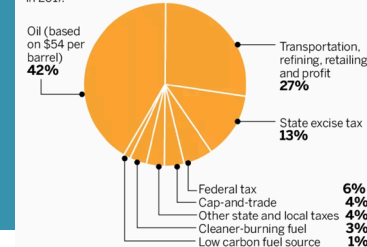


### What goes into the price of gas? The global price of oil is the biggest factor in the cost to consumers.

Source: UC Berkeley Prof. Severin Borenstein, AAA, and the American Petroleum Institute; <https://www.mercurynews.com/2019/01/29/a-20-cent-mystery-surge-on-gas-california-lawmakers-ask-ag-to-find-out-why/>

#### BREAKDOWN ON THE COST FOR GASOLINE

What goes into the price of a gallon of gasoline in California in 2017.



Source: UC Berkeley Professor Severin Borenstein, AAA and the American Petroleum Institute  
ERIN BALDASSARI/BAY AREA NEWS GROUP

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### Do actual cost increases align with oil industry projections?

**No.** Research conducted in California about its clean fuel standard shows that the actual costs were hundreds of times lower than predicted by the oil industry.

### Why do oil companies claim that the Clean Fuel Standard raised the price of fuel by 13 cents a gallon?

This number is from an **incomplete** study that used data from the Oil Price Information Service (OPIS), which simply took the cost of clean fuel credits in California and passed those down to the retail price. This ignores how the clean fuels market works, assuming a refinery wouldn't take any rational actions to achieve compliance at the lowest cost—such as blending in clean fuels or investing in efficiency projects—to hold consumers harmless. The Western States Petroleum Association identified 28 projects that would generate credits for compliance.

### Would a Clean Fuel Standard actually lead to reductions in greenhouse gas emissions?

**Yes.** In California alone, their Clean Fuel Standard has avoided 33 million tons of carbon, 9.9 billion gallons of petroleum, and has seen \$2 billion of investment in clean fuels productions, with little to no impact on fuel prices in the state. In British Columbia, their program has accounted for 25% of the province's annual emissions reductions between 2007-2012, which is a reduction of 900,000 metric tons of greenhouse gas emissions per year. The existence of a carbon intensity limit on lifecycle emissions means that emissions will decrease.

### Won't this cause people to grow corn for biofuels instead of food? Will this cause people to cut down forests to grow biofuels?

**There is no evidence of a Clean Fuel Standard interfering with food production.** Importantly, the Clean Fuels Standard requires a lifecycle analysis of different fuels when determining their carbon intensity, which means that land conversions (such as forest to agriculture) are accounted for, and the fuel thus penalized. There is no incentive in the program to convert carbon sinks into agriculture whatsoever.

### Is there enough clean fuel to comply?

**Yes!** A study by the International Council on Clean Transportation, low-carbon fuels can replace over a quarter of the gasoline and diesel used by vehicles in the Pacific Coast region by 2030. Another study commissioned by the Union of Concerned Scientists shows that under a Clean Fuel Standard, a "steady progress" scenario would decrease the carbon intensity of fuels by over 14% with ample credits available on the market.

### Won't a Clean Fuel Standard hurt the local economy?

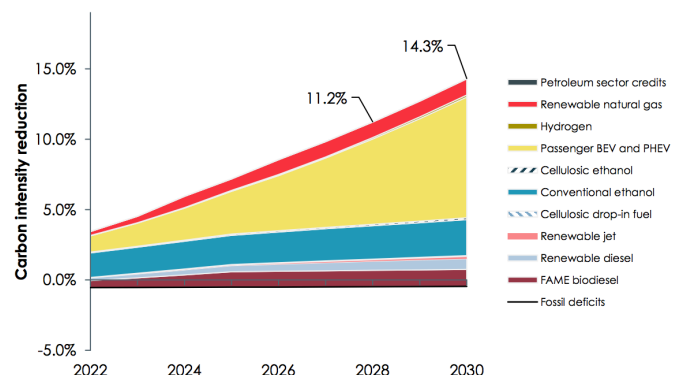
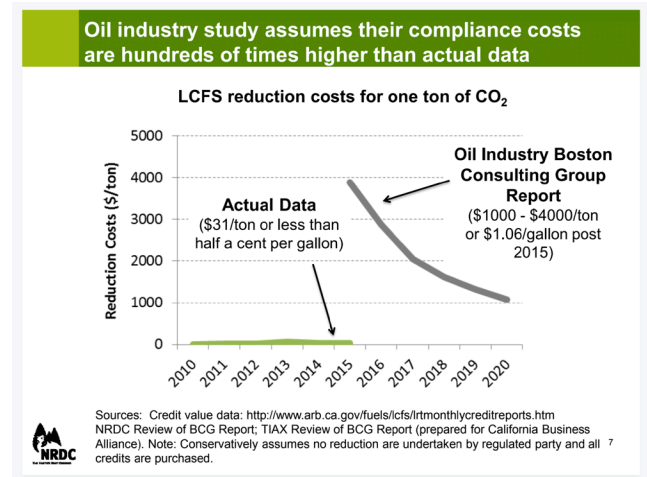
A Clean Fuel Standard will **help** the local economy. Washingtonians spend \$9 billion annually on gasoline and diesel while many of our clean fuels are shipped to other states that already have a Clean Fuel Standard. A Clean Fuel Standard in Washington will help us keep our energy dollars local, and spur economic development in the clean energy sector. The state estimates that the net job creation resulting from a Clean Fuel Standard will be up to 15,000 additional job-years by the tenth year of the policy.

### Isn't this breaking a 2015 deal made that Washington would not enact a Clean Fuel Standard?

The earlier deal specified that the Executive would not implement a Clean Fuel Standard, and that such a policy should instead be authorized by the Legislature. That is what HB 1110 would do.

The graph below shows the vast discrepancy between the projected costs for compliance with CA clean fuel standard vs. actual costs experienced by producers after policy enacted.

Source: California's Clean Energy Law (AB32) NRD



Washington is expected to see significant investments in electrification. This graph shows a pathway for compliance including significant investments in electrification and renewable fuels.

Source: WA Clean Fuel Future, Union of Concerned Scientists & Ceruleo, <https://www.ucsusa.org/sites/default/files/attach/2019/WA-clean-fuel-2019.pdf>