

Focus on: Washington's climate policies and fuel prices



Washington's new climate policies are intended to reduce emissions from major sources, such as transportation fuels. However, some types of fuels are exempt from the laws, including aviation fuels and most marine fuels. *(Photos: Port of Seattle/WDFW)*

New climate policies

On Jan. 1, 2023, two new Washington laws designed to reduce greenhouse gas emissions took effect: the Clean Fuel Standard (CFS) and the Climate Commitment Act (CCA).

Frequently asked questions

The following frequently asked questions clarify what these laws cover, what they require fuel suppliers to do, and what types of fuels are exempt.

What is the purpose of these policies?

Both policies are designed to reduce greenhouse gas emissions and prevent the worst effects of climate change on Washington's economy, communities, and environment. They are market-based policies that set targets but allow businesses and facilities to determine the most efficient way to reach them. They are complementary: The CCA is an economy-wide program, while the CFS targets transportation fuels (the largest source of emissions in Washington), so lowering fuel emissions from will cut suppliers' costs under the CCA.

Is this a new tax on gasoline?

No. Some opponents have intentionally mislabeled these new programs as setting new taxes on gasoline, but this is not true. The new programs do not create new taxes, although there may be costs of compliance for regulated entities associated with the programs. A business or facility can reduce or eliminate its financial compliance obligation under the laws by taking proactive steps to lower greenhouse gas emissions or document exemptions. Businesses retain control over their operations so they can make the most cost-effective decisions to reduce emissions.

Under some circumstances, aggressively reducing emissions could be profitable: A facility that reduces emissions can earn credits under the CFS program – or have excess emissions allowances under the CCA – and then sell them to other businesses who need credits or allowances to meet their compliance obligations.

Why are fuel suppliers imposing surcharges for these policies?

Neither the CCA nor the CFS impose any set, per-gallon fee on transportation fuels. Any increase in retail or wholesale costs for fuels attributed to these policies – which fuel suppliers sometimes refer to as “cap-at-the-rack” – is strictly a decision made by fuel suppliers. At this point, no fuel supplier or business has incurred fees or compliance costs under the CCA or CFS.

The first quarterly emissions allowance auction under the CCA was held on Feb. 28, 2023. However, businesses will have until November 2024 before they must meet any part of their compliance obligation – and until November 2027 to meet their full obligations. The CFS will determine initial credit prices in spring 2023, but fuel suppliers will have until the end of 2024 to reduce their emissions or buy credits.

Which fuels are exempt?

Under the CCA, emissions are exempt from these sources:

- Aviation fuels
- Marine fuels combusted outside of Washington
- Fuels used for agricultural purposes
- Biofuels
- Fuels exported out of Washington.

Find reporting guidance for transporting agricultural products on public highways and exempt watercraft, agriculture, aviation, and export fuels in [Interim Guidance on Reporting and Documenting Emissions from Exempt Fuels under the Cap-and-Invest Program](#).¹

Under the CFS, these fuels are exempt:

- Aviation fuels
- Marine fuels
- Railroad fuels
- Offroad fuels used for agriculture, logging, mining, and other activities.

Find exemption guidance for participants in the Clean Fuels Program in [Participant Guidance on Documenting Exempt Fuels](#).²

How are exemptions reported?

If you are a consumer or end-user of fuel in an exempt category, you should not have to do anything. Fuel suppliers are required to accurately report their emissions, and any exemptions, to Ecology and provide necessary documentation. Exemptions are subject to verification.

What can I do if my fuel supplier is adding a surcharge on exempt fuels?

Ecology does not control private companies’ pricing decisions. However, it does not appear justified for companies to add a surcharge to exempt fuels since there are no or minimal compliance costs associated with these fuels. If you have concerns over surcharges or changes to gas pricing, email CCAquestions@ecy.wa.gov. We are alerting the Washington Office of the Attorney General to claims of companies engaging in unfair or deceptive practices in regards to added costs attributed to program implementation.

¹ <https://apps.ecology.wa.gov/publications/SummaryPages/2302008.html>

² <https://apps.ecology.wa.gov/publications/SummaryPages/2302012.html>

More information

[Climate Commitment Act³](#)

[Clean Fuel Standard⁴](#)



CCA Information

CCAQuestions@ecy.wa.gov

360-407-6963



To request an ADA accommodation, contact Ecology by phone at 360-407-6800 or email at marilyn.turnbow@ecy.wa.gov, or visit <https://ecology.wa.gov/accessibility>

³ <https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act>

⁴ <https://ecology.wa.gov/Air-Climate/Reducing-Greenhouse-Gas-Emissions/Clean-Fuel-Standard>