Discussion Paper: Carbon Intensity Targets 2028 – 2038

Rulemaking background:

Ecology is considering amendments to chapter 173-424 WAC, Clean Fuels Program Rule, and program fees in WAC 173-455-150 to update the Clean Fuel Standard (CFS). Part of the rulemaking scope includes updating the carbon intensity (CI) reduction schedule for years 2028 through 2038, as required by House Bill (HB) 1409 (2025). This paper will outline Ecology's statutory requirements, changes possible via rule, potential outcomes, and opportunities for public input. It does not represent Ecology's official rule proposal which is expected to be filed in Spring 2027.

As a market-based policy, the CFS reduces emissions by incentivizing the production and use of low-carbon fuels. The policy exceeded expectations in its first two years, eliminating five million metric tons of greenhouse gases. Strengthening the CFS will further protect public health, drive economic investment, and yield even more emissions reductions.

When Ecology announced this rulemaking on January 20, 2026, written feedback on the scope—including the CI reduction schedule—was accepted from January 20 through March 3, 2026. Multiple commenters asked for additional information about the CI schedule, including:

- Clarity on how annual reduction targets will be chosen;
- Further understanding of analysis required by HB 1409;
- For Ecology to consider pacing of annual reductions and economic sustainability for participants.

Some commenters requested clarity on the 55% trigger and asked if Ecology would plan to update the rule if trigger conditions are met. Finally, some commenters recommended that Ecology implement both the highest possible annual reductions (4%) and the 55% cumulative reduction to send strong market signals in favor of low-carbon fuels.

House Bill 1409

Passed in 2025, HB 1409 amended the carbon intensity standard for the CFS. The Legislature determined that the program should reduce the CI of transportation fuels in Washington by 45% below 2017 levels by 2038.

The Legislature set specific reductions required for 2026 and 2027 and directed Ecology to set the annual CI reductions for 2028 through 2038 through rulemaking. Ecology may not set the required annual reduction in CI to be more than 4% or less than 3%, in a given year (RCW 70A.535.025:(5)(a)).

The Legislature also established that the ultimate carbon intensity reduction could be as much as 55% below 2017 levels by 2038, if certain conditions are met (RCW 70A.535.025 (5)(b)(i)). These conditions are:

> (A) if the state is unable to enforce its zero-emission vehicle (ZEV) policies, or
>
> (B) if the state is not reducing sufficient greenhouse gas emissions from the transportation sector to feasibly meet the state's legal limit on greenhouse gas emissions.

In 2030, Ecology may determine whether these conditions are met. If so, Ecology can update rules to reflect the new carbon intensity standard no earlier than 2032.

To summarize, Ecology **must**:

- Set annual CI reduction targets in rule for years 2028 through 2038 between 3-4%.

Ecology **may**:

- Decide the exact number between 3-4%.
- Increase the greenhouse gas emissions reduction requirement to 55% by 2038 and update annual CI reduction targets via rulemaking, if certain conditions are met.

Ecology **cannot**:

- Set annual targets that result in a cumulative CI reduction over 45% by 2038. For example, the annual target could not be 4% each year because the cumulative reduction in 2038 would be higher than 45%.
- Increase the cumulative CI reduction to 55%, effective before 2032.

You can read the full bill on the Washington State Legislature website.

In this rulemaking, Ecology will set the annual required reduction in carbon intensity for 2028 through 2038.

Carbon intensity reduction scenarios

Ecology is considering three scenarios with slight variations in annual reductions. For each scenario below, one column notes the required reduction in CI that year (the "annual reduction") and the other is the cumulative reduction in carbon intensity across years ("cumulative reduction").

Washington Carbon Intensity Standard – DRAFT

Year	SCENARIO A: Annual Reduction	SCENARIO A: Cumulative Reduction	SCENARIO B: Annual Reduction	SCENARIO B: Cumulative Reduction	SCENARIO C: Annual Reduction	SCENARIO C: Cumulative reduction
2026	5.0%	7%	5%	7%	5%	7.0%
2027	4.0%	11%	4%	11%	4%	11.0%
2028	**4.0%**	**15%**	**3.5%**	**14.5%**	**3.25%**	**14.3%**
2029	3.0%	18%	**3.5%**	**18.0%**	**3.25%**	**17.5%**
2030	3.0%	21%	3.0%	21%	**3.25%**	**20.8%**
2031	3.0%	24%	3.0%	24%	**3.25%**	**24.0%**
2032	3.0%	27%	3.0%	27%	3.0%	27.0%
2033	3.0%	30%	3.0%	30%	3.0%	30.0%
2034	3.0%	33%	3.0%	33%	3.0%	33.0%
2035	3.0%	36%	3.0%	36%	3.0%	36.0%
2036	3.0%	39%	3.0%	39%	3.0%	39.0%
2037	3.0%	42%	3.0%	42%	3.0%	42.0%
2038	3.0%	45%	3.0%	45%	3.0%	45.0%

The differences between scenarios are subtle, as each one needs to result in a cumulative CI reduction of 45% by 2038.

- **Scenario A** illustrates the least gradual approach of the three options, with a 4.0% annual CI reduction in 2028 and then a 3.0% annual reduction each following year. Scenarios B and C are increasingly more gradual.
- **Scenario B** starts with a 3.5% annual CI reduction for years 2028-2029.
- **Scenario C** starts with 3.25% annual CI reductions for 2028-2031.

All three scenarios have higher annual CI reductions to start, leveling out in later years.

In terms of emissions reductions, all three scenarios will result in the same cumulative CI reduction of 45% in 2038. However, they reflect somewhat different priorities when it comes to near-term emissions reductions that will help reduce the harmful impacts of climate change more quickly.

Modeling and analysis

Ecology is directed to perform modeling and analysis when updating rules, per RCW 70A.535.190. The forecasting will include different CI reduction scenarios, including the potential 55% reduction, as well as estimated impacts to market conditions. Ecology is in the process of contracting with an independent party to perform this analysis.

Questions for public input:

1. Which scenario do you prefer: A, B, or C? Why?
2. Do you prefer a more gradual schedule or a less gradual schedule? Why?
3. Are there alternative scenarios you would like Ecology to consider?

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