

EXECUTIVE SUMMARY

Washington's Clean Fuel Standard began with a combined 2023–2024 compliance period, followed by annual compliance periods. The program requires transportation-fuel carbon intensity to decline 45% below 2017 levels by 2038, with an option to reach 55% if specified conditions are met. The updated trajectory requires a 5% reduction in 2026 and 4% in 2027, followed by annual reductions of 3% to 4% through 2038. From the first quarter of 2023 through the first quarter of 2026, the program generated 8,039,692 credits and 3,926,893 deficits. The maximum 2025 Credit Clearance Market price was \$259.26 per credit.

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Years in Operation	First compliance period is for combined period of 2023–2024 and subsequent compliance periods are annual with quarterly data submissions and annual compliance determinations.
CI Trajectory	The CFS law requires fuel suppliers to gradually reduce the carbon intensity of transportation fuels to 45% below 2017 level by 2038 with an option to reduce as much as 55% by 2038 if certain conditions are met. Targets step down by 1% (2025), 5% (2026), 4% (2027), then 3–4% annually through 2038, achieving a 45% reduction below baseline by 2038.
Regulated Fuels	Gasoline; diesel; ethanol & blends; biomass-based diesel; CNG/LNG/L-CNG; propane; hydrogen; Any other liquid or non-liquid fuel
Opt-In Fuels	Electricity; Bio-CNG, bio-LNG, or bio-L-CNG; renewable propane; alternative jet fuel
Exempt Fuels	Aviation; marine; railroad; off-road agricultural/mining/logging, and other uses.
Covered Entities (2025–2026)	Producers and suppliers of regulated fuels to Washington consumers must participate and register in the Washington Fuels Reporting System (WFRS). 217 entities reported; 81 generated deficits; 80 met compliance requirements.
Annual Report deadline	Reporting opens: April 1 each year Submission deadline: April 30 each year Prerequisites: All previous quarterly and annual reports must be submitted.
Penalties & Program Funding	Washington's Clean Fuel Program penalties include fines up to four times the recent credit clearance market price for unretired deficits, up to \$1,000 per credit for misreporting or illegitimate credits, daily fines up to \$10,000 for failure to report, and other penalties for registration failures, improper utility spending, and verification violations. Administration Fees: Program participants must pay an annual fee to cover the cost of administering the Clean Fuel Standard (CFS). Fees are based on the estimated annual program budget, and participants will receive an invoice each year. All fees must be paid within 30 days of receiving an invoice.
Credits, Deficits & Bank	From Q1 2023 through Q1 2026, Washington's Clean Fuel Standard generated a total of 8,039,692 credits—each representing one metric ton of CO ₂ equivalent avoided—while entities incurred 3,926,893 deficits, creating a robust credit bank. By the end of 2025, the cumulative bank totaled 4,215,809 credits.
Credit Clearance Market	Ecology announced the maximum credit price at \$259.26 per credit for 2025. Only entities that met their 2025 compliance could pledge credits, and only entities participating in the market can purchase those credits. Process involves Ecology announcing a credit clearance market on May 15 and the market running from June 1 to July 31.

Major Developments

Washington's Clean Fuel Standard (CFS) entered a new phase in 2026 as the program began implementing the more ambitious emissions-reduction requirements established under Second Substitute House Bill 1409 (SSHB 1409). The law increased the program's long-term target from a 20 percent reduction in life-cycle greenhouse gas emissions to 45% below 2017 levels by 2038, with the possibility of reaching 55 percent if specified conditions are met. The updated trajectory took effect in 2026, requiring a 5% reduction in 2026 and 4% in 2027, and between 3 and 4 percent, annual reductions for 2028 through 2038.

- In Sep 2026, Ecology released a [discussion paper](#) for public input to outline Ecology's options for updating the CFS's carbon intensity reduction schedule for 2028 through 2038.

Market Performance & Pricing

	Q1-Q4 2024	Q1-Q4 2025
Credits Generated	3.09 million MT	2.59 million MT
Deficits Generated	1.07 million MT	1.35 million MT
Cumulative Bank	3.10 million MT by Q4 2024	4.33 million MT by Q4 2025
Credit Price	In 2024, the average credit price was \$48.27/MT.	In 2025, the average credit price reported was \$26.56/MT.
Credit Generation by Pathway in % of Total for the year	Renewable Diesel 6% Electricity 50% Ethanol 26%	Renewable Diesel 17% Electricity 37% Ethanol 27%

References

- Washington State Department of Ecology. Clean Fuel Standard – Requirements for participation. <https://ecology.wa.gov/air-climate/reducing-greenhouse-gas-emissions/clean-fuel-standard/requirements>
- Washington State Department of Ecology. Clean Fuel Standard – Data & reports. <https://ecology.wa.gov/air-climate/reducing-greenhouse-gas-emissions/clean-fuel-standard/data-reports>
- Washington State Department of Ecology. Clean Fuel Standard Compliance and Credit Clearance Market Overview (Publication 25-14-034), June 2026. <https://apps.ecology.wa.gov/publications/documents/2614054.pdf>
- Washington State Legislature. Second Substitute House Bill 1409 – Clean Fuels Program Modifications (Chapter 319, Laws of 2025). <https://app.leg.wa.gov/BillSummary/?BillNumber=1409&Year=2025>

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