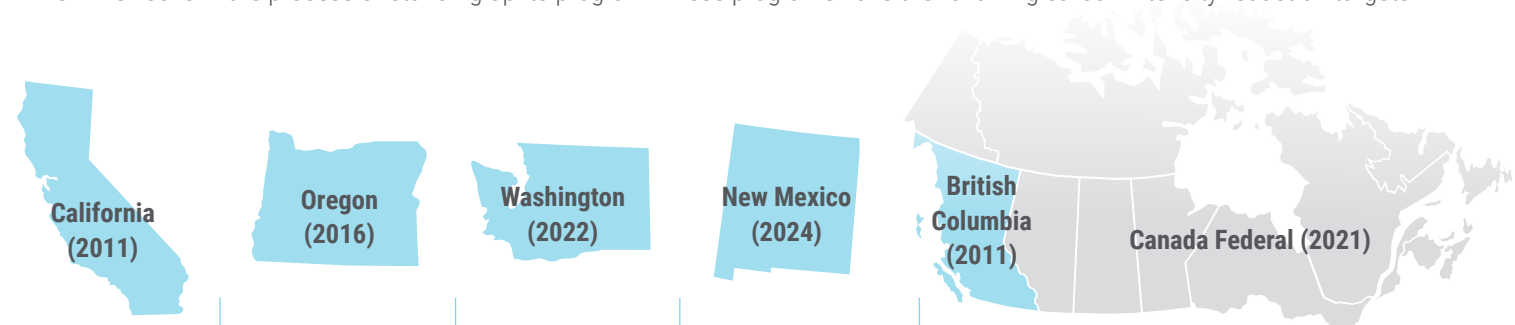
Competitive Fuels COALITION

competitive.cleanfuelsmi.org

BENEFITS

North America already has 5 Successful Competitive Fuels Standards

California, Oregon, Washington, British Columbia, and Canada (federal) each have similar programs in place already. New Mexico is in the process of standing up its program. These programs have the following carbon intensity reduction targets:



California (2011)	Oregon (2016)	Washington (2022)	New Mexico (2024)	British Columbia (2011)	Canada Federal (2021)
20% below 2010 levels by 2030 and 90% by 2045.	20% below 2015 levels by 2030, and 37% below 2015 levels by 2035.	20% below 2017 levels by 2034.	20% below 2018 by 2030 and a 30% reduction by 2040.	30% below 2010 levels by 2030.	15% reduction below 2016 levels by 2030

The Michigan Competitive Fuels Act would set a goal of reducing the carbon intensity of transportation fuels by at least 35% below 2020 levels by 2035, keeping with targets set across North America.

The Competitive Fuel Act Offers Several Benefits:

1. **Significant economic investment in the clean fuels industry.** The policy incentivizes investment in the production, distribution, and use of alternative fuels, including biofuels, hydrogen, renewable natural gas, and electricity. The production and use of these fuels generate monetizable credits. In existing programs, not only has the market for clean fuels grown substantially, but the resulting revenue streams have funded EV purchase rebates, supported refueling station installations, and allowed fleet operators to purchase electric trucks and buses. Long-running programs in other jurisdictions showcase significant investments and economic activity across the clean fuels industry.

   - **California:** From 2011 through the first quarter of 2018, the program increased the value of the clean fuels market by an estimated **$2.8 billion**.[1]
   - **Oregon:** From 2016 through 2021, the program generated $328 million in credits. Preliminary analysis shows $100 million per year is saved in avoided health costs.[2]
   - **British Columbia:** In 2022 alone, the program generated over **$425M CAD in credit trading**.[3]

   Washington State, New Mexico, and the Canadian federal programs are newer, so economic data is not yet available.

2. These programs have had little to no impact on gasoline prices.

An economic analysis by Bates White (April 2022) found:

> *"The primary driver of fuel price movements is the cost of crude oil…the combination of crude oil price, Cap-and-Trade costs and taxes explains fully 90% of regular gasoline pricing over time."* [4]
>
> *"It is evident that there is little or no relation between prevailing transaction prices for [clean fuel standard] credits and retail gasoline prices."* [5]

Oregon's analysis of its program came to similar conclusions:

> *"Retail prices for gasoline and diesel remain well within the range of neighboring states, including those without a clean fuel standard."* [6]

Prior to Washington implementing its program, it commissioned a third-party report by the Berkeley Research Group, which concluded the following:

> *"[Berkeley Research Group] found the Clean Fuel Standard would mean less than a 1-cent-per-gallon difference in the price consumers pay at the gas pump in 2023. Prices could rise 2 cents in 2024 and up to 4 cents in 2025, the report shows. These price impacts are not expected to continue forever. Once the Clean Fuel Standard is fully phased in about a decade from now, any remaining price impact is predicted to drop to nearly zero."* [7]

3. These programs are achieving real, meaningful emissions reductions and support a diversity of clean fuels.

- **California:** Since 2011, the LCFS has helped to slash **38 million tons** of carbon pollution through use of lower carbon fuels.[8]
- **Oregon:** From 2016 through 2020, the program avoided **5.3 million metric tons** of emissions.[9]
- **British Columbia:** From 2010 to 2020, actions taken to comply with the LCFS have resulted in a reduction of more than **12 million tons** of greenhouse gas emissions.[10]

For Michigan's environment and economy,
a Competitive Fuels policy is a clear win-win.

Endnotes

1 See: California Delivers – Low Carbon Fuel Standard (cadelivers.org)
2 Wind, C. et al. Oregon Clean Fuels Program: Program Review. Department of Environmental Quality. February 2022. Page 13.
3 Ministry of Energy, Mines, and Low Carbon Energy Innovation. Low Carbon Fuel Credit Market Report - Quarterly. February 2023. <rlcf017_-_low_carbon_fuel_credit_market_quarterly_report_20230209.pdf (gov.bc.ca)>.
4 Bates White: Economic Consulting. Low Carbon Fuel Standards Market Impacts and Evidence for Retail Fuel Price Effects. April 2022. Page 1.
5 Bates White: Economic Consulting. Low Carbon Fuel Standards Market Impacts and Evidence for Retail Fuel Price Effects. April 2022. Page 25.
6 Wind, C. et al. Oregon Clean Fuels Program: Program Review. Department of Environmental Quality. February 2022. Page 10.
7 Washington State Department of Ecology. Economic Impact of Washington's Climate Policies. <Economic impacts - Washington State Department of Ecology>. Last accessed April 2023.
8 See: California Delivers – Low Carbon Fuel Standard (cadelivers.org)
9 Wind, C. et al. Oregon Clean Fuels Program: Program Review. Department of Environmental Quality. February 2022. Page 10.
10 Scott, S. Low carbon fuel expansion cuts emissions, creates jobs. BC Gov News. May 19, 2022. <Low-carbon fuel expansion cuts emissions, creates jobs | BC Gov News>. Last accessed April 2023.