

WAC 173-446-250 Removing and retiring allowances. (1) **Adjustments for the use of offsets as compliance instruments.** Ecology will use the following process to remove and retire allowances to account for the use of offset credits used for compliance in accordance with RCW 70A.65.170(5). This process will be completed by December 15th of each year.

(a) The calculation to determine the number of offset credits to be removed is as follows:

$$\text{Offset credits used} = \text{Offsets} - \text{Invalidations} \quad \text{Eq. 250-2.}$$

Where:

Offsets = number of offset credits used as compliance instruments for compliance obligations from the prior year.

Invalidations = number of offset credits invalidated by ecology (if any).

(b) If the number of offset credits calculated by Eq. 250-2 is greater than zero, a number of allowances equal to that number of offset credits will be removed from the next year's annual allowance budget and retired.

(2) **Adjustments to ensure consistency with proportional GHG emission limits.** To ensure consistency with the requirements of RCW 70A.65.060 and 70A.65.070, ecology may remove and retire allowances from the next year's allowance budget if the analysis of the state's progress toward the greenhouse gas limits required in RCW 70A.45.020 indicates insufficient progress toward those limits for the proportion of covered emissions in the program relative to total statewide greenhouse gas emissions.

(a) This determination will be made within two months after the submittal of the progress report required by RCW 70A.45.020(2) to the legislature, or the program progress report required by RCW 70A.65.060(5).

(i) For each determination, ecology will provide notice to the public of ecology's analysis of the state's progress toward the greenhouse gas limits and ecology's preliminary determination on whether or not to remove and retire allowances and how many allowances to remove if any.

(ii) Ecology will allow 30 calendar days for public comment on the preliminary determination before making a final determination.

(b) If this determination finds that Washington is meeting or exceeding the expected proportionate progress toward the limits based on the covered emissions in the program, then no further action will be taken.

(3) **Adjustments for voluntary renewable electricity.** Ecology will remove and retire allowances from the voluntary renewable electricity reserve account in recognition of the generation of renewable electricity that is directly delivered to Washington and used for the purposes of voluntary renewable electricity programs by using the following methods.

(a) Electricity generation eligible to be considered voluntary renewable electricity generation for the purposes of this section must:

(i) Be directly delivered to a point of delivery in Washington.

(ii) Meet the definition of renewable resource in RCW 19.405.020.

(iii) Meet at least one of the following criteria:

(A) Be registered in the Western renewable energy generation system (WREGIS); or

(B) Be capable of creating renewable energy credits in the WREGIS system through aggregation or other means; or

(C) Have through some other means received approval from ecology.

(iv) Have associated contract or settlement documentation demonstrating the sale to and purchase of the renewable energy credits associated with the generation of the electricity to the voluntary renewable electricity end-user or entity purchasing on behalf of the end-user.

(b) Renewable energy credits for eligible voluntary renewable generation must:

(i) Represent generation that occurred during the year for which allowance retirement is requested;

(ii) Be retired for the purposes of voluntary renewable energy before the submittal of the request to retire allowances; and

(iii) Not be sold or used to meet any other mandatory requirements in Washington or any other jurisdiction, including renewable portfolio standards or clean electricity standards in Washington (RCW 19.285.040 and chapter 19.405 RCW, respectively), or similar laws or regulations in any other jurisdiction.

(c) A request for the retirement of allowances may be initiated, using a method and form approved by ecology, by any of the following:

(i) The owner or operator of the eligible voluntary renewable generation;

(ii) The owner or purchaser of the renewable energy credit associated with the eligible generation; or

(iii) The end-user that claims the voluntary renewable electricity generated by eligible generation.

(d) A request for the retirement of allowances in recognition of voluntary renewable electricity generation must also be accompanied by the following attestations:

(i) A signed attestation to ecology stating: "I certify under penalty of perjury under the laws of the state of Washington that I have not authorized use of, or sold, any renewable electricity credits or any claims to the emissions, or lack of emissions, for electricity for which I am seeking Ecology allowance retirement, in any other voluntary or mandatory program." and

(ii) Except as provided in (d)(iii) of this subsection, a signed attestation to ecology stating: "I understand I am voluntarily participating in the Washington state Greenhouse Gas Cap and Invest Program under chapter 70A.65 RCW and this chapter, and by doing so, I am now subject to all regulatory requirements and enforcement mechanisms of this voluntary renewable electricity program and subject myself to the jurisdiction of Washington state as the exclusive venue to resolve any and all disputes."

(iii) For federally recognized tribes who elect to participate as opt-in entities or general market participants pursuant to RCW 70A.65.090(5), a signed attestation to ecology stating: "I understand I am voluntarily participating in the Washington state Greenhouse Gas Cap and Invest Program under chapter 70A.65 RCW and this chapter. The tribal government on whose behalf I am authorized to make this submission has entered into a written agreement, negotiated on an individual basis between ecology and the tribal government, that establishes a dispute resolution process and/or other compliance mechanisms in order to ensure the enforceability of all program requirements applicable to the tribe in its role as an opt-in entity or a general market participant, as applicable."

(e) Allowances will be retired annually from the voluntary renewable electricity reserve account for the preceding year's eligible generation in order of increasing vintage year until the account has been exhausted. For the year in which available allowances are exhaus-

ted, allowance retirement will be prorated among all eligible generation.

(f) The number of allowances retired from the voluntary renewable electricity reserve account for eligible generation in a given year is calculated as follows:

$$VRE_{\text{retired}} = MWh_{VRE} \times EF_{\text{unspecified}}$$

Where:

"VRE_{retired}" is the number of allowances to be retired from the voluntary renewable electricity reserve account for the eligible generation rounded down to the nearest whole ton;
"MWh_{VRE}" is the amount of voluntary renewable electricity, in MWh, that is generated in the previous year by the eligible generation; and
"EF_{unspecified}" is the default CO₂e emissions factor for unspecified power, based on the methods provided in WAC 173-444-040(4) using the data required in WAC 173-441-124 (3)(b).

(g) Any allowances from an allowance budget year that have been allocated to the voluntary electricity reserve account and not retired that year will be held in the reserve account to be available for retirement in subsequent budget years.

(h) If the surplus in the voluntary electricity reserve account grows for three or more consecutive years, and if forecasts of voluntary renewable electricity purchases project a decrease or lesser increase of voluntary renewable electricity purchases than the corresponding increase in the account, then ecology may remove surplus of allowances from the reserve account, and retire them.

[Statutory Authority: RCW 70A.65.220. WSR 22-20-056 (Order 21-06), § 173-446-250, filed 9/29/22, effective 10/30/22.]