

Chapter 173-407 WAC

CARBON DIOXIDE MITIGATION PROGRAM, GREENHOUSE GASES EMISSIONS PERFORMANCE STANDARD AND SEQUESTRATION PLANS AND PROGRAMS FOR THERMAL ELECTRIC GENERATING FACILITIES

WAC

173-407-005	Work in unison.
PART I	
CARBON DIOXIDE MITIGATION FOR FOSSIL-FUELED THERMAL ELECTRIC GENERATING FACILITIES, IMPLEMENTING CHAPTER 80.70 RCW	
173-407-010	Policy and purpose of Part I.
173-407-020	Definitions to Part I.
173-407-030	Carbon dioxide mitigation program applicability for Part I.
173-407-040	Carbon dioxide mitigation program fees under Part I.
173-407-050	Calculating total carbon dioxide emissions to be miti- gated under Part I.
173-407-060	Carbon dioxide mitigation plan requirements and options under Part I.
173-407-070	Carbon dioxide mitigation option statement and mitiga- tion plan approval under Part I.
173-407-080	Enforcement under Part I.
PART II	
GREENHOUSE GASES EMISSIONS PERFORMANCE STANDARD AND SEQUESTRATION PLANS AND PROGRAMS FOR BASELOAD ELECTRIC GENERATION FACILITIES IMPLEMENTING CHAPTER 80.80 RCW	
173-407-100	Policy and purpose of Part II.
173-407-110	Definitions to Part II.
173-407-120	Facilities subject to the greenhouse gases emissions per- formance standard for Part II.
173-407-130	Emissions performance standard under Part II.
173-407-140	Calculating greenhouse gases emissions and determin- ing compliance for baseload electric generation facilities under Part II.
173-407-150	Calculating greenhouse gases emissions and determin- ing compliance for baseload electric cogeneration facilities under Part II.
173-407-200	Requirement for and timing of sequestration plan or sequestration program submittals under Part II.
173-407-210	Types of permanent sequestration under Part II.
173-407-220	Requirements for nongeologic permanent sequestration plans and sequestration programs under Part II.
173-407-230	Emissions and electrical production monitoring, record- keeping and reporting requirements under Part II.
173-407-240	Enforcement of the emissions performance standard under Part II.
PART III	
LONG-TERM FINANCIAL COMMITMENTS; RELATIONSHIP OF ECOLOGY AND THE WUTC; AND RELATIONSHIP OF ECOLOGY AND THE GOVERNING BOARDS OF CONSUMER-OWNED UTILITIES UNDER CHAPTER 80.80 RCW	
173-407-300	Procedures for determining the emissions performance standard of a long-term financial commitment and addressing electricity from unspecified sources and specified sources under Part II.
173-407-310	Relationship of ecology and Washington utilities and transportation commission under Part II.
173-407-320	Relationship of ecology and the governing boards of consumer-owned utilities under Part II.
173-407-400	Severability.

(6/19/08)

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

173-407-090	Severability. [Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173- 407-090, filed 12/22/04, effective 1/22/05.] Decodified by 08-14-011 (Order 07-11), filed 6/19/08, effective 7/20/08. Statutory Authority: Chapter 80.80 RCW. Recodified as WAC 173-407-400.
-------------	--

WAC 173-407-005 Work in unison. The requirements of this chapter, WAC 173-407-010 through 173-407-070, are based upon chapter 80.70 RCW and are separate and distinct from the requirements found in this chapter, WAC 173-407-100 through 173-407-320 that are based upon chapter 80.80 RCW. These two requirements are required to work in unison with each other in a serial manner. The first requirement is the emissions performance standard. Once that standard is met, the requirements of chapter 80.70 RCW (WAC 173-407-010 through 173-407-070) are applied.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-005, filed 6/19/08, effective 7/20/08.]

PART I CARBON DIOXIDE MITIGATION FOR FOSSIL- FUELED THERMAL ELECTRIC GENERATING FACILITIES, IMPLEMENTING CHAPTER 80.70 RCW

WAC 173-407-010 Policy and purpose of Part I. (1) It is the policy of the state to require mitigation of the emissions of carbon dioxide (CO₂) from all new and certain modified fossil-fueled thermal electric generating facilities with station-generating capability of more than 25 megawatts of electricity (MWe).

(2) A fossil-fueled thermal electric generating facility is not subject to the requirements of chapter 173-401 WAC solely due to its emissions of CO₂.

(a) Emissions of other regulated air pollutants must be a large enough quantity to trigger those requirements.

(b) For fossil-fueled thermal electric generating facilities that are subject to chapter 173-401 WAC, the CO₂ mitigation requirements are an applicable requirement under that regulation.

(3) A fossil-fueled thermal electric generating facility not subject to the requirements of chapter 173-401 WAC is subject to the requirements of the registration program in chapter 173-400 WAC.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-010, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-010, filed 12/22/04, effective 1/22/05.]

WAC 173-407-020 Definitions to Part I. The definitions in this section are found in RCW 80.70.010 and apply throughout this chapter unless clearly stated otherwise. The definitions are reprinted below.

"Applicant" has the meaning provided in RCW 80.50.020 and includes an applicant for a permit for a fossil-fueled thermal electric generation facility subject to RCW 70.94.152 and 80.70.020 (1)(b) or (d).

"Authority" means any air pollution control agency whose jurisdictional boundaries are coextensive with the boundaries of one or more counties.

"Carbon credit" means a verified reduction in carbon dioxide or carbon dioxide equivalents that is registered with a state, national, or international trading authority or exchange that has been recognized by the council.

"Carbon dioxide equivalents" means a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

"Cogeneration credit" means the carbon dioxide emissions that the council, department, or authority, as appropriate, estimates would be produced on an annual basis by a stand-alone industrial and commercial facility equivalent in operating characteristics and output to the industrial or commercial heating or cooling process component of the cogeneration plant.

"Cogeneration plant" means a fossil-fueled thermal power plant in which the heat or steam is also used for industrial or commercial heating or cooling purposes and that meets federal energy regulatory commission standards for qualifying facilities under the Public Utility Regulatory Policies Act of 1978.

"Commercial operation" means the date that the first electricity produced by a facility is delivered for commercial sale to the power grid.

"Council" means the energy facility site evaluation council created by RCW 80.50.030.

"Department" means the department of ecology.

"Fossil fuel" means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material to produce heat for the generation of electricity.

"Independent qualified organization" is an organization identified by the energy facility site evaluation council as meeting the requirements of RCW 80.70.050.

"Mitigation plan" means a proposal that includes the process or means to achieve carbon dioxide mitigation through use of mitigation projects or carbon credits.

"Mitigation project" means one or more of the following:

(a) Projects or actions that are implemented by the certificate holder or order of approval holder, directly or through its agent, or by an independent qualified organization to mitigate the emission of carbon dioxide produced by the fossil-fueled thermal electric generation facility. This term includes, but is not limited to, the use of energy efficiency measures, clean and efficient transportation measures, qualified alternative energy resources, demand side management

of electricity consumption, and carbon sequestration programs;

(b) Direct application of combined heat and power (cogeneration);

(c) Verified carbon credits traded on a recognized trading authority or exchange; or

(d) Enforceable and permanent reductions in carbon dioxide or carbon dioxide equivalents through process change, equipment shutdown, or other activities under the control of the applicant and approved as part of a carbon dioxide mitigation plan.

"Order of approval" means an order issued under RCW 70.94.152 with respect to a fossil-fueled thermal electric generation facility subject to RCW 80.70.020 (1)(b) or (d).

"Permanent" means that emission reductions used to offset emission increases are assured for the life of the corresponding increase, whether unlimited or limited in duration.

"Qualified alternative energy resource" has the same meaning as in RCW 19.29A.090.

"Station generating capability" means the maximum load a generator can sustain over a given period of time without exceeding design limits, and measured using maximum continuous electric generation capacity, less net auxiliary load, at average ambient temperature and barometric pressure.

"Total carbon dioxide emissions" means:

(a) For a fossil-fueled thermal electric generation facility described under RCW 80.70.020 (1)(a) and (b), the amount of carbon dioxide emitted over a thirty-year period based on the manufacturer's or designer's guaranteed total net station generating capability, new equipment heat rate, an assumed sixty percent capacity factor for facilities under the council's jurisdiction or sixty percent of the operational limitations on facilities subject to an order of approval, and taking into account any enforceable limitations on operational hours or fuel types and use; and

(b) For a fossil-fueled thermal electric generation facility described under RCW 80.70.020 (1)(c) and (d), the amount of carbon dioxide emitted over a thirty-year period based on the proposed increase in the amount of electrical output of the facility that exceeds the station generation capability of the facility prior to the applicant applying for certification or an order of approval pursuant to RCW 80.70.020 (1)(c) and (d), new equipment heat rate, an assumed sixty percent capacity factor for facilities under the council's jurisdiction or sixty percent of the operational limitations on facilities subject to an order of approval, and taking into account any enforceable limitations on operational hours or fuel types and use.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-020, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-020, filed 12/22/04, effective 1/22/05.]

WAC 173-407-030 Carbon dioxide mitigation program applicability for Part I. (1) **Statutory authority for a carbon dioxide mitigation program.** RCW 70.94.892(1) states that "*For fossil-fueled electric generation facilities having more than twenty-five thousand kilowatts station generating capability but less than three hundred fifty thousand kilowatts station generation capability, except for fossil-fueled floating thermal electric generation facilities under*

the jurisdiction of the energy facility site evaluation council pursuant to RCW 80.50.010, the department or authority shall implement a carbon dioxide mitigation program consistent with the requirements of chapter 80.70 RCW."

(2) Statutory carbon dioxide mitigation program applicability requirements. RCW 80.70.020 describes the applicability requirements and is reprinted below:

(1) The provisions of this chapter apply to:

(a) New fossil-fueled thermal electric generation facilities with station-generating capability of three hundred fifty thousand kilowatts or more and fossil-fueled floating thermal electric generation facilities of one hundred thousand kilowatts or more under RCW 80.50.020 (14)(a), for which an application for site certification is made to the council after July 1, 2004;

(b) New fossil-fueled thermal electric generation facilities with station-generating capability of more than twenty-five thousand kilowatts, but less than three hundred fifty thousand kilowatts, except for fossil-fueled floating thermal electric generation facilities under the council's jurisdiction, for which an application for an order of approval has been submitted after July 1, 2004;

(c) Fossil-fueled thermal electric generation facilities with station-generating capability of three hundred fifty thousand kilowatts or more that have an existing site certification agreement and, after July 1, 2004, apply to the council to increase the output of carbon dioxide emissions by fifteen percent or more through permanent changes in facility operations or modification or equipment; and

(d) Fossil-fueled thermal electric generation facilities with station-generating capability of more than twenty-five thousand kilowatts, but less than three hundred fifty thousand kilowatts, except for fossil-fueled floating thermal electric generation facilities under the council's jurisdiction, that have an existing order of approval and, after July 1, 2004, apply to the department or authority, as appropriate, to permanently modify the facility so as to increase its station-generating capability by at least twenty-five thousand kilowatts or to increase the output of carbon dioxide emissions by fifteen percent or more, whichever measure is greater.

(3) New facilities. Any fossil-fueled thermal electric generating facility is required to mitigate CO₂ emissions as described in chapter 80.70 RCW, if the facility meets the following criteria:

(a) An application was received after July 1, 2004;

(b) The station-generating capability is below 350 MWe and above 25 MWe;

(c) The facility is not a fossil-fueled floating thermal electric generation facility subject to regulation by the energy facility site evaluation council.

(4) Modifying existing fossil-fueled thermal electric generating facilities. A fossil-fueled thermal electric generating facility seeking to modify the facility or any electrical generating units is required to mitigate the increase of the

emission of CO₂, as described in RCW 80.70.020, when the following occur:

(a) The application was received after July 1, 2004;

(b) The unmodified station generating capability is more than 25 MWe and less than 350 MWe;

(c) The increase to the facility or units is the greater of the following measures:

(i) An increase in station-generating capability of more than 25 MWe; or

(ii) An increase in CO₂ emissions output by 15% or more;

(d) The facility or the modification is not under the jurisdiction of the energy facility site evaluation council.

(5) Examples of fossil-fueled thermal electric generation units. The following are some examples of fossil-fueled thermal electric generating units:

(a) Coal, oil, natural gas, or coke fueled steam generating units (boilers) supplying steam to a steam turbine - electric generator;

(b) Simple cycle combustion turbine attached to an electric generator;

(c) Combined cycle combustion turbines (with and without duct burners) attached to an electric generator and supplying steam to a steam turbine - electric generator;

(d) Coal gasification units, or similar devices, where the synthesis gas produced is used to fuel a combustion turbine, boiler or similar device used to power an electric generator or provide hydrogen for use in fuel cells;

(e) Hydrocarbon reformer emissions where the hydrogen produced is used in fuel cells.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-030, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-030, filed 12/22/04, effective 1/22/05.]

WAC 173-407-040 Carbon dioxide mitigation program fees under Part I. Fees can be found in chapter 173-455 WAC.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-040, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.181, [70.94.]152, [70.94.]331, [70.94.]650, [70.94.]745, [70.94.]892, [70.94.]011. 07-19-005 (Order 07-10), § 173-407-040, filed 9/6/07, effective 10/7/07. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-040, filed 12/22/04, effective 1/22/05.]

WAC 173-407-050 Calculating total carbon dioxide emissions to be mitigated under Part I. (1) Step 1 is to calculate the total quantity of CO₂. The total quantity of CO₂ is referred to as the **maximum potential emissions of CO₂**. The maximum potential emissions of CO₂ is defined as the annual CO₂ emission rate. The annual CO₂ emission rate is derived by the following formula unless a differing analysis is necessary or appropriate for the electric generating process and type of equipment:

$$CO_{2rate} = \frac{F_s \times K_s}{2204.6} \times T_s + \frac{F_1 \times K_1}{2204.6} \times T_1 + \frac{F_2 \times K_2}{2204.6} \times T_2 + \frac{F_3 \times K_3}{2204.6} \times T_3 \dots + \frac{F_n \times K_n}{2204.6} \times T_n$$

where:

- CO_{2rate} = Maximum potential emissions in metric tons per year
- F_{1-n} = Maximum design fuel firing rate in MMBtu/hour calculated as manufacturer or designer's guaranteed total net station generating capability in MWe times the new equipment heat rate in Btu/MWe. Determined based on higher heating values of fuel
- K_{1-n} = Conversion factor for the fuel(s) being evaluated in lb CO₂/MMBtu for fuel F_n
- T_{1-n} = Hours per year fuel F_n is allowed to be used. The default is 8760 hours unless there is a limitation on hours in an order of approval
- F_s = Maximum design supplemental fuel firing rate in MMBtu/hour, at higher heating value of the fuel
- K_s = Conversion factor for the supplemental fuel being evaluated in lb CO₂/MMBtu for fuel F_n given fuel
- T_s = Hours per year supplemental fuel F_n is allowed. The default is 8760 hours unless there is a limitation on hours in an order of approval

(a) When there are multiple new fossil-fueled electric generating units, the above calculation will be performed for each unit and the total CO₂ emissions of all units will be summed.

(b) When a unit or facility is allowed to use multiple fuels, the maximum allowed hours on the highest CO₂ producing fuels will be utilized for each fuel until the total of all hours per fuel add up to the allowable annual hours.

(c) When a new unit or facility is allowed to use multiple fuels without restriction in its approval order(s), this calculation will be performed assuming that the fuel with the highest CO₂ emission rate is used 100% of the time.

(d) When the annual operating hours are restricted for any reason, the total of all T_{1-n} hours equals the annual allowable hours of operation in the Order of Approval.

(e) Fuel to CO₂ conversion factors (derived from the EPA's AP-42, Compilation of Air Pollutant Emission Factors):

Fuel	K _n lb/MMBtu
#2 oil	158.16
#4 oil	160.96
#6 oil	166.67
Lignite	287.50
Sub-bituminous coal	267.22
Bituminous coal, low volatility	232.21
Bituminous coal, medium volatility	241.60
Bituminous coal, high volatility	262.38
Natural gas	117.6
Propane	136.61
Butane	139.38
Petroleum coke	242.91
Coal coke	243.1

Fuel	K _n lb/MMBtu
Other fossil fuels	Calculate based on carbon content of the fossil fuel and application of the gross heat content (higher heating value) of the fuel
Nonfossil fuels	00.00

(2) **Step 2 - Insert the annual CO₂ rate to determine the total carbon dioxide emissions to be mitigated.** The formula below includes specifications that are part of the total carbon dioxide definition:

$$\text{Total CO}_2 \text{ Emissions} = \text{CO}_{2\text{rate}} \times 30 \times 0.6$$

(3) **Step 3 - Determine and apply the cogeneration credit (if any).** Where the cogeneration unit or facility qualifies for cogeneration credit, the cogeneration credit is the annual CO₂ emission rate (in metric tons per year) and is calculated as shown below or similar method:

$$\text{CO}_{2\text{credit}} = \frac{H_s}{2204.6} \times (K_a) \div n$$

where:

- CO₂ credit = The annual CO₂ credit for cogeneration in metric tons/year.
- H_s = Annual heat energy supplied by the cogeneration plant to the "steam host" per the contract or other binding obligation/agreement between the parties in MMBtu/yr as substantiated by an engineering analysis.
- K_a = The time weighted average CO₂ emission rate constant for the cogeneration plant in lb CO₂/MMBtu supplied. The time weighted average is calculated similarly to the above method described in subsection (1) of this section.
- n = Efficiency of new boiler that would provide the same quantity of thermal energy. Assume n = 0.85 unless applicant provides information supporting a different value.

Calculate the metric tons of the cogeneration credit over the thirty-year period.

$$\text{Cogeneration Credit} = \text{CO}_{2\text{credit}} \times 30$$

(4) **Step 4 - Apply the mitigation factor.**

(a) RCW 80.70.020(4) states that "Fossil-fueled thermal electric generation facilities that receive site certification approval or an order of approval shall provide mitigation for twenty percent of the total carbon dioxide emissions produced by the facility."

(b) The CO₂ emissions mitigation quantity is determined by the following formula:

$$\text{Mitigation Quantity} = \text{Total CO}_2 \text{ Emissions} \times 0.2 - \text{Cogeneration Credit}$$

where:

- Mitigation quantity = The total CO₂ emissions to be mitigated in metric tons
- CO_{2rate} = The annual maximum CO₂ emissions from the generating facility in tons/year

0.2 = The mitigation factor in RCW 80.70.020(4)

(5) Additional restrictions for modifications to an existing facility not involving installation of new generating units. The quantity of CO₂ to be mitigated is calculated by the same methods used for the new generating units with the following restrictions:

(a) The quantity of CO₂ subject to mitigation is only that resulting from the modification and does not include the CO₂ emissions occurring prior to the modification;

(b) An increase in operating hours or other operational limitations established in an order of approval is not an exempt modification under this regulation. However, only emissions related to the increase in operating hours are subject to the CO₂ mitigation program requirements;

(c) The annual emissions (CO_{2rate}) is the difference between the premodification condition and the postmodification condition, but using the like new heat rate for the combustion equipment; and

(d) The cogeneration credit may be used, but only if it is a new cogeneration credit, not a cogeneration agreement or arrangement established prior to July 1, 2004, or used in a prior CO₂ mitigation evaluation.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-050, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-050, filed 12/22/04, effective 1/22/05.]

WAC 173-407-060 Carbon dioxide mitigation plan requirements and options under Part I. (1) **Once the total carbon dioxide emissions mitigation quantity is calculated, what is next?** The facility must mitigate that level of carbon dioxide emissions. A CO₂ mitigation plan is required and must be approved as part of the order of approval. RCW 80.70.020 (2)(b) states that "*For fossil-fueled thermal electric generation facilities not under jurisdiction of the council, the order of approval shall require an approved carbon dioxide mitigation plan.*" A mitigation plan is a proposal that includes the process or means to achieve carbon dioxide mitigation through use of mitigation projects or carbon credits (RCW 80.70.010).

(2) **What are the mitigation plan options?** The options are identified in RCW 80.70.020(3), which states that "*An applicant for a fossil-fueled thermal electric generation facility shall include one or a combination of the following carbon dioxide mitigation options as part of its mitigation plan:*

(a) *Payment to a third party to provide mitigation;*

(b) *Direct purchase of permanent carbon credits; or*

(c) *Investment in applicant-controlled carbon dioxide mitigation projects, including combined heat and power (cogeneration).*"

(3) **What are the requirements of the payment to a third party option?** The payment to a third party option requirements are found in RCW 80.70.020 (5) and (6). Subsection (5) identifies the mitigation rate for this option and describes the process for changing the mitigation rate. Subsection (6) describes the payment options.

The initial mitigation rate is **\$1.60 per metric ton** of carbon dioxide to be mitigated. If there is a cogeneration plant, the monetary amount is based on the difference between

twenty percent of the total carbon dioxide emissions and the cogeneration credit. This rate will change when the energy facility site evaluation council adjusts it through the process described in RCW 80.70.020 (5)(a) and (b). The total payment amount = mitigation rate x mitigation quantity.

An applicant may choose between a **lump sum payment or partial payment over a period of five years**. The **lump sum payment** is described in RCW 80.70.020 (6)(a) and (b). The payment amount is the mitigation quantity multiplied by the per ton mitigation rate. The entire payment amount is due to the independent qualified organization no later than one hundred twenty days after the start of commercial operation.

The alternative to a one-time payment is a **partial payment** described in RCW 80.70.020 (6)(c). Under this alternative, twenty percent of the total payment is due to the independent qualified organization no later than one hundred twenty days after the start of commercial operation. A payment of the same amount (or an adjusted amount if the rate is changed under RCW 80.70.020 (5)(a)) is due on the anniversary date of the initial payment for the next four consecutive years. In addition, the applicant is required to provide a letter of credit or comparable security for the remaining 80% at the time of the first payment. The letter of credit (or comparable security) must also include possible rate changes.

(4) **What are the requirements of the permanent carbon credits option?** RCW 80.70.030 identifies the criteria and specifies that these credits cannot be resold without approval from the local air authority having jurisdiction or ecology where there is no local air authority. The permanent carbon credit criteria of RCW 80.70.030(1) are as follows:

(a) *Credits must derive from real, verified, permanent, and enforceable carbon dioxide or carbon dioxide equivalents emission mitigation not otherwise required by statute, regulation, or other legal requirements;*

(b) *The credits must be acquired after July 1, 2004; and*

(c) *The credits may not have been used for other carbon dioxide mitigation projects.*

(5) **What are the requirements for the applicant controlled mitigation projects option?** RCW 80.70.040 identifies the requirements for applicant controlled mitigation projects. Subsections (1) through (5) specify the criteria. The direct investment cost of the applicant controlled mitigation project including funds used for selection, monitoring, and evaluation of mitigation projects cannot be required by ecology or the local authority to exceed the cost of making a lump sum payment to a third party per WAC 173-407-060(3).

The applicant controlled mitigation project must be:

(a) Implemented through mitigation projects conducted directly by, or under the control of, order of approval holder.

(b) Approved by the authority having jurisdiction or the department where there is no local air authority and incorporated as a condition of the proposed order of approval.

(c) Fully in place within a reasonable time after the start of commercial operation. Failure to implement an approved mitigation plan is subject to enforcement under chapter 70.94 RCW.

(d) The order of approval holder may not use more than twenty percent of the total funds for the selection, monitoring, and evaluation of mitigation projects, and the management and enforcement of contracts.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-060, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-060, filed 12/22/04, effective 1/22/05.]

WAC 173-407-070 Carbon dioxide mitigation option statement and mitigation plan approval under Part I. (1) Applicants must provide the department or authority with a statement selecting the mitigation option(s) at the time the application is submitted.

(2) Applicants choosing to use the payment to a third party or the permanent carbon credit option must provide the department or the authority, as appropriate, with the documentation to show how the requirements will be satisfied before an order or approval will be issued.

(3) Applicants seeking to use the applicant controlled mitigation projects option must submit the entire mitigation plan to the department or the authority. The department or authority having jurisdiction will review the plan. Under RCW 70.94.892 (2)(b), the review criteria is based on whether the mitigation plan is consistent with the requirements of chapter 80.70 RCW.

(4) Upon completing the review phase, the department or the authority having jurisdiction must approve or deny the mitigation plan.

(5) Approved mitigation plans become part of the order of approval.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-070, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-070, filed 12/22/04, effective 1/22/05.]

WAC 173-407-080 Enforcement under Part I. Applicants or facilities violating the carbon dioxide mitigation program requirements are subject to the enforcement provisions of chapter 70.94 RCW.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-080, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-080, filed 12/22/04, effective 1/22/05.]

**PART II
GREENHOUSE GASES EMISSIONS
PERFORMANCE STANDARD AND
SEQUESTRATION PLANS AND PROGRAMS FOR
BASELOAD ELECTRIC GENERATION FACILITIES
IMPLEMENTING CHAPTER 80.80 RCW**

WAC 173-407-100 Policy and purpose of Part II. It is the intent of the legislature, under chapter 80.80 RCW, to establish statutory goals for the statewide reduction of greenhouse gases emissions. The legislature further intends by chapter 80.80 RCW to authorize immediate actions in the electric power generation sector for the reduction of greenhouse gases emissions.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-100, filed 6/19/08, effective 7/20/08.]

WAC 173-407-110 Definitions to Part II. The following definitions apply when these terms are used in the provisions of Part II and Part III of this chapter.

[Ch. 173-407 WAC—p. 6]

"Average available greenhouse gases emissions output" means the level of greenhouse gases emissions as surveyed and determined by the energy policy division of the department of community, trade, and economic development under RCW 80.80.050.

"Baseload electric generation" means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least sixty percent. For a cogeneration facility, the sixty percent annual capacity factor applies to only the electrical production intended to be supplied for sale. For purposes of this rule, designed means originally specified by the design engineers for the power plant or generating units (such as simple cycle combustion turbines) installed at a power plant; and intended means allowed for by the current permits for the power plant, recognizing the capability of the installed equipment or intent of the owner or operator of the power plant.

"Baseload electric cogeneration facility" means a cogeneration facility that provides baseload electric generation.

"Baseload electric generation facility" means a power plant that provides baseload electric generation.

"Benchmark" means a planned quantity of the greenhouse gases to be sequestered each calendar year at a sequestration facility as identified in the sequestration plan or sequestration program.

"Bottoming-cycle cogeneration facility" means a cogeneration facility in which the energy input to the system is first applied to a useful thermal energy application or process, and at least some of the reject heat emerging from the application or process is then used for electrical power production.

"Change in ownership" as related to cogeneration plants means a new ownership interest in the electric generation portion of the cogeneration facility or unit.

"Cogeneration facility" means a power plant in which the heat or steam is also used for industrial or commercial heating or cooling purposes and that meets Federal Energy Regulatory Commission standards for qualifying facilities under the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. Sec. 824a-3), as amended. In general, a cogeneration facility is comprised of equipment and processes which through the sequential use of energy are used to produce electric energy and useful thermal energy (such as heat or steam) that is used for industrial, commercial, heating, or cooling purposes.

"Combined-cycle natural gas thermal electric generation facility" means a power plant that employs a combination of one or more gas turbines and steam turbines in which electricity is produced in the steam turbine from otherwise lost waste heat exiting from one or more of the gas turbines.

"Commence commercial operation" means, in regard to a unit serving an electric generator, to have begun to produce steam or other heated medium, or a combustible gas used to generate electricity for sale or use, including test generation.

"Commission" means the Washington utilities and transportation commission.

"Consumer-owned utility" means a municipal utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter 87.03 RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation or association formed under chapter 24.06 RCW, or port district within which an indus-

(6/19/08)

trial district has been established as authorized by Title 53 RCW, that is engaged in the business of distributing electricity to more than one retail electric customer in the state.

"Department" or "ecology" means the department of ecology.

"Electric generating unit" (EGU) is the equipment required to convert the thermal energy in a fuel into electricity. In the case of a steam electric generation unit, the EGU consists of all equipment involved in fuel delivery to the plant site, as well as individual boilers, any installed emission control equipment, and any steam turbine/generators dedicated to generating electricity. Where a steam turbine generator is supplied by two or more boiler units, all boilers contributing to that steam turbine/generator comprise a single electric generating unit. All combustion units/boilers/combined cycle turbines that produce steam for use in a single steam turbine/generator unit are part of the same electric generating unit.

Examples:

(a) For an integrated gasification combined cycle combustion turbine plant, the EGU consists of all equipment involved in fuel delivery to the unit, as well as all equipment used in the fuel conversion and combustion processes, any installed emission control equipment, and all equipment used for the generation of electricity.

(b) For a combined cycle natural gas fired combustion turbine, the EGU begins at the point where natural gas is delivered to the plant site and ends with the generation of electricity from the combustion turbine and from steam produced and used on a steam turbine.

(c) An EGU also includes fuel cells fueled by hydrogen produced:

(i) In a reformer utilizing nonrenewable fuels; or

(ii) By a gasifier producing hydrogen from nonrenewable fuels.

"Electricity from unspecified sources" means electricity that is to be delivered in Washington pursuant to a long-term financial commitment entered into by an electric utility and whose sources or origins of generation and expected average annual deliveries cannot be ascertained with reasonable certainty.

"EFSEC" means the energy facility site evaluation council.

"Electric utility" means an electrical company or a consumer-owned utility.

"Electrical company" means a company owned by investors that meets the definition of RCW 80.04.010.

"Fossil fuel" means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material to produce heat for the generation of electricity.

"Governing board" means the board of directors or legislative authority of a consumer-owned utility.

"Greenhouse gases" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

"Long-term financial commitment" means:

(a) Either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or

(b) A new or renewed contract for baseload electric generation with a term of five or more years for the provision of

retail power or wholesale power to end-use customers in this state.

"MWh" means megawatt-hour electricity.

"MWh_{eq}" means megawatt-hour equivalent electrical energy of useful thermal energy output. 1 MWh_{eq} = 3.413 million Btu of thermal energy.

"New ownership interest" means a change in the ownership structure of a baseload power plant or a cogeneration facility or the electrical generation portion of a cogeneration facility affecting at least:

(a) Five percent of the market value of the power plant or cogeneration facility; or

(b) Five percent of the electrical output of the power plant or cogeneration facility.

The above thresholds apply to each unit within a multi-unit generation facility.

"Permanent sequestration" means the retention of greenhouse gases in a containment system using a method that is in accordance with standards approved by the department and that creates a high degree of confidence that substantially ninety-nine percent of the greenhouse gases will remain contained for at least one thousand years.

"Plant capacity factor" means the ratio of the electricity produced during a given time period, measured in kilowatt-hours, to the electricity the unit could have produced if it had been operated at its rated capacity during that period, expressed in kilowatt-hours.

"Power plant" means a facility for the generation of electricity that is permitted as a single plant by the energy facility site evaluation council or a local jurisdiction. A power plant may be comprised of one or more individual electrical generating units, each unit of which can be operated or owned separately from the other units.

"Regulated greenhouse gases emissions" is the mass of carbon dioxide emitted plus the mass of nitrous oxide emitted plus the mass of methane emitted. Regulated greenhouse gases emissions include carbon dioxide produced by a sulfur dioxide control system such as a wet limestone scrubber system.

"Renewable fuel" means:

(a) Landfill gas;

(b) Biomass energy utilizing animal waste, solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic;

(c) By-products of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors; or

(d) Gas from sewage treatment facilities.

"Renewable resources" means electricity generation facilities fueled by renewable fuels plus electricity generation facilities fueled by:

(a) Water;

(b) Wind;

(c) Solar energy;

(d) Geothermal energy; or

(e) Ocean thermal, wave, or tidal power.

"Sequential use of energy" means:

(a) For a topping-cycle cogeneration facility, the use of reject heat from a power production process in sufficient

amounts in a thermal application or process to conform to the requirements of the operating standard; or

(b) For a bottoming-cycle cogeneration facility, the use of reject heat from a thermal application or process, at least some of which is then used for power production.

"Sequestration plan" means a comprehensive plan describing how a plant owner or operator will comply with the emissions performance standard by means of sequestering greenhouse gases, where the sequestration will start after electricity is first produced, but within five years of the start of commercial operation.

"Sequestration program" means a comprehensive plan describing how a baseload electric generation plant's owner or operator will demonstrate compliance with the emissions performance standard at start of commercial operation and continuing unchanged into the future. The program is a description of how the facility meets the emissions performance standard based on the characteristics of the baseload electric generation facility or unit or by sequestering greenhouse gases emissions to meet the emissions performance standard with the sequestration starting on or before the start of commercial operation.

"Supplementary firing" means an energy input to:

(a) A cogeneration facility used only in the thermal process of a topping-cycle cogeneration facility;

(b) The electric generating process of a bottoming-cycle cogeneration facility; or

(c) Any baseload electric generation unit to temporarily increase the thermal energy that can be converted to electrical energy.

"Topping-cycle cogeneration facility" means a cogeneration facility in which the energy input to the facility is first used to produce useful electrical power output, and at least some of the reject heat from the power production process is then used to provide useful thermal energy.

"Total energy input" means the total energy supplied by all fuels used to produce electricity in a baseload electric generation facility or unit.

"Total energy output" of a topping cycle cogeneration facility or unit is the sum of the useful electrical power output and useful thermal energy output.

"Upgrade" means any modification made for the primary purpose of increasing the electric generation capacity of a baseload electric generation facility or unit. Upgrade does not include:

(a) Routine or necessary maintenance;

(b) Installation of emission control equipment;

(c) Installation, replacement, or modification of equipment that improves the heat rate of the facility; or

(d) Installation, replacement, or modification of equipment for the primary purpose of maintaining reliable generation output capability that does not increase the heat input or fuel usage as specified in existing generation air quality permits as of July 22, 2007, but may result in incidental increases in generation capacity.

"Useful energy output" of a cogeneration facility means the electric or mechanical energy made available for use, exclusive of any such energy used in the power production process.

"Useful thermal energy output" of a cogeneration facility means the thermal energy:

(a) That is made available to and used in an industrial or commercial process (minus any heat contained in condensate return and/or makeup water);

(b) That is used in a heating application (e.g., space heating, domestic hot water heating); or

(c) That is used in a space cooling application (i.e., thermal energy used by an absorption chiller).

"Waste gas" is refinery gas and other fossil fuel derived gases with a heat content of more than 300 Btu/standard cubic foot. Waste gas does not include gaseous renewable energy sources.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-110, filed 6/19/08, effective 7/20/08.]

WAC 173-407-120 Facilities subject to the greenhouse gases emissions performance standard for Part II.

(1) This rule is applicable to all baseload electric generation facilities and units and baseload electric cogeneration facilities and units that:

(a) Are new and are permitted for construction and operation after June 30, 2008, and that utilize fossil fuel or nonrenewable fuels for all or part of their fuel requirements.

(b) Are existing and that commence operation on or before June 30, 2008, when the facility or unit's owner or operator engages in an action listed in subsection (3) or (4) of this section.

(2) This rule is not applicable to any baseload electric generation facility or unit or baseload electric cogeneration facility or unit that is designed and intended to utilize a renewable fuel to provide at least ninety percent of its total annual heat input.

(3) A baseload electric generation facility or an individual electric generating unit at a baseload electric generation facility is required to meet the emissions performance standard in effect when:

(a) The new baseload electric generation facility or new electric generating unit at an existing baseload electric generation facility is issued a notice of construction approval or a site certification agreement;

(b) The existing facility or a unit is upgraded; or

(c) The existing facility or a unit is subject to a new long-term financial commitment.

(4) A baseload electric cogeneration facility or unit is required to meet the emissions performance standard in effect when:

(a) The new baseload electric cogeneration facility or new baseload electric cogeneration unit is issued a notice of construction approval or a site certification agreement;

(b) The existing facility or unit is upgraded; or

(c) The existing facility or unit is subject to a change in ownership.

(5) A new baseload electric generation facility or unit or new baseload electric cogeneration facility or unit becomes an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit the day it commences commercial operation.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-120, filed 6/19/08, effective 7/20/08.]

WAC 173-407-130 Emissions performance standard under Part II. (1) Beginning July 1, 2008, all baseload elec-

tric generation facilities and units and baseload electric cogeneration facilities and units subject to WAC 173-407-120 are not allowed to emit to the atmosphere regulated greenhouse gases at a rate greater than one thousand one hundred pounds per megawatt-hour, annual average.

(2) All baseload electric generation facilities and units in operation on or before June 30, 2008, are deemed to be in compliance with the emissions performance standard until the facility or unit is subject to a new long-term financial commitment.

(3) All baseload electric cogeneration facilities and units in operation on or before June 30, 2008, and operating exclusively on natural gas, waste gas, a combination of natural and waste gases, or a renewable fuel, are deemed to be in compliance with the emissions performance standard until the facility or unit is subject to a new ownership interest or is upgraded. For purposes of this section, exclusive use of renewable fuel shall mean at least ninety percent of total annual heat input by a renewable fuel.

(4) Compliance with the emissions performance standard may be through:

(a) Use of fuels and power plant designs that comply with the emissions performance standard without need for greenhouse gases emission controls; or

(b) Use of greenhouse gases emission controls and greenhouse gases sequestration methods meeting the requirements of WAC 173-407-220 or 173-218-115 as appropriate.

(5) The greenhouse gases emissions performance standard in subsection (1) of this section applies to all baseload electric generation for which electric utilities enter into long-term financial commitments on or after July 1, 2008.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-130, filed 6/19/08, effective 7/20/08.]

WAC 173-407-140 Calculating greenhouse gases emissions and determining compliance for baseload electric generation facilities under Part II. (1) The owner or operator of a baseload electric generation facility or unit that must demonstrate compliance with the emissions performance standard in WAC 173-407-130(1) shall collect the following data:

(a) Fuels and fuel feed stocks.

(i) All fuels and fuel feed stocks used to provide energy input to the baseload electric generation facility or unit.

(ii) Fuel usage and heat content, which are to be monitored, and reported as directed by WAC 173-407-230.

(b) Electrical output in MWh as measured and recorded per WAC 173-407-230.

(c) Regulated greenhouse gases emissions from the baseload electric generation facility or unit as monitored, reported and calculated in WAC 173-407-230.

(d) Adjustments for use of renewable resources. If the owner or operator of a baseload electric generation facility or unit adjusts its greenhouse gases emissions to account for the use of renewable resources, greenhouse gases emissions are reduced based on the ratio of the annual heat input from all fuels and fuel feed stocks and the annual heat input from use of nonrenewable fuels and fuel feed stocks. Such adjustment will be based on records of fuel usage and representative heat contents approved by ecology.

(2) By January 31 of each year, the owner or operator of each baseload electric generation facility or unit subject to the monitoring and compliance demonstration requirements of this rule will:

(a) Use the data collected under subsection (1) of this section to calculate the pounds of regulated greenhouse gases emissions emitted per MWh of electricity produced during the prior calendar year by dividing the regulated greenhouse gases emissions by the total MWh produced in that year; and

(b) Submit that calculation and all supporting information to ecology.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-140, filed 6/19/08, effective 7/20/08.]

WAC 173-407-150 Calculating greenhouse gases emissions and determining compliance for baseload electric cogeneration facilities under Part II. (1) To use this section for determining compliance with the greenhouse gases emissions performance standard, a facility must have certified to the Federal Energy Regulatory Commission (FERC) under the provisions of 18 CFR 292 Subpart B as a qualifying cogeneration facility.

(2) The owner or operator of a baseload electric cogeneration facility or unit that must demonstrate compliance with the emissions performance standard in WAC 173-407-130(1) shall collect the following data:

(a) Fuels and fuel feed stocks.

(i) All fuels and fuel feed stocks used to provide energy input to the baseload electric cogeneration facility or unit.

(ii) Fuel and fuel feed stocks usage and heat content, which are to be monitored, and reported as directed by WAC 173-407-230.

(b) Electrical output in MWh as measured and recorded per WAC 173-407-230.

(c) All useful thermal energy and useful energy used for nonelectrical generation uses converted to units of megawatts energy equivalent (MWeq) using the conversion factor of 3.413 million British thermal units per megawatt hour (MMBtu/MWh).

(d) Regulated greenhouse gases emissions from the baseload electric cogeneration facility or unit as monitored, reported and calculated in WAC 173-407-230.

(e) Adjustments for use of renewable resources. If the owner or operator of a baseload electric cogeneration facility or unit adjusts its greenhouse gases emissions to account for the use of renewable resources, the greenhouse gases emissions are reduced based on the ratio of the annual heat input from all fuels and fuel feed stocks and the annual heat input from use of nonrenewable fuels and fuel feed stocks. Such adjustment will be based on records of fuel usage and representative heat contents approved by ecology.

(3) Bottoming-cycle cogeneration facilities. The formula to determine compliance of a bottoming-cycle cogeneration facility or unit with the emissions performance standard will be jointly developed by ecology and the facility. To the extent possible, the facility-specific formula must be based on the one for topping-cycle facilities identifying the amount of energy converted to electricity, thermal losses, and energy from the original fuel(s) used to provide useful thermal energy in the industrial process. The formula should be spe-

cific to the installed equipment, other thermal energy uses in the facility, and specific operating conditions of the facility.

(4) Topping-cycle cogeneration facilities. To demonstrate compliance with the emissions performance standard, a topping-cycle facility or unit must:

(a) Determine annual electricity produced in MWh.

(b) Determine the annual electrical energy equivalent of the useful thermal energy output in MWh_{eq} .

(c) Determine the annual regulated greenhouse gases emissions produced in pounds.

(5) By January 31 of each year, the owner or operator of each baseload electric cogeneration facility or unit subject to the monitoring and compliance demonstration requirements of this rule will:

(a) Calculate the pounds of regulated greenhouse gases emissions emitted per MWh of electricity produced during the prior calendar year by dividing the regulated greenhouse gases emissions by the sum of the MWh and MWh_{eq} produced in that year; and

(b) Submit that calculation and all supporting information to ecology.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-150, filed 6/19/08, effective 7/20/08.]

WAC 173-407-200 Requirement for and timing of sequestration plan or sequestration program submittals under Part II.

(1) A sequestration plan for a source that begins sequestration after the start of commercial operation shall be submitted when:

(a) A site certification application is submitted to EFSEC for a new baseload electric generation facility or baseload electric cogeneration facility or new unit at an existing baseload electric generation facility or baseload electric cogeneration facility;

(b) A site certification application is submitted to EFSEC for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit that has a site certificate and the upgrade is not an exempt upgrade;

(c) A notice of construction application is submitted to ecology or a local authority for a new baseload electric generation facility or baseload electric cogeneration facility or unit at a baseload electric generation facility or baseload electric cogeneration facility;

(d) A notice of construction application is submitted to ecology or a local authority for an upgrade to an existing baseload electric generation facility or unit or an existing baseload electric cogeneration facility or unit and the upgrade is not an exempt upgrade;

(e) A baseload electric generation facility or unit or baseload electric cogeneration facility or unit enters a new long-term financial commitment with an electric utility to provide baseload power and the facility or unit does not comply with the emissions performance standard in effect at the time the new long-term financial commitment occurs; or

(f) A qualifying ownership interest change occurs and the facility or unit does not comply with the emissions performance standard in effect at the time the change in ownership occurs.

(2) A sequestration program for a source that begins sequestration on or before the start of commercial operation is required to be submitted when:

(a) A site certification application is submitted to EFSEC for new baseload electric generation facility or unit or baseload electric cogeneration facility or unit;

(b) A site certification application is submitted to EFSEC for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit that has a site certificate and the upgrade is not an exempt upgrade;

(c) A notice of construction application is submitted to ecology or a local authority for a new baseload electric generation facility or unit or baseload electric cogeneration facility or unit;

(d) A notice of construction application is submitted to ecology or a local authority for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit and the upgrade is not an exempt upgrade;

(e) A baseload electric generation facility or unit or baseload electric cogeneration facility or unit enters a new long-term financial commitment with an electric utility to provide baseload power if the facility or unit does not comply with the emissions performance standard in effect at the time the new long-term financial commitment occurs; or

(f) A qualifying ownership interest change occurs and the facility does not comply with the emissions performance standard in effect at the time the change in ownership occurs.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-200, filed 6/19/08, effective 7/20/08.]

WAC 173-407-210 Types of permanent sequestration under Part II.

Specific requirements for permanent geologic sequestration of greenhouse gases can be found in WAC 173-218-115. Requirements for approval of sequestration plans or sequestration programs for other (nongeologic) types of permanent sequestration containment systems are found in WAC 173-407-220.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-210, filed 6/19/08, effective 7/20/08.]

WAC 173-407-220 Requirements for nongeologic permanent sequestration plans and sequestration programs under Part II.

In order to meet the emissions performance standard, all baseload electric generation facilities or individual units that are subject to this rule, and must use nongeologic sequestration of greenhouse gases to meet the emissions performance standard, will submit sequestration plans or sequestration programs for approval to EFSEC or ecology, as appropriate.

(1) Sequestration plans and sequestration programs must include:

(a) Financial requirements. As a condition of plant operation, each owner or operator of a baseload electric generation facility or unit or baseload electric cogeneration facility or unit utilizing nongeologic sequestration as a method to comply with the emissions performance standard in WAC 173-407-130 is required to provide a letter of credit sufficient to ensure successful implementation, closure, and post-closure activities identified in the sequestration plan or seques-

tration program, including construction and operation of necessary equipment, and any other significant costs.

(i) The owner or operator of a proposed sequestration project shall establish a letter of credit to cover all expenses for construction and operation of necessary equipment, and any other significant costs. The cost estimate for the sequestration project shall be revised annually to include any changes in the project and to include cost changes due to inflation.

(ii) Closure and post-closure financial assurances. The owner or operator shall establish a closure and a post-closure letter of credit to cover all closure and post-closure expenses, respectively. The owner or operator must designate ecology or EFSEC, as appropriate, as the beneficiary to carry out the closure and post-closure activities. The value of the closure and post-closure accounts shall cover all costs of closure and post-closure care identified in the closure and post-closure plan. The closure and post-closure cost estimates shall be revised annually to include any changes in the sequestration project and to include cost changes due to inflation. The obligation to maintain the account for closure and post-closure care survives the termination of any permits and the cessation of injection. The requirement to maintain the closure and post-closure accounts is enforceable regardless of whether the requirement is a specific condition of the permit.

(b) The application for approval of a sequestration plan or sequestration program shall include (but is not limited to) the following:

(i) A current site map showing the boundaries of the permanent sequestration project containment system(s) and all areas where greenhouse gases will be stored.

(ii) A technical evaluation of the proposed project, including but not limited to, the following:

(A) The name of the area in which the sequestration will take place;

(B) A description of the facilities and place of greenhouse gases containment system;

(C) A complete site description of the site, including but not limited to the terrain, the geology, the climate (including rain and snowfall expected), any land use restrictions that exist at the time of the application or will be placed upon the site in the future;

(D) The proposed calculated maximum volume of greenhouse gases to be sequestered and areal extent of the location where the greenhouse gases will be stored using a method acceptable to and filed with ecology; and

(E) Evaluation of the quantity of sequestered greenhouse gases that may escape from the containment system at the proposed project.

(iii) A public safety and emergency response plan for the proposed project. The plan shall detail the safety procedures concerning the sequestration project containment system and residential, commercial, and public land use within one mile, or as necessary to identify potential impacts, of the outside boundary of the project area.

(iv) A greenhouse gases loss detection and monitoring plan for all parts of the sequestration project. The approved greenhouse gases loss detection and monitoring plan shall address identification of potential release to the atmosphere.

(v) A detailed schedule of annual benchmarks for sequestration of greenhouse gases.

(vi) Any other information that the department deems necessary to make its determination.

(vii) A closure and post-closure plan.

(c) In order to monitor the effectiveness of the implementation of the sequestration plan or sequestration program, the owner or operator shall submit a detailed monitoring plan that will ensure detection of failure of the sequestration method to place the greenhouse gases into a sequestered state. The monitoring plan will be sufficient to provide reasonable assurance that the sequestration provided by the project meets the definition of permanent sequestration. The monitoring shall continue for the longer of twenty years beyond the end of placement of the greenhouse gases into a sequestration containment system, or twenty years beyond the date upon which it is determined that all of the greenhouse gases have achieved a state at which they are now stably sequestered in that environment.

(d) If the sequestration plan or sequestration program fails to sequester greenhouse gases as provided in the plan or program, the owner or operator of the baseload electric generation facility or unit or baseload electric cogeneration facility or unit is no longer in compliance with the emissions performance standard.

(2) **Public notice and comment.** Ecology must provide public notice and a public comment period before approving or denying any sequestration plan or sequestration program.

(a) Public notice. Public notice shall be made only after all information required by the permitting authority has been submitted and after applicable preliminary determinations, if any, have been made. The applicant or other initiator of the action must pay the cost of providing public notice. Public notice shall include analyses of the effects on the local, state and global environment in the case of failure of the sequestration plan or sequestration program. The sequestration plan or sequestration program must be available for public inspection in at least one location near the proposed project.

(b) Public comment.

(i) The public comment period must be at least thirty days long or may be longer as specified in the public notice.

(ii) The public comment period must extend through the hearing date.

(iii) Ecology shall make no final decision on any sequestration plan or sequestration program until the public comment period has ended and any comments received during the public comment period have been considered.

(c) Public hearings.

(i) Ecology will hold a public hearing within the thirty-day public comment period. Ecology will determine the location, date, and time of the public hearing.

(ii) Ecology must provide at least thirty days prior notice of a hearing on a sequestration plan or sequestration program.

[Statutory Authority: Chapter 80.80 RCW, 08-14-011 (Order 07-11), § 173-407-220, filed 6/19/08, effective 7/20/08.]

WAC 173-407-230 Emissions and electrical production monitoring, recordkeeping and reporting requirements under Part II. (1) Monitoring and recordkeeping requirements. For all baseload electric generation facilities or units and baseload electric cogeneration facilities or units subject to WAC 173-407-120, the following parameters shall be monitored and reported as explained below:

(a) Electrical output: Electrical output as measured at the point of connection with the local electrical distribution network or transmission line, as appropriate. Measurement will be on an hourly or daily basis and recorded in a form suitable for use in calculating compliance with the greenhouse gases emissions performance standard;

(b) Useful thermal energy output: Quantity of energy supplied to nonelectrical production uses determined by monitoring both the energy supplied and the unused energy returned by the thermal energy user or uses. The required monitoring can be accomplished through:

(i) Measurement of the mass, pressure, and temperature of the supply and return streams of the steam or thermal fluid; or

(ii) Use of thermodynamic calculations as approved by ecology.

(iii) Measurements will be on an hourly or daily basis and recorded in a form suitable for use in calculating compliance with the greenhouse gases emissions performance standard.

(c) Regulated greenhouse gases emissions.

(i) The regulated greenhouse gases emissions are the emissions of regulated greenhouse gases from the main plant exhaust stack and any bypass stacks or flares. For baseload electric generation facilities or units and baseload electric cogeneration facilities or units utilizing CO₂ controls and sequestration to comply with the greenhouse gases emissions performance standard, direct and fugitive CO₂ emissions from the CO₂ separation and compression process are included.

(ii) Carbon dioxide (CO₂).

(A) For baseload electric generation facilities or units and baseload electric cogeneration facilities or units subject to WAC 173-407-120, producing 25 MW or more of electricity, CO₂ emissions will be monitored by a continuous emission monitoring system meeting the requirements of 40 CFR Sections 75.10 and 75.13 and 40 CFR Part 75 Appendix F. If allowed by the requirements of 40 CFR Part 72, a facility may estimate CO₂ emissions through fuel carbon content monitoring and methods meeting the requirements of 40 CFR Sections 75.10 and 75.13 and 40 CFR Part 75 Appendix G.

(B) For baseload electric generation facilities or units and baseload electric cogeneration facilities or units subject to WAC 173-407-120 producing less than 25 MW of electricity, the owner or operator may either utilize a continuous emission monitoring system meeting the requirements of 40 CFR Sections 75.10 and 75.13 and 40 CFR Part 75 Appendix F, or use fuel carbon content monitoring and methods meeting the requirements of 40 CFR Sections 75.10 and 75.13 and 40 CFR Part 75 Appendix G.

(C) When the monitoring data from a continuous emission monitoring system does not meet the completeness requirements of 40 CFR Part 75, the baseload electric generation facility operator or operator will substitute data according to the process in 40 CFR Part 75.

(D) Continuous emission monitors for CO₂ will be installed at a location meeting the requirements of 40 CFR Part 75, Appendix A. The CO₂ and flow monitoring equipment must meet the quality control and quality assurance requirements of 40 CFR Part 75, Appendix B.

(iii) Nitrous oxide (N₂O).

(A) For baseload electric generation facilities or units or baseload electric cogeneration facilities or units subject to WAC 173-407-120 producing 25 MW or more of electricity, N₂O emissions shall be determined as follows:

(I) For the first year of operation, N₂O emissions are estimated by use of emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(II) For succeeding years, N₂O emissions will be estimated through use of generating unit specific emission factors derived through use of emissions testing using ecology or Environmental Protection Agency approved methods. The emission factor shall be derived through testing N₂O emissions from the stack at varying loads and through at least four separate test periods spaced evenly throughout the first year of commercial operation.

(B) For baseload electric generation facilities or units or baseload electric cogeneration facilities or units subject to WAC 173-407-120 producing less than 25 MW of electricity, the annual N₂O emissions will be estimated by use of emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(iv) Methane (CH₄).

(A) For baseload electric generation facilities or units or baseload electric cogeneration facilities or units subject to WAC 173-407-120 producing 25 MW or more of electricity, CH₄ emissions shall be determined as follows:

(I) For the first year of operation, CH₄ emissions are estimated by use of emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(II) For succeeding years, CH₄ emissions will be estimated through use of plant specific emission factors derived through use of emissions testing using ecology or Environmental Protection Agency approved methods. The emission factor shall be derived through testing CH₄ emissions from the stack at varying loads and through at least four separate test periods spaced evenly through the first year of commercial operation.

(B) For baseload electric generation facilities or units or baseload electric cogeneration facilities or units subject to WAC 173-407-120 producing less than 25 MW of electricity. The annual CH₄ emissions will be estimated by use of emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(d) Fuel usage and heat content information.

(i) Fossil fuel usage will be monitored by measuring continuous fuel volume or weight as appropriate for the fuel used. Measurement will be on an hourly or daily basis and recorded in a form suitable for use in calculating greenhouse gases emissions.

(ii) Renewable energy fuel usage will be monitored by measuring continuous fuel volume or weight as appropriate

for the fuel used. Measurement will be on an hourly or daily basis and recorded in a form suitable for use in calculating greenhouse gases emissions.

(iii) Heat content of fossil fuels shall be tested at least once per calendar year. The owner or operator of the baseload electric generation facility or unit shall submit a proposed fuel content monitoring program to ecology for ecology approval. Upon request and submission of appropriate documentation of fuel heat content variability, ecology may allow a source to:

(A) Test the heat content of the fossil fuel less often than once per year; or

(B) Utilize representative heat content for the renewable energy source instead of the periodic monitoring of heat content required above.

(iv) Renewable energy fuel heat content will be tested monthly or with a different frequency approved by ecology. A different frequency will be based on the variability of the heat content of the renewable energy fuel.

(A) If the baseload electric generation facilities or units or baseload electric cogeneration facilities or units subject to WAC 173-407-120 using a mixture of renewable and fossil fuels do not adjust their greenhouse gases emissions by accounting for the heat input from renewable energy fuels, monitoring of the heat content of the renewable energy fuels is not required.

(B) Upon request and with appropriate documentation, ecology may allow a source to utilize representative heat content for the renewable energy source instead of the periodic monitoring of heat content required above.

(2) Reporting requirements. The results of the monitoring required by this section shall be reported to ecology and the permitting authority annually.

(a) Facilities or units subject to the reporting requirements of 40 CFR Part 75. Annual emissions of CO₂, N₂O and CH₄ will be reported to ecology and the air quality permitting authority with jurisdiction over the facility by January 31 of each calendar year for emissions that occurred in the previous calendar year. The report may be an Excel™ or CSV format copy of the report submitted to EPA per 40 CFR Part 75 with the emissions for N₂O and CH₄ appended to the report.

(b) For facilities or units not subject to the reporting requirements of 40 CFR Part 75, annual emissions of CO₂, N₂O and CH₄ and supporting information will be reported to ecology and the air quality permitting authority with jurisdiction over the facility by January 31 of each calendar year for emissions that occurred in the previous calendar year.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-230, filed 6/19/08, effective 7/20/08.]

WAC 173-407-240 Enforcement of the emissions performance standard under Part II. (1) Any power plant subject to WAC 173-407-120 that does not meet the emissions performance standard on schedule shall be subject to enforcement under chapter 70.94 RCW.

Penalties can include:

(a) Financial penalties, which shall be assessed after any year of failure to meet a sequestration benchmark established in the sequestration plan or sequestration program. Each pound of greenhouse gases above the emissions performance

standard will constitute a separate violation, as averaged on an annual basis;

(b) Revocation of approval to construct the source or to operate the source.

(2) If a new, modified or upgraded baseload electric generation facility or unit or baseload electric cogeneration facility or unit fails to meet a sequestration plan or sequestration program benchmark on schedule, a revised sequestration plan or sequestration program will be required to be submitted no later than one hundred fifty calendar days after the due date established under subsection (3)(c) of this section for reporting the failure. The revised sequestration plan or sequestration program is to be submitted to ecology or EFSEC, as appropriate, for approval.

(3) Provisions for unavoidable circumstances.

(a) The owner or operator of a facility operated under an approved sequestration plan or sequestration program shall have the burden of proving to ecology, EFSEC, or the decision-making authority in an enforcement action that failure to meet a sequestration benchmark was unavoidable. This demonstration shall be a condition to obtaining relief under (d), (e), and (f) of this subsection.

(b) Failure to meet a sequestration benchmark determined to be unavoidable under the procedures and criteria in this section shall be excused and not subject to financial penalty.

(c) Failure to meet a sequestration benchmark shall be reported by January 31 of the year following the year during which the event occurred or as part of the routine sequestration monitoring reports. Upon request by ecology, the owner(s) or operator(s) of the sequestration project source(s) shall submit a full written report including the known causes, the corrective actions taken, and the preventive measures to be taken to minimize or eliminate the chance of recurrence.

(d) Failure to meet a sequestration benchmark due to startup or shutdown conditions shall be considered unavoidable provided the source reports as required under (c) of this subsection, and adequately demonstrates that the failure to meet a sequestration benchmark could not have been prevented through careful planning and design and if a bypass of equipment occurs, that such bypass is necessary to prevent loss of life, personal injury, or severe property damage.

(e) Maintenance. Failure to meet a sequestration benchmark due to scheduled maintenance shall be considered unavoidable if the source reports as required under (c) of this subsection, and adequately demonstrates that the excess emissions could not have been avoided through reasonable design, better scheduling for maintenance or through better operation and maintenance practices.

(f) Failure to meet a sequestration benchmark due to upsets shall be considered unavoidable provided the source reports as required under (c) of this subsection, and adequately demonstrates that:

(i) The event was not caused by poor or inadequate design, operation, maintenance, or any other reasonably preventable condition;

(ii) The event was not of a recurring pattern indicative of inadequate design, operation, or maintenance; and

(iii) The operator took immediate and appropriate corrective action in a manner consistent with good practice for minimizing nonsequestration during the upset event.

(4) Enforcement for permit violations.

(a) Enforcement of an ecology or local air agency permitting authority notice of construction will take place under the authority of chapter 70.94 RCW. Enforcement of an ecology approved sequestration plan or sequestration program will be in accordance with this section.

(b) Enforcement of any part of an EFSEC site certification agreement will proceed in accordance with RCW 80.50.150.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-240, filed 6/19/08, effective 7/20/08.]

PART III

**LONG-TERM FINANCIAL COMMITMENTS;
RELATIONSHIP OF ECOLOGY AND THE WUTC;
AND RELATIONSHIP OF ECOLOGY AND THE
GOVERNING BOARDS OF CONSUMER-OWNED
UTILITIES UNDER CHAPTER 80.80 RCW**

WAC 173-407-300 Procedures for determining the emissions performance standard of a long-term financial commitment and addressing electricity from unspecified sources and specified sources under Part II. (1) The following procedures are adopted by the department to be utilized by the department under RCW 80.80.060 and to be available to and utilized by the governing boards of consumer-owned utilities pursuant to RCW 80.80.070 when evaluating a potential long-term financial commitment when the long-term financial commitment includes electricity from unspecified sources, electricity from one or more specified sources, and/or provisions to meet load growth with electricity from unspecified and/or specified sources.

(2) For each year of a long-term financial commitment for electric power, the regulated greenhouse gases emissions from specified and unspecified sources of power are not to exceed the emissions performance standard in WAC 173-407-130(1), in effect on the date the long-term contract is executed. The emissions performance standard for a long-term financial commitment for electricity that includes electricity from specified and unspecified sources is calculated using a time-weighted average of all sources of generation and emissions in the years in which they are contributing electricity and emissions in the commitment. Each source's proportional contribution to emissions per each MWh delivered under the contract is added together and summed for each year and divided by the number of years in the term of the commitment.

(3) An extension of an existing long-term financial commitment is treated as a new commitment, not an extension of an existing commitment.

(4) Annual and lifetime calculations of greenhouse gases emissions.

(a) The annual average emissions shall be calculated, for every year of the contract, using the formula in subsection (5) of this section. The calculation of the pounds of greenhouse gases per megawatt-hour is based upon the delivered electricity, including the portion from specified and unspecified sources, of the total portfolio for the year for which the calculation is being made.

(b) The average greenhouse gases emissions per MWh of the power supply portfolio over the life of the long-term financial commitment is compared to the emissions performance standard. The calculation of the pounds of greenhouse gases per MWh is based on the expected annual delivery contracted or expected to be supplied by each specified and unspecified source's portion of the total portfolio of electricity to be provided under the contract for the year for which the calculation is being made.

(c) Default values adopted in this procedure shall be used for each source unless actual emissions are known or specified by the manufacturer. A default greenhouse gases emissions value of an average pulverized coal plant per WAC 173-407-300 (5)(b) shall be used for unspecified sources in the procedure.

(5) The annual average calculation shall be performed using the regulated greenhouse gases emissions factors as follows:

(a) For a specified source, utilize the manufacturer's emissions specification or the measured emission rate for a specified generator. When there is no available information on greenhouse gases emissions from a specified source, utilize the following:

(i) Combined cycle combustion turbines that begin operation after July 1, 2008 = 1,100 lbs/MWh or as updated by rule in 2012 and every five years thereafter.

(ii) Steam turbines using pulverized coal = 2,600 lbs/MWh minus the amount of greenhouse gases permanently sequestered by the facility on an annual basis divided by the MWhs generated that year.

(iii) Integrated gasification combined cycle turbines = 1,800 lbs/MWh minus the amount of greenhouse gases permanently sequestered by the facility on an annual basis divided by the MWhs generated that year.

(iv) Simple cycle combustion turbines = 1,800 lbs/MWh minus the amount of greenhouse gases permanently sequestered by the facility on an annual basis divided by the MWhs generated that year.

(v) Combined cycle combustion turbines that begin operation before July 1, 2008 = 1,100 lbs/MWh.

(b) Electricity from unspecified sources = 2,600 lbs/MWh.

(c) Renewable resources = 0 lbs/MWh.

$$AE = \frac{(F_1 \times MWh_1) + (F_2 \times MWh_2) + (F_3 \times MWh_3) + \dots + (F_n \times MWh_n)}{Total\ MWh}$$

where:

AE	=	Average emissions in lb/MWh
F	=	Regulated greenhouse gases emissions factor in lb/MWh
MWh	=	Total MWh purchased or generated by the utility's own generation capacity during the year
Total MWh	=	Total MWh from all source types for that year

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-300, filed 6/19/08, effective 7/20/08.]

WAC 173-407-310 Relationship of ecology and Washington utilities and transportation commission under Part II. (1) The Washington utilities and transportation commission (commission) shall consult with ecology to apply the procedures adopted by the department to verify the emissions of greenhouse gases from baseload electric generation under RCW 80.80.040. Ecology shall report to the commission whether baseload electric generation will comply with the greenhouse gases emissions performance standard for the duration of the period the baseload electric generation is supplied to the electrical company. (RCW 80.80.060(7).)

(2) Ecology's consultation with the commission:

(a) In assisting the commission to apply the emissions verification procedures adopted, ecology will compare the commission's procedures to the ecology procedures found in WAC 173-407-130, 173-407-140, and 173-407-230.

(b) In consulting with the commission to determine if a long-term financial commitment for baseload electric generation meets the greenhouse gases emissions performance standard, ecology shall consider whether the commitment meets WAC 173-407-300.

(3) When conducting the consultation and reporting processes, ecology will conclude this process of consultation and assistance within thirty days of receiving all necessary information from the commission to determine compliance.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-310, filed 6/19/08, effective 7/20/08.]

WAC 173-407-320 Relationship of ecology and the governing boards of consumer-owned utilities under Part II. (1) RCW 80.80.070(2) requires the governing boards of consumer-owned utilities to "review and make a determination on any long-term financial commitment by the utility, pursuant to this chapter and after consultation with the department, to determine whether the baseload electric generation to be supplied under that long-term financial commitment complies with the greenhouse gases emissions performance standard established under RCW 80.80.040." During this consultation process, ecology shall assist the governing boards with the utilization of the method in WAC 173-407-300 to determine whether the long-term financial commitment for baseload electric generation meets the emissions performance standard. Ecology's assistance will be limited to that assistance necessary for the board to interpret, clarify or otherwise determine that the proposed long-term financial commitment for baseload electric generation will comply with the emissions performance standard.

(2) RCW 80.80.070(5) also requires the governing boards of consumer-owned utilities to "apply the procedures adopted by the department to verify the emissions of greenhouse gases from baseload electric generation under RCW

(6/19/08)

80.80.040," and allow them to "request assistance from the department in doing so." The procedures adopted by the department to be utilized by the governing boards are found in WAC 173-407-300. Ecology shall provide consultation or further assistance to the governing boards of a consumer-owned utility to apply such procedures if the governing board makes such a request.

(3) Ecology will conclude this process of consultation and assistance within thirty days unless the governing board requesting the assistance grants additional time.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-320, filed 6/19/08, effective 7/20/08.]

WAC 173-407-400 Severability. The provisions of this regulation are severable. If any provision is held invalid, the application of that provision to other circumstances and the remainder of the regulation will not be affected.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), recodified as § 173-407-400, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-090, filed 12/22/04, effective 1/22/05.]