



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# **Rule Implementation Plan**

## **Chapter 173-446 WAC, Climate Commitment Act**

### **Program**

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September 2022

Publication 22-02-045

## Publication and Contact Information

This document is available on the Department of Ecology's website at:

<https://apps.ecology.wa.gov/publications/summarypages/2202045.html>

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**Implementation Plan**  
**Chapter 173-446 WAC**  
**Climate Commitment Act Program**

Air Quality Program  
Washington State Department of Ecology  
Olympia, Washington

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## **Purpose**

The Washington State Department of Ecology (Ecology) provides the information in this implementation plan to meet agency and Administrative Procedure Act (RCW 34.05.328(3)) requirements related to rule adoptions.

# Introduction

On September 29, 2022, Ecology adopted Chapter 173-446 WAC Climate Commitment Act Program (AO # 21-06). The purpose of this rule implementation plan is to inform those who must comply with Chapter 173-446 WAC about how Ecology intends to:

- Implement and enforce the rule.
- Inform and educate persons affected by the rule.
- Promote and assist in voluntary compliance with the rule.
- Evaluate the rule.
- Train and inform Ecology staff about the new rule.

Also included in this plan is information about:

- Supporting documents that may need to be written or revised because of the new rule.
- Other resources where more information about the rule is available.
- Contact information for Ecology employees who can answer questions about the rule implementation.

## Implementation and Enforcement

In 2021, Ecology established a new unit within the Air Quality Program, the Climate Commitment Act (CCA) Implementation Group, to design and implement Washington's Cap-and-Invest Program. The CCA Implementation Group will have primary responsibility for ensuring the successful implementation of Chapter 173-446 WAC. The Group includes a GHG (Greenhouse Gas) Reporting and Verification unit, an Auctions and Market Unit, and a Policy Section, as well as communications and support staff. The Group's staff will work to provide outreach, education, and technical assistance beginning in Fall 2022 and continuing in 2023; to verify emissions; to register participants in the cap-and-invest program; and to ensure that the auctions launch successfully in 2023.

Washington State has joined the Western Climate Initiative (WCI), Inc. as a participating jurisdiction with two seats on the WCI, Inc. Board of Directors. As a participating jurisdiction, Washington will be utilizing WCI, Inc.'s proven trading platform, as well as utilizing the services of Monitoring Analytics, an independent market-monitoring firm with experience in carbon markets, and Deutsche Bank, the financial services administrator with responsibility to process bids and handle related transactions. Ecology will be using WCI, Inc.'s electronic Compliance Instrument Tracking System Service (CITSS) as its secure, online electronic tracking system to register entities, issue compliance instruments, track ownership of compliance instruments, enable and record compliance instrument transfers, facilitate program compliance and support market oversight.

As discussed in more detail in the following section of this Plan, throughout the fall of 2022 and continuing into 2023, staff in the Climate Commitment Act Implementation Group will provide additional information and training for participating entities on how to register in CITSS, how to participate in auctions, and how offset credits work. Ecology is also planning to hold one practice auction before the first live auction is held in February 2023.

Once the program is up and running, staff in the Climate Commitment Act Implementation Group will monitor and facilitate auctions and monitor the compliance instrument market to ensure auctions and trading are consistent with Chapter 173-446 WAC, and to prevent market manipulation or bidder collusion. Using the methods outlined in Chapter 173-446 WAC, staff will also distribute no cost allowances to those eligible to receive them.

Ecology recognizes that Chapter 173-446 WAC is a complex rule with many detailed requirements. Before initiating compliance actions, Ecology will take steps to ensure that all participants in the program have the opportunity to receive training in the various pieces of the program and what each participant's obligations are at each step of the way. In addition, Ecology will have staff available to provide technical assistance to participants as they navigate the program.

## Informing and Educating Persons Affected by the Rule

Throughout the rulemaking process, Ecology has done the following to help inform interested persons:

- Emailed notices to the Greenhouse Gas Reporting Program email list, the Air Quality Program general distribution list on rules and statewide plans email list, the Climate Commitment Act email list, and the WACTrack email list;
- Sent out public notices and issued a press release;
- Sent out letters to Tribal governments;
- Maintained a blog with Climate Commitment Act updates;
- Posted information on Ecology's Climate Commitment Act Program rulemaking website; and
- Held three stakeholder meetings and four public hearings via webinar.

Ecology will continue to notify interested persons through the Climate Commitment Act email list about the adopted rule.

Ecology maintains a website for the Climate Commitment Act Program that houses many technical assistance documents and resources including press releases, focus sheets, slideshows from stakeholder meetings and public hearings, educational videos, and frequently asked questions. We will continue to update this website.

As need arises, additional focus sheets or other materials may be developed to answer common questions about the new rule.

### Training

Ecology has held the following trainings:

- Reporting Requirements for No Cost Allowance Allocation – Natural Gas Utilities
  - Feb. 17, 2022
- Emissions Reporting – Emissions-Intensive, Trade-Exposed Entities (EITEs)
  - Aug. 16, 2022
  - Recorded presentation and slides available upon request. Please email [GHGReporting@ecy.wa.gov](mailto:GHGReporting@ecy.wa.gov) for access.
- Emissions Reporting – Fuel Suppliers (Other Than Natural Gas)
  - Sept. 7, 2022

- Recorded presentation and slides available upon request. Please email [GHGReporting@ecy.wa.gov](mailto:GHGReporting@ecy.wa.gov) for access.

Ecology will hold the following trainings:

- Module 1: User registration in CITSS
  - Thursday, Oct. 6, 2022 2:00pm – 3:30pm
  - For all participants
  - Registration link: [https://waecy-wa-gov.zoom.us/join/9tZcocOyhqzstGdx\\_U3gZgy7DBsRQXm1z9V8f](https://waecy-wa-gov.zoom.us/join/9tZcocOyhqzstGdx_U3gZgy7DBsRQXm1z9V8f)
- Module 2a: Account applications in CITSS
  - Tuesday, Oct. 18, 2022 2:00pm – 4:00pm
  - For Covered and Opt-In entities
  - Registration link: <https://waecy-wa-gov.zoom.us/join/9tZwkdeCpqjwuG9EDIwjE7EF62oZUmKgiGizR>
- Module 2b: Account applications in CITSS
  - Thursday, Oct. 20, 2022 10:00am – 12:00pm
  - For General Market Participants
  - Registration link: <https://waecy-wa-gov.zoom.us/join/9tZAlcO2prT4sGdNnIk56J69O4KqFBju1lLSI>
- Additional auctions and trading trainings in late 2022 through 2023
- Additional emissions reporting trainings
  - Facility reporting tool
  - Electric power entities reporting
  - Third party emissions reporting verifiers

Additional trainings will be held as needed.

Ecology will contact relevant parties directly or send information about these trainings to the Climate Commitment Act email list and post the information on the Climate Commitment Act Program website.

## **Promoting and Assisting Voluntary Compliance**

The actions mentioned above that inform and educate stakeholders also help promote voluntary compliance. A number of other activities have proven useful in promoting voluntary compliance, such as:

- Posting the regulations, guidance documents, and implementation plan on Ecology's website.
- Ecology staff will be available to answer technical assistance questions from stakeholders.
- Staff responsible for implementing this rule have been involved in the development of the adopted rule. Ecology will hold staff trainings, use staff meetings, section meetings, and the agency website to train and inform any additional agency staff. These trainings will allow Ecology staff to answer compliance questions as they arise.
- Maintaining a file for comments and suggestions for improving regulations. We use the file during each subsequent rulemaking. These suggestions come from Ecology staff and the regulated community.

## **Evaluating the Rule**

- By December 1, 2027, and at least every four years thereafter, Ecology must submit a report to the legislature that includes a comprehensive review of the implementation of the program to date, including but not limited to outcomes relative to the state's emissions reduction limits, overburdened communities, covered entities, and emissions-intensive, trade-exposed businesses.
- Ecology will conduct rulemaking prior to each compliance period to adopt by rule the annual allowance budgets.

## **Training and Informing Ecology Staff**

- Staff responsible for implementing this rule have been involved in the development of the adopted rule. Ecology will hold staff trainings, use staff meetings, section meetings, and the agency website to train and inform any additional agency staff.

## **List of Supporting Documents that May Need to be Written or Revised**

Ecology maintains a website for the [Climate Commitment Act Program](#) that houses resources including press releases, focus sheets, slideshows from stakeholder meetings and public hearings, educational videos, and frequently asked questions. We will continue to update this website.

## More Information

[WAC 173-446 - Washington State Department of Ecology](#)

[Climate Commitment Act](#)

[Chapter 70A.65 RCW: GREENHOUSE GAS EMISSIONS—CAP AND INVEST PROGRAM  
\(wa.gov\)](#)

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