



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY
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Washington Cap-and-Invest Program 2023 Annual Allowance Price Containment Reserve and Price Ceiling Notice

Issued on December 1, 2022

Reserve Sale Summary

The Washington State Department of Ecology (Ecology) will offer sales of allowances from the Allowance Price Containment Reserve (APCR) in the quarter following any quarter in which the auction settlement price was at or above the Tier 1 price listed in Table 1, below. An APCR Sale (Reserve Sale) will also be held when new covered or opt-in entities enter the program, and when allowances from the Emissions Containment Reserve account are exhausted. A final Reserve Sale will be offered before each annual compliance deadline.

Allowances offered in a 2023 Reserve Sale will be sold at the prices listed in the table below, beginning with Tier 1 allowances. Reserve Sale tier prices are defined by Ecology in accordance with Chapter 173-446-370 WAC. In future years, tier prices will be equal to the reserve tier prices for the previous calendar year, increased by five percent plus the rate of inflation as measured by the nationwide Consumer Price Index for All Urban Consumers identified by the U.S. Bureau of Labor Statistics (CPI-U). For 2023, the cap-and-invest program reserve tier prices, adjustment factor, and adjusted tier prices are displayed in Table 1, below.

Table 1. 2023 Reserve Tier Prices

Reserve Tier	Tier Price Defined in Rule	Adjustment Factor*	2023 Tier Prices
Tier 1	\$46.05	12.7%	\$51.90
Tier 2	\$59.17	12.7%	\$66.68

*The adjustment factor is determined by adding five percent plus the rate of inflation as measured by the most recently available 12 months of the consumer price index for all urban consumers as of the first business day in December 2022. The CPI-U is 7.7%.

Reserve Sale Information

Reserve Sales follow the same procedures as quarterly auctions, except that purchase limits do not apply and there is no price floor. Conditions for a Reserve Sale are described in the summary above. As with quarterly auctions, a Reserve Sale Notice will be released at least 60 days prior to each Reserve Sale. Additional background information, instructions, examples, and other resources related to Reserve Sales will be available on [Ecology's Cap-and-Invest Auctions and Trading webpage](#).

Price Ceiling Unit Price

A price ceiling unit is an allowance issued by Ecology at a fixed price for the purpose of limiting price increases.

The price ceiling unit price is defined by Ecology and released annually, in accordance with Chapter 173-446-335 WAC. In future years, the annual price ceiling unit price will be equal to the price ceiling unit price for the previous calendar year, increased by five percent plus the rate of inflation as measured by the nationwide Consumer Price Index identified by the U.S. Bureau of Labor Statistics (CPI-U).

For 2023, the cap-and-invest program ceiling price, adjustment factor, and adjusted ceiling unit price is displayed in Table 2, below.

Table 2. 2023 Annual Price Ceiling Calculation

Jurisdiction	Ceiling Price Defined in Rule	Adjustment Factor*	2023 Price Ceiling Unit Price
Washington	\$72.29	12.7%	\$81.47

*The adjustment factor is determined by adding five percent plus the rate of inflation as measured by the most recently available 12 months of the consumer price index for all urban consumers as of the first business day in December 2022. The CPI-U is 7.7%.

Price Ceiling Sale Information

If no allowances remain in the APCR, Ecology shall issue price ceiling units for sale. Price Ceiling Sales will take place immediately prior to the final compliance deadline for each four-year compliance period and are open only to covered entities that do not have sufficient eligible compliance instruments to meet their compliance obligations for the given period. These covered entities may purchase only the number of price ceiling units necessary to meet their compliance obligations for the upcoming compliance deadline. After a sale, Ecology will transfer purchased price ceiling units directly to each purchaser's compliance account for immediate retirement at the upcoming compliance deadline.

Contact Information

For further information about this Annual Allowance Price Containment Reserve and Price Ceiling Notice or about participation in 2023 Reserve Sales, please contact:

Website: cca.wa.gov/auctions-and-trading

Email: CCAAuctions@ecy.wa.gov

Ecology CCA Help Desk: 360-407-6296

ADA Accessibility

The Department of Ecology is committed to providing people with disabilities access to information and services by meeting or exceeding the requirements of the Americans with Disabilities Act (ADA), Section 504 and 508 of the Rehabilitation Act, and Washington State Policy #188.

To request an ADA accommodation, contact Ecology by phone at 360-407-6800 or email Melanie Forster at melanie.forster@ecy.wa.gov, or visit <https://ecology.wa.gov/accessibility>. For Relay Service or TTY call 711 or 877-833-6341.