



## **Cap-and-Invest Guidance on Electricity Exports from Washington to California**

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**Website**<sup>1</sup>: [Washington State Department of Ecology](#)

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<sup>1</sup> [www.ecology.wa.gov/contact](http://www.ecology.wa.gov/contact)

## Introduction

This market notice provides information on how the Washington Cap-and-Invest program will treat electricity generated in Washington that is exported to California.

In 2010 California, Washington, and other states and Canadian provinces developed an approach through the Western Climate Initiative (WCI) to regulate greenhouse gas (GHG) emissions associated with electricity generation. Specifically, the WCI jurisdictions developed the first jurisdictional deliverer (FJD) approach to regulating GHG emissions associated with electricity generation and agreed that electricity should be regulated upstream to the greatest degree possible, optimally at the point of generation. Under the FJD framework, if GHG regulatory programs in different jurisdictions link, in-state electricity is regulated at the point of generation within that jurisdiction such that any electricity transacted between linked jurisdictions is already covered by one of the linked programs.

Ecology and California Air Resources Board (CARB) staff are in regular contact on implementation of the Washington Cap-and-Invest and California Cap-and-Trade programs, respectively, including coverage of the electricity sector. The Washington and California programs are not linked. Because the jurisdictions operate on the same electrical grid, this situation raises the possibility for imposing a cost on the GHG emissions associated with some electricity at two points—once at the point of generation in the first state and again when the same electricity is imported into the second state. This situation could exist for a small amount of electricity that is generated in Washington and exported to California when the Washington Cap-and-Invest program begins in January of 2023.

## Short-Term Compliance Obligation Deferral

In recognition of this situation, Ecology has flexibility in its rules to allow time for this issue to be addressed in the future. Ecology's Cap-and-Invest program rule defers the 2023-2025 annual Washington Cap-and-Invest compliance obligations for electricity that is generated in Washington and then imported to California until November 2027 (the compliance deadline for the first compliance period).<sup>2</sup> For any portion of a covered entity's emissions that are demonstrated to Ecology through its greenhouse gas reporting program to be associated with generating electricity that is subsequently exported to California for use in that state, those portions of 2023-2025 annual Washington Cap-and-Invest compliance obligations are deferred until the end of the first compliance period as illustrated in Table 1. This deferral of annual Washington Cap-and-Invest compliance obligations provides time for the consideration and development of potential measures to address issues related to this situation.

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<sup>2</sup> See [WAC 173-446-400 \(11\)](#)

**Table 1: How emissions associated with electricity that is generated in Washington and exported to California are addressed in the Washington Cap-and-Invest Program**

<b>Year</b>	<b>Washington Electricity Generation exported to California</b>	<b>Event</b>
<b>2023</b>	Report 2022 emissions	Cap-and-Invest market starts
<b>2024</b>	Report 2023 emissions, no annual obligation for 2023 covered emissions that are exported to California	For all other covered emissions, 30 percent of 2023 emissions
<b>2025</b>	Report 2024 emissions, no annual obligation for 2024 covered emissions that are exported to California	For all other covered emissions, 30 percent of 2024 emissions
<b>2026</b>	Report 2025 emissions, no annual obligation for 2025 covered emissions that are exported to California	For all other covered emissions, 30 percent of 2025 emissions
<b>2027</b>	Report 2026 emissions, full compliance period compliance obligation due to Washington for remainder of all 2023-2026 covered emissions	N/A

## Contact Information

For questions on electricity issues in Washington’s Cap-and-Invest Program, please contact Bill Drumheller at [Bill.Drumheller@ecy.wa.gov](mailto:Bill.Drumheller@ecy.wa.gov).

The Washington Department of Ecology takes data security seriously. For questions on market participation that include entity-specific market information, please contact [RegistrarCCA@ecy.wa.gov](mailto:RegistrarCCA@ecy.wa.gov) or the Washington CITSS help desk at 360-407-6296.

Washington’s electricity greenhouse gas reporting tool will be available in early 2023. Please visit the [CCA Emissions Reporting webpage](#) for more information and available trainings.