

Washington State Climate Commitment Act

Allowance Consignment Guide

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Contact Information

Air Quality Program

Ecology Headquarters
P.O. Box 47600,
Olympia, WA 98504-7600
Phone: 360-407-6800
Website: <https://ecology.wa.gov/About-us/Contact-us>

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The information in this document is based on the requirements set forth in the Climate Commitment Act (CCA), Chapter 70A.65 RCW, and the CCA Program Rule, Chapter 173-446 WAC (collectively referred to as CCA Requirements). If there is any apparent conflict between this document and the CCA Requirements, the CCA Requirements shall control.

Background

The Climate Commitment Act directs Ecology to provide allowances at no cost to eligible electric ([RCW 70A.65.120](#)) and natural gas ([RCW 70A.65.130](#)) utilities each year. Utilities can then ‘consign’ those allowances to auction, meaning they transfer them back to Ecology to be auctioned on their behalf. Ecology then transfers the revenue from those sales back to the consigning utility, who must use it to help offset increased customer costs.

How Consignment Works

In addition to a general Holding Account, which is provided to all approved market participants ([RCW 70A.65.090](#)), each eligible utility is also provided with a Limited Use Holding Account (LUHA) that is used only for consignment ([WAC 173-446-150](#)).

Each year, Ecology will transfer allowances from the next year’s allowance budget to each eligible utility’s Holding Account. For example, in 2024, utilities will receive no cost allowances from the 2025 allowance budget (also called ‘vintage 2025’ allowances). Utilities can consign these allowances to the next year’s auctions. So, in the example above, the vintage 2025 allowances distributed in 2024 can be consigned during any of the four quarterly 2025 auctions.

To consign no cost allowances to auction, the utility must transfer them from their Holding Account to their LUHA, and then request a transfer from their LUHA to the Washington Jurisdiction Auction Account (Ecology).

Once a utility transfers allowances to its LUHA, they cannot be transferred to another entity, sold to other market participants, or transferred back to their Holding Account; they can only be transferred to the utility’s Compliance Account or to Ecology.

Consigned allowances will be sold for the same settlement price as all other allowances sold at that auction, and each consigning utility agrees to accept that settlement price. Consigning utilities are asked to confirm wiring instructions each time they transfer allowances for consignment so that Ecology can remit the proceeds from consignment back to the utility.

Consignment Requirements

In the first compliance period (2023-2026), electric utilities are not required to consign allowances. However, they may choose to do so at any time, with the option to consign up to 100% of their no cost allowances to auction.

Natural gas utilities are required to consign no cost allowances to auction by law ([RCW 70A.65.130](#)). In 2023, they must consign at least 65% of their no cost allowances but can elect to consign up to 100%. The minimum consignment requirement for natural gas utilities increases by 5% each year until it reaches 100% in 2030.

The schedule for consignment by natural gas utilities is described in Table 1, below. (See also [Chapter 173-446-300 WAC](#))

Table 1: Natural gas utility consignment schedule

Year	Required level of consignment of no cost allowances (minimum)
2023	65 percent of allowances allocated for 2023
2024	70 percent of allowances allocated for 2024
2025	75 percent of allowances allocated for 2025
2026	80 percent of allowances allocated for 2026
2027	85 percent of allowances allocated for 2027
2028	90 percent of allowances allocated for 2028
2029	95 percent of allowances allocated for 2029
2030, and every year thereafter	100 percent of allowances allocated for 2030 (and subsequent years)

Revenue generated through consignment must be used for the benefit of ratepayers ([RCW 70A.65.120](#); [RCW 70A.65.130](#)).

Consignment Deadlines

A utility that wants to consign allowances must submit a transfer proposal in the Compliance Instrument Tracking System Service (CITSS) requesting that the allowances be transferred from its LUHA to Ecology’s Jurisdiction Auction Account.

All transfer proposals must be submitted and approved by 11:59 p.m. Eastern Time on the consignment deadline, which is 75 days prior to each auction date. Any allowances transferred after this deadline will be consigned to the next quarterly auction.

Beginning in 2023, the consignment deadlines for each of the following year’s auctions are published in the Annual Auction Floor Price Notice posted on the first business day of December each year for the following year.

Consignment Transfers in CITSS

Transfers of no cost allowances for consignment in CITSS are completed in two steps: proposal and approval.

First, the Primary Account Representative (PAR) or one of the Alternate Account Representatives (AARs) of the consigning utility must propose the transfer request in CITSS by following the steps listed below:

1. Select the “View” button (on the right side) to access the Limited Use Holding Account on the “My Accounts” pane of the CITSS Home Page.
2. Select the “Initiate Transfer” button to the right of the allowance vintage or type of allowance to be consigned. Then the top of the page will read, Propose Consignment Transfer: Limited Use Holding Account.
3. Follow the instructions on the page to propose the consignment transfer.

A second account representative (PAR or AAR) of the consigning utility must log into CITSS and select the same entity account to approve the proposed transfer request **within 48 hours** of the proposal or the transfer request will expire in CITSS. A proposal can be approved by following the steps below:

1. Select the highlighted Transfer ID of the pending consignment transfer in the “Pending Transfers” pane near the bottom of the CITSS Home Page to access the Compliance Instrument Transfer Detail page.
2. Follow the instructions on the page to approve or deny the proposed transfer.

A transfer is completed only if it is approved prior to expiring. CITSS transfers that have expired will require a new transfer proposal and approval prior to the consignment deadline in order to consign allowances to the next scheduled quarterly auction.

Consigning allowances to Ecology’s Jurisdiction Auction Account is a permanent and irreversible action. Once the transfer is approved by the second account representative of the transferring utility, the transfer is final and cannot be canceled or amended.

For additional information on how to apply for and use CITSS accounts, please refer to Ecology’s [Training and Resources webpage](#).

Provide or Confirm Wiring Instructions in CITSS

Each time a utility consigns allowances to auction, it is required to provide wiring instructions or confirm existing wiring instructions in CITSS to ensure that auction proceeds can be distributed correctly. Wiring instructions can be confirmed or updated by following the steps listed below:

1. Select the “View” button on the right side of the screen in the row labeled Limited Use Holding Account on the “My Accounts” pane of the CITSS Home Page.
2. Select the “Wiring Instructions” button on the Limited Use Holding Account page to access the Wiring Instructions Detail.
 - To confirm existing wiring instructions, select the “Confirm” button in the “Existing Fedwire Wiring Instructions” pane on the Wiring Instructions Detail page; or
 - To propose new wiring instructions, select the “Edit” button on the top right portion of the Wiring Instructions Detail page.
 - To verify proposed wiring instructions, a second account representative must log into CITSS, select the same entity account, access the Wiring Instructions Detail page, and complete the “Verify Wiring Instructions” pane.

Account representatives will be prompted to indicate whether wiring instructions are current or require an update when a consignment transfer is proposed and again when the proposed transfer is approved. If the representatives both indicate that the instructions are accurate, the Financial Services Administrator (FSA) will be notified, and no further action is required by the representatives.

If the representatives indicate that the instructions are not accurate, they will be prompted to update the information. The consignment transfer will be completed upon approval, regardless of the status of the wiring instructions. However, wiring instructions should be confirmed or updated no later than the auction date listed in the public Auction Notice, published at least 60 days prior to each auction on Ecology’s [Auctions and Market webpage](#).

At each auction, consigned allowances are sold before the other state-owned allowances. Consigned allowances that are not sold will be retained by Ecology in the Jurisdiction Auction Account and offered for sale in the next auction. If a utility has unsold consigned allowances that carry over to the next auction, they are required to confirm existing wiring instructions or provide new wiring instructions in CITSS following the steps outlined above, even if they are not consigning additional allowances for sale at the upcoming auction.

Consignment and Auction Participation

Consigning Only

All auction participants must submit an auction application in CITSS during the ‘application window’ which begins when the Auction Notice is published (at least 60 days prior to the auction date) and ends exactly 30 days before the auction. However, if a utility is only consigning allowances to auction and has no intention of purchasing allowances, they should not submit an auction application in CITSS.

However, these entities should still select the “Auction and Reserve Sale Information” box in CITSS no later than one day prior to the end of the application period for that auction. This will ensure that the current account representatives’ contact information is sent to the FSA which will conduct the consignment process.

Consigning and Participating in an Auction

A utility that consigns no cost allowances and also wishes to bid for allowances at that same auction must still complete all required actions to participate in the auction, including submitting an auction application within the application window noted above, confirming an intent to bid in CITSS, and submitting a bid guarantee.

Additional information on the auction participation process is available on the Ecology [Auction Training and Resources webpage](#).

Additional Information

For additional information on the Cap-and-Invest Program, please visit the program website at cca.wa.gov/cap-and-invest.