

Allowance Allocation to Natural Gas Utilities for the First Compliance Period

The Climate Commitment Act requires that the Department of Ecology provide allowances at no cost to eligible natural gas utilities. This requirement is designed to help protect consumers from potential rate increases that could result from utilities' participation in the cap-and-invest program. The specific method for determining how many no cost allowances each natural gas utility can receive is outlined in [WAC 173-446-240](#).

Requirements for Receipt and Use of Allowances

No cost allowances allocated to natural gas utilities may be consigned to auction, used for compliance, or a combination of both; they may not be traded, transferred, or sold. Natural gas utilities are required to consign at least 65% of their no cost allowances in 2023. This minimum increases by 5% each year until 2030 and remains at 100% after that until 2050. Consigned allowances are sold on behalf of the utility at regularly scheduled, quarterly auctions hosted by Ecology; Ecology then returns that revenue to the consigning utility. The law requires that revenue generated through consignment be used for the benefit of ratepayers. The Utilities and Transportation Commission has jurisdiction over the use of the revenues collected by investor-owned utilities.

All entities with emissions above 10,000 metric tons of CO₂-equivalent (MTCO₂e) must submit a greenhouse gas report as specified in the reporting rule ([Chapter 173-441 WAC](#)). Natural gas utilities must remain in compliance with this rule to continue receiving no cost allowances. No cost allowances are not provided to utilities during periods of closure or curtailment.

Summary of Allowance Allocations to Natural Gas Utilities for 2023-2026

NGS Name	2023	2024	2025	2026
Avista Corporation	980,564	906,758	832,952	759,146
Cascade Natural Gas	1,660,397	1,535,421	1,410,445	1,285,469
City of Ellensburg	38,036	35,173	32,310	29,447
City of Enumclaw	21,147	19,556	17,964	16,372
NW Natural Gas	453,324	419,203	385,082	350,960
Puget Sound Energy	4,906,163	4,536,882	4,167,601	3,798,320

These values are calculated as provided in WAC 173-446-240(2)(a) based on the definition of covered emissions per WAC 173-446-040. Additionally, reports are submitted to Ecology per WAC 173-441-122.