

Washington State Climate Commitment Act

Greenhouse Gas Reporting and Verification: Third-Party Verification Guidelines

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Introduction

In May 2021, the Climate Commitment Act (CCA) was signed into law by Governor Inslee. The CCA mandates that Ecology implement an economy-wide Cap-and-Invest Program to reduce greenhouse gas (GHG) emissions and address climate change. As part of the Program, entities are required to report their emissions to Ecology and those emissions must be verified for accuracy. These entities will need to obtain compliance instruments (allowances and offset credits) equivalent to their covered emissions. Ecology will conduct allowance auctions four-times-each-year and entities that need allowances to meet their compliance obligations can purchase allowances at auction or obtain allowances on the secondary market. In addition, certain types of entities will be provided allowances at no cost. At the conclusion of each compliance period, entities must submit sufficient compliance instruments to Ecology to meet their compliance obligation. The proceeds from the allowance auctions will be invested in projects and initiatives to decarbonize the economy, promote clean energy, implement climate resilience strategies, and advance equity and environmental justice.

The Program establishes a cap on approximately 75% of the State's GHG emissions, and gradually reduces that cap over time to help meet the State's GHG reduction requirements set forth in RCW 70A.45.020. To support the Program, Ecology updated Chapter 173-441 WAC, "Reporting of Emissions of Greenhouse Gases." Facilities, fuel suppliers and electric power entities (EPEs) that emit, or are responsible for the emission of, 10,000 metric tons of carbon dioxide equivalents (CO₂e) in Washington state are reporters under the Chapter 173-441 WAC. Reporters who meet the conditions specified in Chapter 173-441 WAC including, but not limited to mandatory reporters who emit at least 25,000 metric tons of CO₂e per year, and voluntary and mandatory participants in Washington's Cap-and-Invest Program are required to have their emissions verified by an independent third-party on an annual basis.

This document, Greenhouse Gas Reporting and Verification: Third-Party Verification Guidelines (Third-Party Verification Guidelines), is intended to supplement the principles and procedures set forth in the Chapter 173-441 WAC, and to explain with greater specificity the expected standards for third-party verification, and how the Ecology will ensure compliance with the relevant laws and rules concerning GHG emissions reporting and verification.

The Third-Party Verification Guidelines will be a living document that will change over time. Because the Cap-and-Invest Program is new, the Guidelines cannot anticipate or provide guidance concerning every possible scenario or issue that may arise. As the Program develops, the Third-Party Verification Guidelines can be modified and expanded as appropriate.

Definitions

Below are definitions of terms used in this manual as defined by Chapter 173-441 WAC:

“40 C.F.R. Part 98” or “40 C.F.R. § 98” means the United States Environmental Protection Agency’s Mandatory Greenhouse Gas Reporting regulation including any applicable subparts. All references are adopted by reference as if it was copied into this rule. References mentioned in this rule are adopted as they exist on February 9, 2022, or the adoption date in WAC [173-400-025\(1\)](#), whichever is later.

“*Adverse verification statement*” An adverse verification statement must be issued by a third-party verifier if the third-party verifier cannot say with high confidence that the submitted GHG data report is free of material misstatement, or that the emissions or product data submitted in the GHG data report is free of errors that affect emissions or product data and thus is not in conformance with the requirements to fix such errors.

“*Carbon dioxide equivalent*” or “CO₂e” means a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

“*Discrepancies*” means any differences between the reported emissions or product data and the third-party verifier’s review of emissions or product data for a data source or product data subject to this chapter.

“*Electric power entity*” includes any of the following that supply electric power in Washington: (i) Electricity importers and exporters; (ii) retail providers, including multijurisdictional retail providers; and (iii) the asset controlling suppliers. See WAC [173-441-124](#) for more detail.

“*Facility*” unless otherwise specified in WAC [173-441-122](#), [173-441-124](#), or any subpart of 40 C.F.R. Part 98 as adopted in WAC [173-441-120](#), means any physical property, plant, building, structure, source, or stationary equipment located on one or more contiguous or adjacent properties in actual physical contact or separated solely by a public roadway or other public right of way and under common ownership or common control, that emits or may emit any greenhouse gas. Operators of military installations may classify such installations as more than a single facility based on distinct and independent functional groupings within contiguous military properties.

“*Greenhouse gas*,” “*greenhouse gases*,” “*GHG*,” and “*GHGs*” includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Beginning on January 1, 2012, “greenhouse gas” also includes any other gas or gases designated by Ecology by rule in Table A-1 in WAC [173-441-040](#).

“*Misreporting*” means duplicate, incomplete or other emissions the third-party verifier concludes should, or should not, be part of the annual GHG report or duplicate or other product data the verifier concludes should not be part of the annual GHG report.

“*Omissions*” means any emissions or product data the third-party verifier concludes must be part of the annual GHG report, but were not included by the reporting entity in the annual GHG report.

“*Operator*” means any individual or organization who operates or supervises a facility, supplier, or electric power entity. The operator of an electric power entity may be the electric power entity itself.

“*Owner*” means any individual or organization who has legal or equitable title to, has a leasehold interest in, or control of a facility, supplier, or electric power entity, except an individual or organization whose legal or equitable title to or leasehold interest in the facility, supplier, or electric power entity arises solely because the person is a limited partner in a partnership that has legal or equitable title to, has a leasehold interest in, or control of the facility, supplier, or electric power entity shall not be considered an “owner” of the facility, supplier, or electric power entity.

“*Person*” includes the owner or operator of: (i) A facility; (ii) A supplier; or (iii) An electric power entity.

“*Positive verification statement*” A positive verification statement may be issued by a third-party verifier if the third-party verifier can say with high confidence that the submitted GHG data report is free of material misstatement and that the GHG data report conforms to the requirements of this chapter.

“*Product data*” is data related to a facility’s production that is part of the annual GHG report.

“*Qualified positive verification statement*” A qualified positive verification statement must be issued by a third-party verifier if the third-party verifier can say with high confidence that the submitted GHG data report is free of material misstatement and contains no errors that affect emissions or product data, but the GHG data report may include one or more other nonconformance(s) with the requirements of this chapter which do not result in a material misstatement.

“*Reporter*” means any of the following subject to this chapter: (i) A facility; (ii) A supplier; or (iii) An electric power entity.

“*Supplier*” means any person who is a: (i) Fuel supplier that produces, imports, or delivers, or any combination of producing, importing, or delivering, fuel products in Washington; and (ii) Supplier of carbon dioxide that produces, imports, or delivers a quantity of carbon dioxide in Washington that, if released, would result in emissions in Washington.

“*Total reported emissions or product data*” means the total annual reporter’s emissions or total annual reporter’s product data for which the third-party verifier is conducting an assessment.

Below are the definitions of terms used throughout this document as defined for this Third-Party Verification Guidelines Document:

CARB: California Air Resources Board.

Conflict of interest (COI): A situation in which, because of financial or other activities or relationships with other persons or organizations, a person or body is unable or potentially unable to render an impartial verification opinion of a potential client's GHG emissions, or the person or body's objectivity in performing verification services is or might be otherwise compromised.

Ecology: Department of Ecology.

Individual Verifier: A party that has met all the requirements in WAC 173-441-085(7) and who may act as a verifier of a verification team providing verification services.

Lead Verifier: A party that has met all the requirements in WAC 173-441-085(7) and who may act as the lead verifier of a verification team providing verification services or as a lead verifier providing an independent review of verification services rendered.

Lead Verifier Independent Reviewer or Independent Reviewer: A lead verifier within a verification body who has not participated in conducting verification services for a project developer or authorized project designee for the current project data report and who provides an independent review of verification services rendered for a project developer or authorized project designee. The independent reviewer is not required to also meet the requirements for a sector specific or project specific verifier.

Material misstatement: The absolute value of discrepancy, omission, misreporting, or aggregation of the three, resulting in greater than or equal to five percent of total reported emissions (metric tons of CO₂e). This standard also separately applies to any product data in the annual GHG report.

Nonconformance: Failure to use the methods or emission factors specified by WAC 173-441 to calculate emissions, or the failure to meet any other requirements of WAC 173-441 or WAC 173-446.

Program: Department of Ecology's Cap-and-Invest Program.

Reasonable assurance: High degree of confidence.

Verification Body: A firm accredited by Ecology, which can render a verification statement and provide verification services for a reporter subject to providing a data report.

Section 1.0: Reporting and Verification Requirements

The success of Washington's Cap-and-Invest Program will depend on many factors, but the Program is built upon high quality GHG Emissions data. Without accurate and timely emissions data, it will be difficult if not impossible to correctly determine entities' compliance obligations and allocate no cost allowances appropriately. An entity's emissions will determine whether or not the entity is subject to the Program, the scope of the entity's compliance obligation, and the number of no cost allowances it may receive. As a result, accurate, complete, and timely emissions reporting is the foundation of a successful Cap-and-Invest Program.

Mandatory GHG Reporters in Washington State

WAC 173-441 establishes Washington State's mandatory GHG reporting requirements. Mandatory reporters who are required to report their GHG emissions to Ecology include:

- Facilities that emit at least 10,000 metric tons CO₂e per year in Washington
- Suppliers of natural gas or other fuels that provide products within Washington in quantities that when combusted or oxidized completely, emit greenhouse gases equivalent to at least 10,000 metric tons CO₂e per year in Washington including:
 - Parties who are not a natural gas company and deliver natural gas to an end use customer in the state
 - Customers in Washington who purchases natural gas from a party that is not a natural gas company and has the natural gas delivered through an interstate pipeline
- Electric power entities that deliver electricity within Washington whose production resulted in at least 10,000 metric tons CO₂e per year

Facilities are required to calculate applicable emissions using calculation methodologies based on EPA's 40 C.F.R. Part 98. Natural gas, other fuel suppliers and electric power entities use GHG reporting tools specific to and provided by Ecology. Emissions are calculated on a calendar year basis.

GHG Verification

All reporters under WAC 173-441 are required to have **all reported emissions** verified any year emissions exceed 25,000 MT CO₂e beginning with the 2023 emissions year. Verification is also required for the first year emissions drop below 25,000 MT CO₂e. All reported product data is also verified.

All Program participants must have their reported emissions and any reported product data verified. Reported emission and verification are used to inform and support the Program, but verifiers use guidance in WAC 173-441 to provide third-party verification services for reported emissions and reported product data.

Section 2.0: Third-Party Certification Requirements

To obtain and maintain Washington certification, individual verifiers and verification bodies must meet the requirements described in Chapter 173-441-085. All individual verifiers and verification bodies must register with and be approved by Ecology. Ecology may modify, suspend, or revoke certification at any time based on the accuracy of signed verification statements, conformance with COI provisions, or other requirements of this section.

Individual Verifier Certification

Individual verifier certification requires:

- Registration as a third-party verifier with Ecology.
- Active accreditation or recognition as a third-party verifier under California Air Resources Board's (CARB's) Mandatory Reporting of GHG Emissions program.
- Completion of Ecology training and demonstration to Ecology's satisfaction that the third-party verifier has sufficient knowledge of the relevant methods and protocols in WAC 173-441 and WAC 173-446.
- Employment or subcontract by an Ecology approved verification body.
- Bachelor's degree or equivalent experience in science, technology, business, statistics, mathematics, environmental policy, economics, or financial auditing, OR evidence showing the completion of significant and relevant work experience or other personal development activities that have provided the applicant with the communication, technical, and analytical skills necessary to conduct verification.
- At least two years of full-time work experience in a professional role involved in emissions data management, emissions technology, emissions inventories, environmental auditing, or other technical skills necessary to conduct verification.

Lead Verifier Certification

For certification as a lead verifier, an individual must additionally:

- Have at least four years of work experience as a project manager or lead person, of which two may be graduate level work, in the development of GHG or other air emissions inventories, or as a lead environmental data or financial auditor in the private sector.
- Provide documentation that includes dates, skills, and responsibilities for each project or employment position, and contact information for three references familiar with the person's work.
- Current recognition as a lead verifier in CARB's Mandatory Reporting of GHG Emissions.

Specialized Sector Certification

For specialized sector certification, including transaction verifiers, process verifiers, and oil and gas verifiers, an individual must:

- Have at least two years of professional experience related to the sector in which seeking certification.
- Provide evidence of completing Ecology training and demonstration to Ecology's satisfaction that the third-party verifier has sufficient knowledge of the relevant methods and protocols in WAC 173-441 and WAC 173-446.
- Current recognition as a specialized sector verifier in CARB's Mandatory Reporting of GHG Emissions Program or Oregon's Third-Party Verification Program.

Verification Body Certification

Verification body certification requires:

- Registering as a third-party verification body with Ecology.
- Current accreditation recognition as a third-party verification body under CARB's Mandatory Reporting of GHG Emissions.
- Employment of at least two lead verifiers certified by Ecology.
- Maintenance of at least US \$4 million of professional liability insurance.
- Proof of procedures or policies that support ongoing verification training for staff.
- Disclosure of all judicial proceedings, enforcement or administrative actions filed against the organization within the last 5 years.
- Proof of policies and mechanisms that prevent conflicts of interest (COI) and identify and resolve potential conflicts of interest.
- Identification of services provided by the verification body, the industries that the body serves, and the locations where those services are provided.
- A detailed organization chart that includes the verification body, its management structure, and any related entities.
- The organization's internal COI policy that identifies activities and limits to monetary or non-monetary gifts that apply to employees.

Use of Subcontractors by a Certified Verification Body

All subcontractors must be certified by Ecology as an individual verifier to perform the verification services for which the subcontractor has been engaged by the verification body.

- The verification body must assume full responsibility for verification services performed by subcontractor verifiers or verification bodies.
- A verification body shall not use subcontractors to meet the minimum staff total or lead verifier requirements.
- A verification body or verifier acting as a subcontractor to another verification body shall not further subcontract or outsource verification services for an operator.
- A verification body that engages a subcontractor shall be responsible for demonstrating an acceptable level of COI between its subcontractor and the operator for which it will provide verification services.

Verification Body or Individual Verifier Registration

Verification Bodies and individual verifiers must submit and electronically sign the required forms with supporting documents via Secure Access Washington (SAW) using the Air Quality Application Portal to select Ecology's online tool GHGReg. Ecology will send notice if the application is approved or if more information is required.

The following documents are required during the individual verifier application process:

- Verifier Application
- California Accreditation
- Other supporting documents (optional)

The following documents are required during the verification body application process:

- Verification Body Application
- California Accreditation
- Proof of Professional Liability Insurance
- Technical Training Procedures and Policies
- Identification of Services
- Organization Chart
- Internal COI Policy
- Other supporting documents (optional)

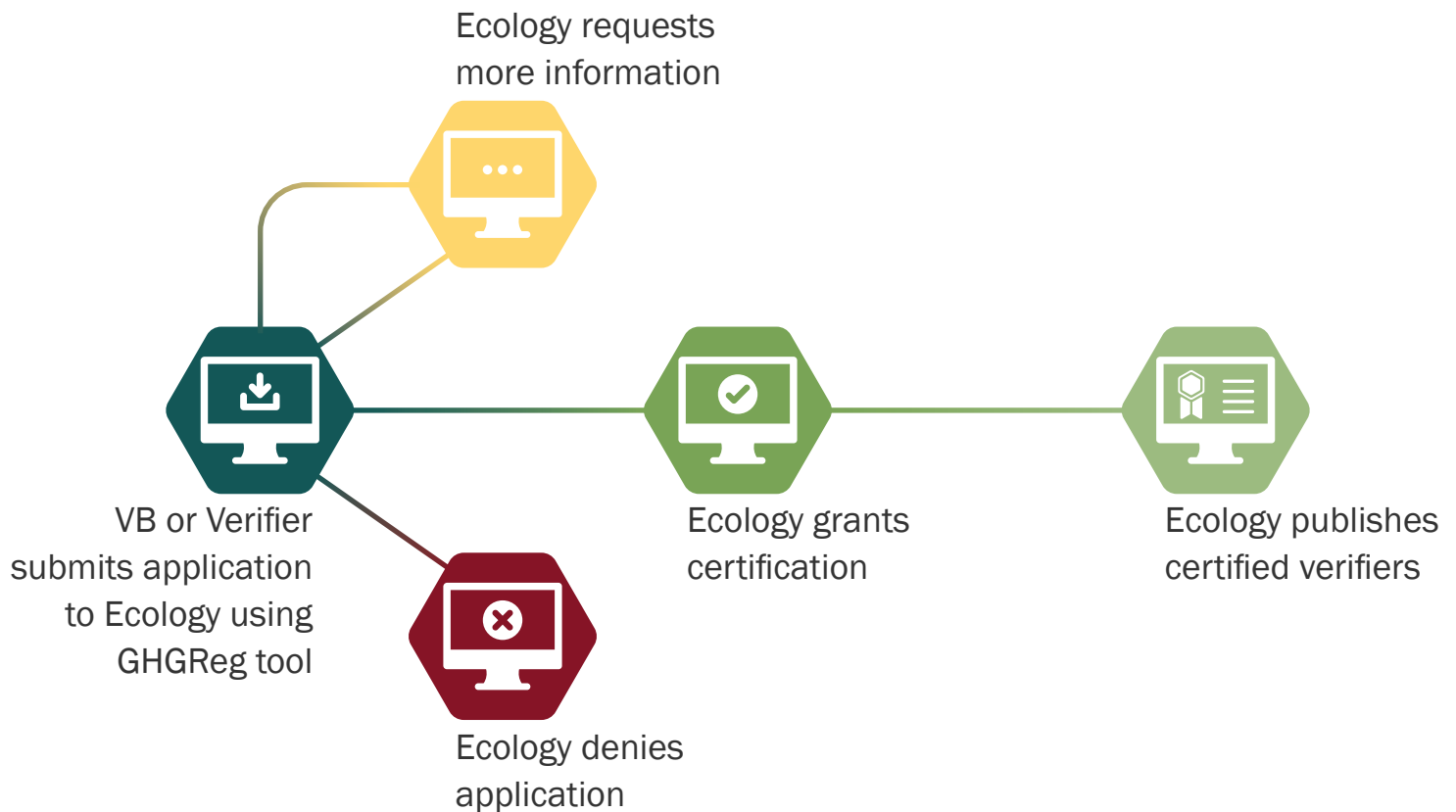


Fig 1. General process for verification body (VB) and individual verifier certification.

Maintaining Active Certification

Ecology may modify, suspend, or revoke certification of a third-party verifier based on the accuracy of their signed verification statements, conformance with COI provisions, or other requirements of WAC 173-441 or WAC 173-446.

- A verification body must notify Ecology within 30 days when it no longer meets the requirements for certification.
- Ecology may modify, suspend, or revoke certification of a third-party verifier based on the accuracy of their signed verification statements, conformance with COI provisions, or other requirements of this section.
- A certified verification body or individual verifier may request to voluntarily withdraw its certification by providing a written request to Ecology.
- Within five working days, a verification body or individual verifier must notify all facilities for whom it is providing verification services or has provided verification services within the past 6 months, of its suspension or revocation of accreditation/certification.
- Within 15 working days, a verification body or individual verifier must provide written notice to Ecology of the corrective action in any other voluntary or mandatory GHG. That notification must include reasons for and type of corrective action. The verification body or verifier must provide additional information to Ecology upon request.

Section 3.0: Initiating Third-Party Verification Services

Before a third-party verification body can initiate verification services, the proper documentation must be submitted to Ecology disclosing information such as the members of verification team and self-assessments of any conflicts of interest between the verification body and the reporter. Verification services cannot start until this documentation has been reviewed by Ecology and approval has been issued from Ecology for the services offered.

Required Documentation for Selection of a Verification Body

The reporter initiates the relationship by requesting approval from Ecology to retain a Verification Body via Secure Access Washington (SAW) using the Air Quality Application Portal to select Ecology’s online tool GHGReg. Ecology will notify the reporter and Verification Body if the application is approved, rejected or if more information is required. Once Ecology approves the relationship, the Verification Body uploads the COI form and electronically signs the documents. Ecology will then finalize the relationship. Forms submitted include:

- COI form
- COI Mitigation Plan (required if COI is self-identified as Medium)
- Organizational chart (can use previous year’s if no change to the organization)
- Any supporting documents

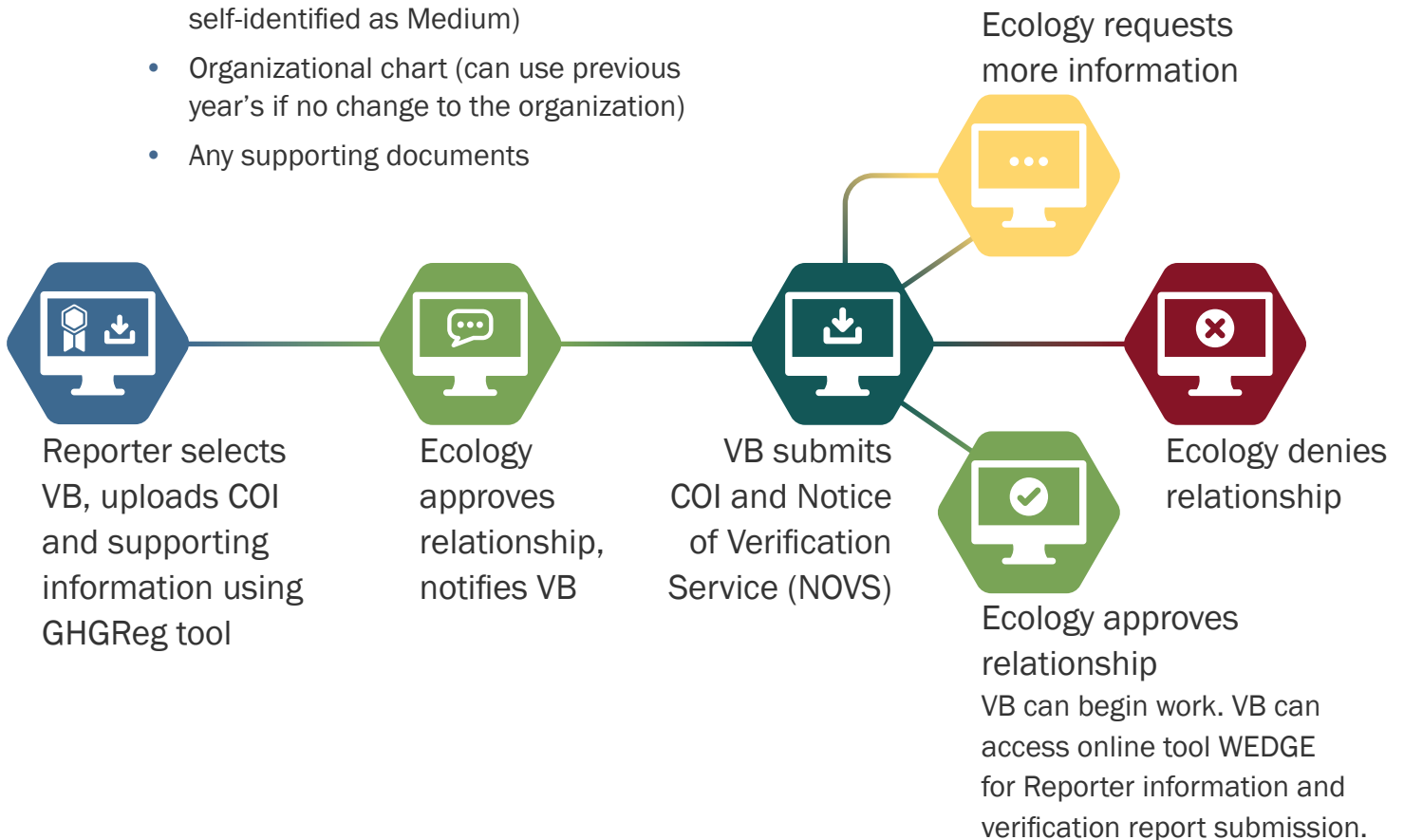


Fig 2. General process for verification of GHG emissions reports. VB = verification body; COI = conflict of interest.

Notice of Verification Services

The Notice of Verification Services (NOVS) must be electronically inputted into Ecology via Secure Access Washington (SAW) using the Air Quality Application Portal to select GHGReg before beginning verification services for a reporter.

The verification body must submit a NOVS to Ecology before providing verification services. The NOVS should not be submitted until the verification body holds the contract. Verification services may proceed immediately after receiving notification from Ecology that the NOVS is complete and the potential for COI is acceptable.

The NOVS must include:

- Verification Body information including name and Certification ID.
- A list of staff consistent with the submission of the COI Self-Evaluation.
 - Any changes to the verification team will require a COI review and the COI Self-Evaluation form must be updated and resubmitted.
 - Any other changes to the information provided in the COI Self-Evaluation require the COI Evaluation form to be updated and resubmitted.
- General information on the reporter including:
 - Name of reporter, GHGRPID and emissions year.
 - On-site visit date(s), if required, with reporter address and contact info.
 - A brief description of expected verification services, including expected completion date.
 - Verification team including lead verifier, independent reviewer, and sector specialists if required.
 - Indication if verification team will be performing a full verification or less intensive verification.

If any of the information in the NOVS changes after the notice is submitted to Ecology, the verification body must notify Ecology and submit an updated COI self-evaluation. The form needs to be submitted as soon as the change is made and at least ten working days before the verification services start date. If information in NOVS changes during the verification process, the verification body must notify Ecology. In either instance, the COI must be reevaluated, and Ecology must approve changes in writing.

Verification Team

A verification team must at minimum consist of one lead verifier and one Independent Reviewer. Some verification services will all require a sector specialist such as a transaction specialist, a process specialist, or an oil and gas specialist. A subcontractor can perform the role of a sector specialist but cannot perform in the role of a lead verifier or independent reviewer. The team may also employ the services of a technical expert who is not certified as a verifier in Washington State.



Fig 3. An example verification team. Everyone on the team with the exception of the Technical Expert must have certification from Department of Ecology.

Conflict of Interest Self Evaluation

A verification body must be authorized in writing by Ecology to provide verification services for a reporter for a GHG emissions reporting year before the body can begin any work related to verification. To obtain authorization the verification body must submit a COI form to Ecology via Secure Access Washington (SAW) using the Air Quality Application Portal to select Ecology’s online tool GHGReg. The information provided on this form will indicate the potential for any COI that the verification body, related entities, or any subcontractors performing verification services may have with the reporter for which it will perform verification services.

It is important to disclose all possible business or personal relationships that may introduce conflict. If any conflicts are discovered at a later date, the verification body may be subject to liability and possibly lose its status as an Ecology-approved verification body. An individual verifier may also lose certification. Consequences to the reporter include possibly having its verification statement invalidated, which would require a re-verification for the reporting year(s) the conflicted individual(s) participated in the verification. The same is true for undisclosed subcontractor conflict. The verification body must fully investigate subcontractor conflict as the verification body bears the responsibility for the COI self-evaluation.

Ecology may invalidate a verification finding if a potential COI has arisen for a member of the verification team. In such a case, the reporter must be provided 90 days to complete re-verification.

If the verification body or its subcontractor(s) are found to have violated the COI requirements of WAC 173-441, Ecology may rescind certification of the body, its verifier staff, or its subcontractor(s).

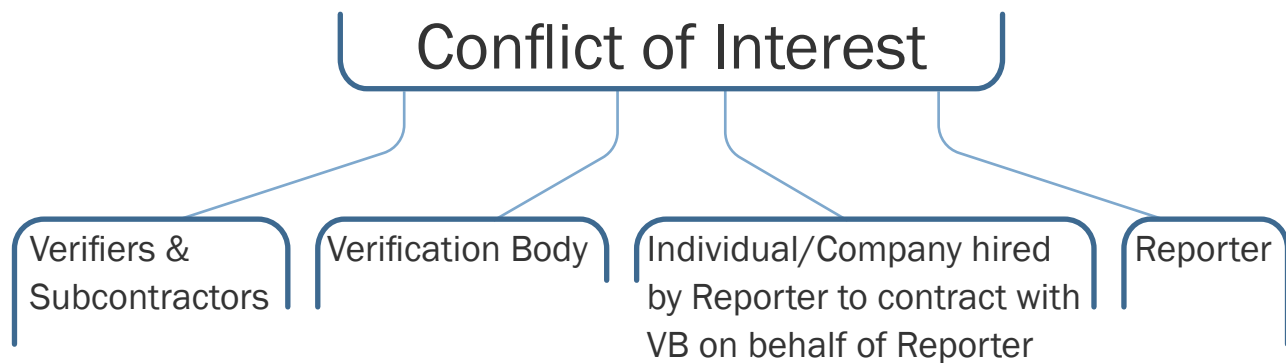


Fig 4. Conflict of interest (COI) assessment includes assessing the relationships among verifiers, subcontractors, verification bodies (VBs), reporters, parent companies and any individuals or companies hired to act as intermediaries between the reporter and verification body.

COI self-evaluations must identify:

- Verification body information and reporter information.
- If the potential for COI is high, medium or low.
- All individuals on the verification team, their roles and responsibilities during the verification, and whether they will attend the site visit, if applicable. At a minimum, the verification team must consist of a lead verifier performing the verification services and an independent reviewer.
- If a team member is added or replaced during the verification process, a new COI form must be submitted to Ecology.
- Information on previous or current relationships between the verification body and the reporter including but not limited to:
 - If the third-party verifier and reporter share any management staff or board of directors membership, or any of the senior management staff of the reporter have been employed by the third-party verifier, or vice versa, within the previous five years.
 - If there are there any personal or family relationships between the employees or management and the reporter.
 - If there any personal or family relationships between the reporter and members of the verification body, including subcontractors of the verification body who are members of the verification team.
 - Any employee of the third-party verifier, or any employee of a related entity, or a subcontractor who is a member of the verification team has provided to the reporter any services within the previous five years, unless the service was part of GHG verification for another jurisdiction. Any years of previous service in the other jurisdiction count towards the limit.
 - If there were any incentives provided to the reporter to secure the verification contract.

- If any member of the verification team, verification body, parent company or related entity has engaged in services of any nature with the reporter or related entities either within or outside Washington during the previous five years.
 - If services other than verification services have previously been provided, a self-evaluation must be performed to determine if the COI is deemed medium or high using a checklist provided by Ecology on the COI form.
 - Further details on the services provided to the reporter or related entity must be provided for further evaluation of COI by Ecology.

Verification bodies must continue to assess emerging potential for COI during verification services and for one year after the completion of verification services.

- Additional submittals are required if a consultant or consulting company (contracting entity) is hired by the reporter to contract with the verification body on behalf of the reporter.
- Submit an additional COI self-evaluation substituting “contracting entity” for “reporter.” Also provide a signed COI self-evaluation from the contracting entity demonstrating COI review between itself and the reporter.
- Ecology will review the self-evaluation submitted by the verification body and determine whether the verification body is authorized to perform verification services for the reporter.

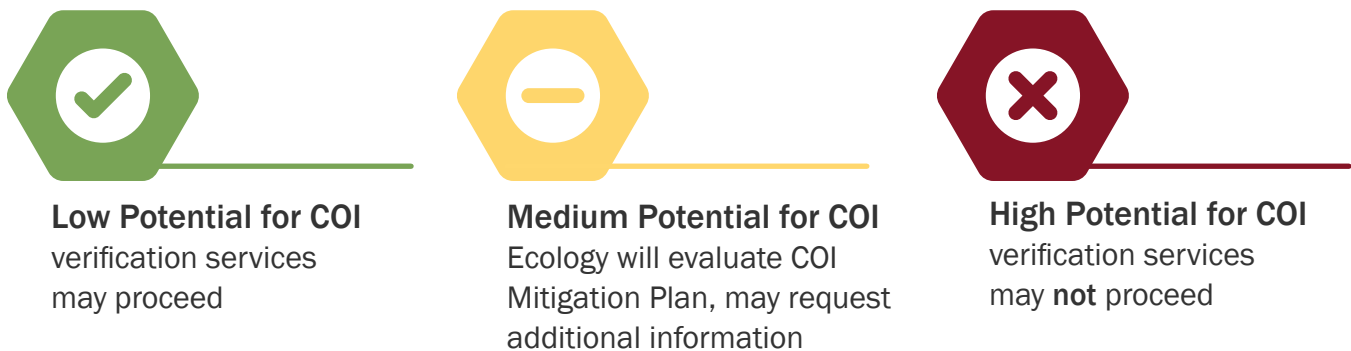


Fig 5. The Conflict of Interest (COI) between the reporter and the verification body may be assessed as low, medium, or high.

If Ecology determines that:

- There is a **high** potential for COI, the verification services may not proceed.
- There is a **low** potential for COI, verification services may proceed.
- The verification body and verification team have a medium potential for a COI, Ecology will evaluate the COI mitigation, and may request additional information from the applicant to complete the determination. In determining whether verification services may proceed, Ecology may consider factors including, but not limited to the:
 - Nature of previous work performed.
 - Current and past relationships between the verification body, related entities, and its subcontractors with the reporter and related entities.
 - Cost of the verification services to be performed.
 - The submitted COI mitigation plan including:
 - A demonstration that any individuals (in the verification body, on the verification team, or subcontractors) with potential conflicts have been removed or insulated from the project.
 - An explanation of any changes to the verification body or verification team to remove the potential COI, including organizational structure change.
 - If applicable, how the amount and nature of work previously performed does not affect credibility or create any biases among the verification team members.

If these factors, when considered in combination, demonstrate an acceptable level of potential COI, Ecology will authorize the verification body to provide verification services.

COI Mitigation Plan

- Individual with potential conflicts removed from team and insulated
- Changes to organizational structure or VB to remove potential COI
- Unit with potential conflict divested/moved into an independent entity or subcontractor with potential conflict removed
- Any other circumstances that address other sources for potential COI

Fig 6. An acceptable conflict of interest (COI) mitigation plan, when submitted with an assessment of Medium COI, may allow a verification body to provide verification services to a reporter.

Changing Verifier or Verification Body

To prevent emerging conflicts of interest, among other reasons, an owner or operator must not use the same third-party verifier (either body or individuals) for a period of more than six consecutive years. The owner or operator must wait at least three years before using the previous third-party verifier to again verify their annual GHG reports.

The six year limit applies to the time period between the date the reporter first contracts for any third-party verifications, validations, or audits under any protocols, for the scope of activities or operations for the emissions data report, and ends on the date the final verification statement is submitted. The six year limit does not reset upon a change in reporter ownership or operational control.

Section 4.0: Execution of Third-Party Verification

The services performed during third-party verification will be defined by the contract between the reporter and the third-party verification body, designed to comply with Chapter 173-441-085. While a basic level of verification is expected in all verification reports, full verification reports require additional levels of services.

All verification services require sufficient documentation to demonstrate the data reported in the GHG Emissions Report are complete, correct and in conformance with Chapter 173-441 WAC and Chapter 173-446 WAC.

Types of Verification

Full verification is required:

- At least once every three reporting years.
- The first time a reporter undergoes third-party verification.
- The first time a reporter contracts a new third-party verification body.
- To be accompanied by a site visit.

Full verification is not required for a reporter that emits 25,000 metric tons CO₂e or more per calendar year but is:

- Not a participant in the Program, and;
- Is not a GHG report submitted as part of a required baseline calculation, and;
- Is not the first year that the emissions fall below a reporting threshold.

Less intensive verifications can be performed in these cases.

An owner or operator must not use the same third-party verifier (either organization or individuals) for a period of more than six consecutive years. The owner or operator must wait at least three years before using the previous third-party verifier to verify their annual GHG reports.

A reporter may choose to obtain less intensive verification services for the remaining two years in the three-year period as long as:

- No year in the three-year period has an adverse verification statement.
- The third-party verifier can provide findings with a reasonable level of assurance.
- There has not been a change in the third-party verifier.
- There has not been a change in operational control of the reporter.
- There has not been a significant change in sources of emissions. A difference in emissions of greater than twenty-five percent relative to the previous year's emissions is considered significant unless that change can be directly shown to result from a verifiable change in product data.

Less intensive verification allows for less detailed data checks and document reviews of the annual GHG report based on the analysis and risk assessment in the most current sampling plan developed as part of the most current full verification. It does not require a site visit.

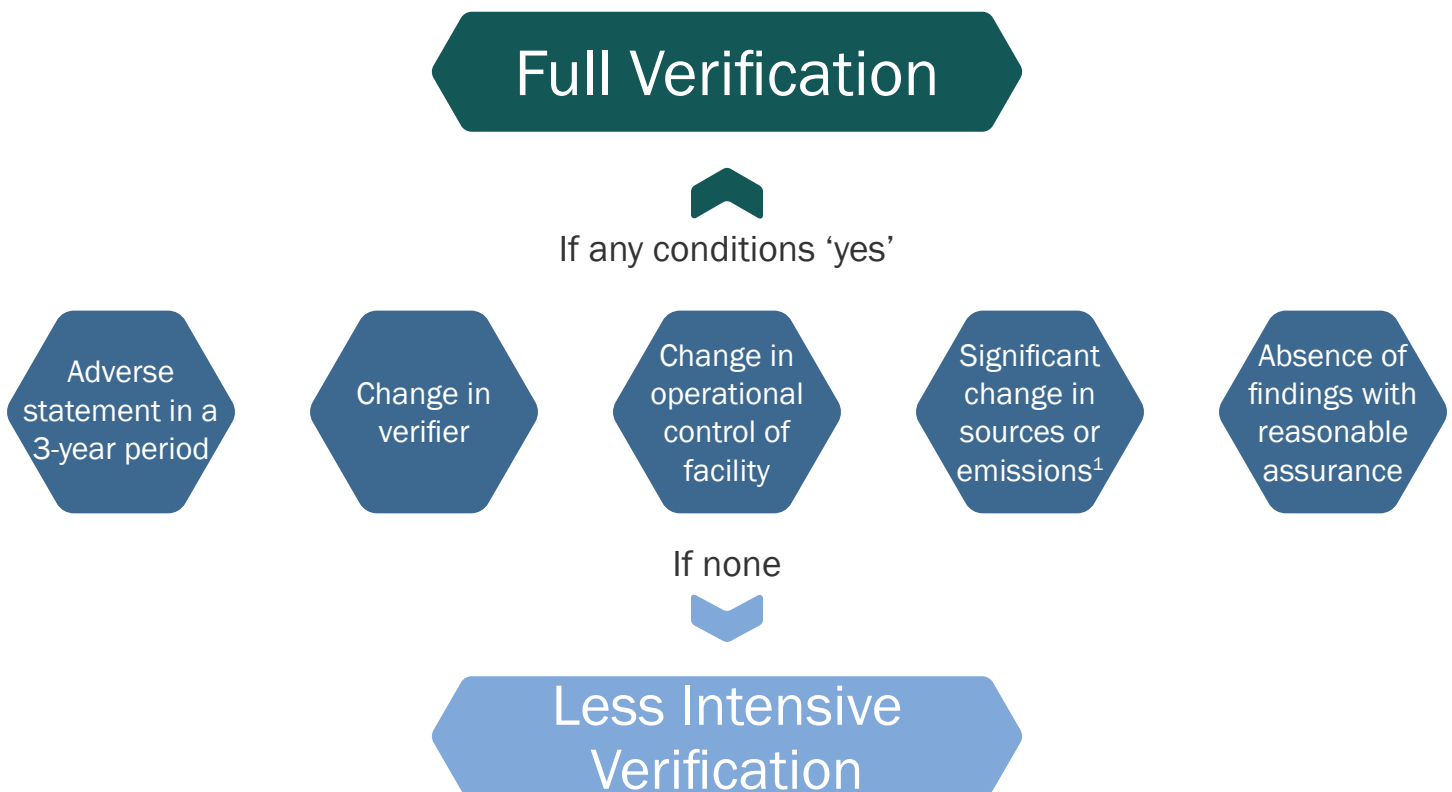


Fig 7. Flow chart for determining minimum level of verification required.

¹ Difference in emissions >25% relative to preceding year is significant unless change can be directly shown to result from a verifiable change in product data

The third-party verifier must certify that annual GHG reports meet the following conditions:

- Annual GHG reports must meet the relevant requirements and methods in Chapter WAC 173-441.
- The absolute value of any discrepancy, omission, or misreporting, or aggregation of the three, must be less than five percent of total reported emissions (metric tons of CO₂e) or the verification will result in a material misstatement and an adverse verification statement. This standard also separately applies to any product data in the annual GHG report.
- The owner or operator must fix all correctable errors that affect emissions or product data in the submitted emissions data report and submit a revised emissions data report to Ecology. Failure to do so will result in an adverse verification statement.
- Failure to fix correctable errors that do not affect emissions or product data represents a nonconformance with WAC 173-441 and 40 C.F.R. Part 98 but does not, absent other errors, result in an adverse verification statement.
- Any corrections to the annual GHG report identified during the verification process must be submitted to Ecology no later than 45 calendar days after discovery of the error or the verification report deadline, whichever is sooner. Any corrections to the annual GHG report or verification report discovered after the verification report deadline must be submitted to Ecology no later than 45 calendar days after discovery of the error.

Verification Plan

The verification team must develop a verification plan based on:

- Information from the reporter including but not limited to:
 - Reporter boundaries, operations, emissions sources, product data, and electricity or fuel transactions as applicable.
 - Training or qualifications of personnel involved in developing the emissions data report by the reporter.
 - Methodologies used to quantify and report GHG emissions, product data, fuel transactions, and associated data by the reporter.
 - Information about the data management system used to track GHG emissions, product data, fuel transactions, and associated data.
 - Previous verification reports.
- Timing of verification services including:
 - Dates of proposed meetings and interviews with reporter personnel.
 - Dates of proposed site visits.
 - Types of proposed document and data reviews.
 - Expected date for completing verification services.

Planning Meetings with the Reporter

The verification team must discuss with the reporter the scope of the verification services and request information and documents needed for initial verification services. The verification team must review the documents submitted by the reporter to Ecology and to the verification team as well as supporting data for the emissions data report.

Review of the Reporter's Operations and Data

The verification team must review reporter operations to identify applicable GHG emissions sources and product data. This must include a review of the GHG emissions report and each type of emission source to ensure that all reported sources are properly included in the emissions data report.

The verification team must also include a review of the product data to ensure that all reported product data are included in the emissions data report. The verification team must also ensure that the reported current NAICS (North American Industry Classification System) code(s) accurately represents the activities.

Sampling Plan

The verification team must develop a sampling plan that describes how the third-party verifier prioritized which emissions to verify and a summary of the data checks used to determine the reliability of the annual GHG report. The sampling plan will:

- Be based on a strategic analysis developed from document reviews and interviews to assess the likely nature, scale and complexity of the verification services for an operator. The analysis shall review the inputs for the development of the submitted emissions data report, the rigor and appropriateness of the GHG or electricity transaction data management system, and the coordination within a facility or retail provider's or marketer's organization to manage the operation and maintenance of equipment and systems used to develop emissions data reports.
- Include a ranking of emissions sources by amount of contribution to total CO₂e emissions for the operator, and a ranking of emissions sources with the largest calculation uncertainty. As applicable and deemed appropriate by the verification team, electricity transactions shall also be ranked or evaluated relative to the amount of power exchanged and uncertainties that may apply to data provided by the retail provider or marketer.

- Include a qualitative narrative of uncertainty risk assessment in the following areas:
 - Data acquisition equipment.
 - Data sampling and frequency.
 - Data processing and tracking.
 - Emissions calculations.
 - Product data.
 - Data reporting.
 - Management policies or practices in developing emissions data reports.

After completing the analyses, the verification team must include in the sampling plan a list of the following:

- Emissions sources, product data, and/or transactions that will be targeted for document reviews and data checks, and an explanation of why they were chosen.
- Methods used to conduct data checks for each source, product data, or transaction.
- A summary of the information analyzed in the data checks and document reviews conducted for each emissions source, product data, or transaction targeted.

The sampling plan list must be updated and finalized prior to the completion of verification services. The final sampling plan must describe in detail how the identified risks were addressed during the verification. The verification team must revise the sampling plan to describe tasks completed by the verification team as information becomes available and potential issues emerge with material misstatement or nonconformance with the requirements of WAC 173-441 or 40 C.F.R. Part 98.

The verification body shall retain the sampling plan for at least 10 years from the date of submission. Upon request by Ecology, the verification body must provide a copy of the sampling plan within 15 business days of receipt of the notification, unless a different date is agreed to by Ecology.

Site Visit(s)

At least one certified verifier from the verification team, including the sector specific verifier, if applicable, must make at least one site visit, during each year full verification is required. The third-party verifier must visit the headquarters or other location of central data management when the reporter is a supplier or electric power entity.

During the site visit, the third-party verifier must:

- Confirm that all applicable emissions are included in the annual GHG report.
- Check that all sources specified in the annual GHG report are identified appropriately.
- Review and understand the data management systems used by the owners or operators to track, quantify, and report GHG emissions and, when applicable, product data and fuel transactions. The third-party verifier must evaluate the uncertainty and effectiveness of these systems.
- Interview key personnel.
- Make direct observations of equipment for data sources and equipment supplying data for sources determined to be high risk.
- Assess conformance with calibration, measurement accuracy, data capture, and missing data substitution requirements consistent with WAC 173-441 and 40 C.F.R. Part 98.
- Review financial transactions to confirm fuel, feedstock, and product data, and confirming the complete and accurate reporting of required data such as reporter fuel suppliers, fuel quantities delivered, and if fuel was received directly from an interstate pipeline.

Data Checks

To determine the reliability of the submitted emissions data report, the verification team must use data checks. Data checks must focus on the largest and most uncertain estimates of emissions, product data, electricity transactions, and fuel transactions. The verification team must:

- Use data checks to ensure that the appropriate methodologies and emission factors have been applied for the emissions sources, electricity transactions and fuel transactions.
- Use data checks to ensure the accuracy of reported product data.
- Choose data checks for emissions sources, product data, and fuel and electricity transactions data, as applicable, based on their relative contributions to emissions and the associated risks of contributing to material misstatement or nonconformance, as indicated in the sampling plan.

- Use professional judgment in the number of data checks required for the team to conclude with reasonable assurance whether the total reported emissions and product data are free of material misstatement. At a minimum, data checks must include:
 - Tracing data in the emissions data report to its origin.
 - Looking at the process for data compilation and collection.
 - Recalculating emission estimates to check original calculations.
 - Reviewing calculation methodologies used by the reporter for conformance with WAC 173-441 and 40 C.F.R. Part 98.
 - Reviewing meter and fuel analytical instrumentation measurement accuracy and calibration.
- Review the following information when conducting data checks for product data, if applicable:
 - Product inventory and stock records.
 - Product sales records and contracts.
 - Onsite and offsite product delivery records.
 - Purchase and delivery records for inputs to product(s).
 - Product measurement records.
 - Other information or documentation that provides financial or direct measurement information about total product(s) reported.
- Ensure, through the use of data checks, that there is reasonable assurance that the emissions data report meets the requirements of WAC 173-441.
- Confirm the following information is correctly reported, if applicable:
 - For facilities that combust natural gas: natural gas supplier customer account number, service account identification number, or other primary account identifier(s).
 - For suppliers of natural gas: end-user names, account identification numbers, and natural gas deliveries in MMBtu.
 - Energy generation and disposition information.
- Compare its own calculated results with the reported data in order to confirm the extent and impact of omissions and errors.
 - Discrepancies must be investigated.
 - The comparison of data checks must also include a narrative to indicate:
 - Sources, product data, and transactions were checked.
 - Types and quantity of data that were evaluated for each source, product data, and transaction.
 - Percentage of reported emissions covered by the data checks.
 - Percentage of product data covered by the data checks.
 - Any separate discrepancies that were identified in emission or product data.

Log of Issues

The verification team must keep a log of issues identified during verification activities that may affect determinations of material misstatement and nonconformance. The issues log must identify the regulatory section related to the nonconformance, if applicable, and indicate if the issues were corrected by the reporter prior to completing the verification. Any other concerns that the verification team has with the preparation of the emissions data report must be documented in the issues log. The log of issues must indicate whether each issue has a potential effect on material misstatement, nonconformance, or both.

GHG Emissions Report Corrections

Owners or operators subject to GHG emissions report verification must correct errors in their annual GHG report. Corrections are required if errors are identified by the third-party verifier, the owner or operator, Ecology, or the EPA.

The owner or operator must fix all correctable errors that affect reported emissions, non-reported emissions, or reported product data in the submitted emissions data report, and submit a revised emissions data report to Ecology. Failure to do so will result in an adverse verification statement. Failure to fix correctable errors that do not affect reported emissions, non-reported emissions, or reported product data represents a nonconformance with WAC 173-441 but does not, absent other errors, result in an adverse verification statement.

Corrections to the annual GHG report or verification report must be submitted to Ecology no later than forty-five days after discovery of the error or the verification report deadline, whichever is sooner. The owner or operator must maintain documentation to support any revisions made to the initial emissions data report for 10 years.

Findings

To verify that the emissions data report is free of material misstatements, the verification team must make its own determination of emissions for checked GHG sources and product data. The verification team must also determine whether there is reasonable assurance that the emissions data report does not contain a material misstatement in GHG emissions reported for the reporter, on a CO₂e basis and/or a material misstatement in product data for the reporter, using the units required by WAC 173-441. To assess conformance, the verification team must review the methods and factors used to develop the emissions data report for adherence to the requirements of WAC 173-441 and ensure all requirements are met.

Review of Missing Data Substitution

Reporters must comply with 40 C.F.R. Part 98 when substituting for missing data. If a source selected for a data check was affected by a loss of data used to calculate GHG emissions for the data year, the verification team must confirm that the reported emissions for that source were calculated using the applicable missing data procedures, or that an approved interim data collection procedure was used for the source. The verifier must note the date, time and source of any missing data substitutions discovered during the course of verification in the verification report.

- If 20% or less of any single data element used to calculate emissions is missing, and emissions are correctly calculated using the missing data requirements, these emissions will be considered accurate and as meeting the reporting requirements for that source.
- If greater than 20% of any single data element used to calculate emissions is missing or any combination of data elements is missing that would result in more than 5% of a reporter's emissions being calculated using missing data requirements, the verifier must include a finding of nonconformance with the required emissions calculation methodology as part of the verification statement.

Material Misstatement Assessment

Assessments of material misstatement are conducted independently on total reported emissions and total reported product data. Material misstatements arise when the absolute value of discrepancy, omission, misreporting, or aggregation of the three, results in greater than or equal to five percent of total reported emissions (metric tons of CO₂e). This standard also separately applies to any product data in the annual GHG report.

Errors can be caused by:

- discrepancies: differences in input or calculated results between the reported data and the third-party verifier's data
- misreporting: duplicate or incomplete data
- omissions: any data the third-party verifier concludes must be part of the annual GHG report but were not included

These terms are defined in Chapter 441-173 WAC and in the beginning of this document. Missing data are not part of the material misstatement assessment.

In assessing whether an emissions data report contains a material misstatement, the verification team must separately determine whether the total reported emissions and total reported product data contain a material misstatement using the following equation(s):

$$\% \text{ error (emissions)} = \frac{|\text{discrepancies}| + |\text{omissions}| + |\text{misreporting}|}{\text{total reported covered emissions}} \times 100$$

$$\% \text{ error (product data)} = \frac{|\text{discrepancies}| + |\text{omissions}| + |\text{misreporting}|}{\text{total covered product data}} \times 100$$

The absolute value of any discrepancy, omission, or misreporting, or combination of the three, must be less than five percent of total reported emissions (metric tons of CO₂e) or the verifier cannot be reasonably assured that the annual GHG report is free of material misstatement and the verification will result in an adverse verification statement.

When evaluating material misstatements, verifiers must deem correctly substituted missing data to be accurate, regardless of the amount of missing data. The omissions variable does not apply to excluded product data, such that excluded product data are not considered in the material misstatement assessment.

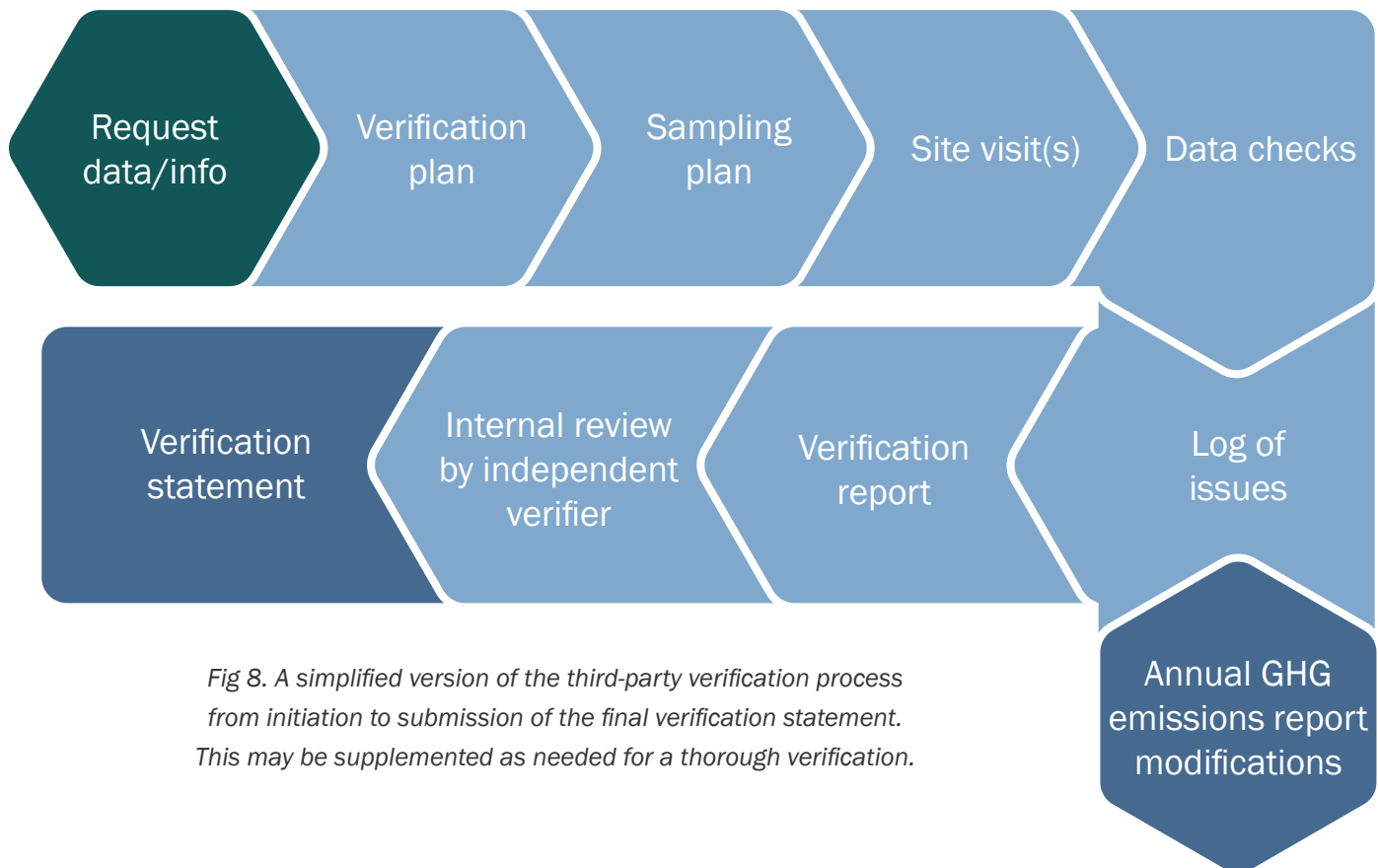


Fig 8. A simplified version of the third-party verification process from initiation to submission of the final verification statement. This may be supplemented as needed for a thorough verification.

Internal Review by the Independent Verifier

An independent reviewer is a lead verifier within a verification body who has not participated in conducting verification services for a reporter, project developer, or authorized project designee for the current reporting year who provides an independent review of verification services rendered to the reporter. The independent reviewer is not required to meet the requirements for a sector specific verifier.

A verification body may not use a subcontractor as the independent reviewer.

The independent reviewer serves as a final check on the verification team's work to identify any significant concerns, including errors in:

- Planning.
- Data sampling.
- Judgment by the verification team that are related to the draft verification statement.

The independent reviewer must maintain independence from the verification services by not making specific recommendations about how the verification services should be conducted. The independent reviewer will review documents applicable to the verification services provided and identify any failure to comply with requirements of WAC 173-441 and 40 C.F.R. Part 98 or with the verification body's internal policies and procedures for providing verification services. The independent reviewer must agree with the verification findings before the verification statement(s) can be issued.

Section 5.0: Completion of Verification Services

Upon completion of the verification services, a verification statement assessing the level of confidence in the GHG emissions report, and a verification report documenting the verification process will be submitted to Ecology. The verification body must provide an annual GHG emissions verification report to the reporter and Ecology no later than August 10th for GHG emissions occurring in the previous calendar year.

Required Documentation for Verification

Verification Bodies and individual verifiers must submit and electronically sign the required form with supporting documents via Secure Access Washington (SAW) using the Air Quality Application Portal to select GHGReg. Ecology will review all submitted documents. Submitted documents include:

- Verification Statement
- Verifier Report
- Other supporting documents (optional)

Verification Statement

A verification statement submitted to Ecology must contain:

- Verification Body information including Certification ID.
- Reporter information including GHGRPID.
- A verification statement attestation:
 - A positive verification statement may be issued by a third-party verifier if the third-party verifier can say with high confidence that the submitted GHG data report is free of material misstatement and that the GHG data report conforms to the requirements of this WAC 173-441.
 - A qualified positive verification statement must be issued by a third-party verifier if the third-party verifier can say with high confidence that the submitted GHG data report is free of material misstatement and contains no errors that affect emissions or product data, but the GHG data report may include one or more other nonconformance(s) with the requirements WAC 173-441 which do not result in a material misstatement.
 - An adverse verification statement must be issued by a third-party verifier if the third-party verifier cannot say with high confidence that the submitted GHG data report is free of material misstatement, or that the emissions or product data submitted in the GHG data report is free of errors that affect emissions or product data and thus is not in conformance with the requirements to fix such errors.
- If applicable, a separate verification statement must be submitted for covered product data.
- The verification statement must be attested by both the lead verifier and the independent reporter on the verification team.

Verification Report

The detailed verification report in a format specified by Ecology shall be provided to Ecology and will be available to the reporter.

A supporting verification report contains:

- Documentation identifying the reporter reporting emissions and the scope of emissions verified in the report.
- Documentation identifying the third-party verifier, including the names, roles, and sector specific qualifications (if any) of all individuals working on the verification report.
- Documentation demonstrating and certifying that the owner or operator did not use the same third-party verifier (either organization or individuals) for a period of more than six consecutive years. The owner or operator must wait at least three years before using the previous third-party verifier to verify their annual GHG reports.

- Certification that there is no COI in verifying the annual GHG report.
- A verification plan that details the data and methodologies used to verify the annual GHG report and schedule describing when the verification services occurred. This must include a sampling plan that describes how the third-party verifier prioritized which emissions to verify and a summary of the data checks used to determine the reliability of the annual GHG report. Full verification requires a more complete sampling of data and additional data checks than less intensive verification.
- Full verification reports must also include information about the required on-site visit, including date(s) and a description of the verification services conducted on-site.
- The updated verification plan containing information learned during the verification services
- Emissions sources and covered product data
- Data management systems
- Detailed comparison of the data checks with the submitted emissions data report
- The issues log containing issues identified in the course of verification activities and their resolution
- Any qualifying comments on findings and revisions made during verification services.
- Material misstatement assessment calculation of error for reported emission and reported product data

Prior to the verification body providing an adverse verification opinion, the operator shall be provided 10 working days to days modify the emissions data report to correct any material misstatement or nonconformance found by the verification team. The modified report and verification opinion must be submitted before the applicable verification deadline.

If the operator and the verification body cannot reach agreement on modifications to the emissions data report that result in a positive verification opinion, the operator may petition Ecology to make a final decision as to the verifiability of the submitted emissions data report. Documentation of any corrections made to the annual GHG report.

- The verification body shall provide the verification opinion to the reporter and Ecology, attesting that the verification body has found the submitted emissions data report free of material misstatement and in conformance with the requirements of WAC 173-441 and 40 C.F.R. Part 98 or, alternatively, that the emissions data report contains material misstatement or otherwise does not conform with the requirements of WAC 173-441 and 40 C.F.R. Part 98.
- The individuals conducting the third-party verification must certify that the verification report is true, accurate, and complete to the best of their knowledge and belief.

Ecology Review

The verification body must provide an annual GHG emissions verification statement and product data verification statement to the reporter and Ecology, attesting whether the verification body has found the submitted report free of material misstatements, and whether the report is in conformance with the requirements of WAC 173-441 and WAC 173-446.

Ecology retains full authority in determining if an annual GHG report contains a discrepancy, omission, or misreporting, or any combination of the three that impacts the verification status of the annual GHG report. Ecology may issue an adverse verification statement for an annual GHG report even if the annual GHG report has received a positive verification statement from the third-party verifier. Ecology may also issue an adverse verification statement for:

- Failure to submit a complete annual GHG report in a timely manner.
- Failure to complete third-party verification.
- Other forms of noncompliance as determined by Ecology on a case-by-case basis.

Recordkeeping

WAC 173-441-050(6) requires that certain records are retained. All required records must be retained for at least 10 years from the date of submission of the annual GHG report for the reporting year in which the record was generated. Within 15 business days of a written request by Ecology, the third-party verifier (if applicable) must provide available information about verification services and correspondence related to the emissions data unless a different schedule is agreed to by Ecology.

Confidentiality

All confidential data used in the verification process will remain confidential to the extent provided by law. Ecology's determinations of the verification status of each report are public information. The owner or operator must maintain documentation to support revisions made to the initial emissions data report.

Deadlines

The third-party verifier must submit a complete verification report to Ecology for each year no later than August 10th for GHG emissions occurring in the previous calendar year.