



Concise Explanatory Statement Chapters 173-441 and 173-446 WAC, Cap-and-Invest Program Updates & Linkage

Summary of Rulemaking and Response to Comments

Washington State Department of Ecology

Olympia, Washington

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Publication Information

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Department of Ecology's Regional Offices

Map of Counties Served



Southwest Region
360-407-6300

Northwest Region
206-594-0000

Central Region
509-575-2490

Eastern Region
509-329-3400

Region	Counties served	Mailing Address	Phone
Southwest	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Mason, Lewis, Pacific, Pierce, Skamania, Thurston, Wahkiakum	PO Box 47775 Olympia, WA 98504	360-407-6300
Northwest	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	PO Box 330316 Shoreline, WA 98133	206-594-0000
Central	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	1250 W Alder St Union Gap, WA 98903	509-575-2490
Eastern	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	4601 N Monroe Spokane, WA 99205	509-329-3400
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Concise Explanatory Statement

Chapters 173-441 and 173-446 WAC Cap-and-Invest Program Updates & Linkage Rulemaking

Climate Pollution Reduction Program
Washington State Department of Ecology
Olympia, WA

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Abbreviations and Acronyms

ACS	Asset-controlling supplier
APA	Administrative Procedure Act
APCR	Allowance price containment reserve
APA	Administrative Procedure Act
AWEC	Alliance of Western Energy Consumers
BAA	Balancing authority area
BAT	Best available technology
BPA	Bonneville Power Administration
CAG	Corporate association group
CAISO	California Independent System Operator
CARB	California Air Resources Board
CO ₂ e	Carbon dioxide equivalent
CCA	Climate Commitment Act
CEMs	Centralized electricity markets
CES	Concise explanatory statement
CITSS	Compliance Instrument Tracking System Service
DEBs	Direct environmental benefits in the state
EAHA	Electricity allocation holding account
Ecology	Washington State Department of Ecology
ECR	Emissions containment reserve
EDAM	Extended Day Ahead Market
EDF	Environmental Defense Fund
EIM	Western Energy Imbalance Market
EITE	Emissions-intensive, trade-exposed
EPE	Electric power entity
ETS	Emissions trading system
SB 6058	Engrossed Second Substitute Senate Bill 6058
FJD	First jurisdictional deliverer
FPMA	Federal Power Marketing Administration

FRA	Final Regulatory Analyses
GHG	Greenhouse gas
GMP	General market participant
HB 1912	Engrossed Second Substitute House Bill 1912
HB 1975	Second Substitute House Bill 1975
HB 2416	Engrossed Second Substitute House Bill 2416
LUHA	Limited use holding account
MJRP	Multijurisdictional retail providers
MT	Metric tons
MWh	Megawatt-hour
NRDC	Natural Resources Defense Council
NWPPA	Northwest Pulp & Paper Association
PCU	Price ceiling unit
PGP	Public Generating Pool
PRA	Preliminary Regulatory Analyses
PSE	Puget Sound Energy
RECs	Renewable energy credits
RCW	Revised Code of Washington
SPP	Southwest Power Pool
TEMUS	TransAlta Energy Marketing
TLF	Transmission Loss Factor
VRE	Voluntary renewable reserve account or voluntary renewable electricity reserve account
WAC	Washington Administrative Code
WPTF	Western Power Trading Forum
WSPA	Western States Petroleum Association
WTE	Waste-to-energy facility

Introduction

The purpose of a Concise Explanatory Statement is to:

Meet the Administrative Procedure Act (APA) requirements for agencies to prepare a Concise Explanatory Statement (RCW 34.05.325).

Provide reasons for adopting the rule.

Describe any differences between the proposed rule and the adopted rule.

Provide Ecology's response to public comments.

This Concise Explanatory Statement provides information on The Washington State Department of Ecology's (Ecology) rule adoption for:

Title: Cap-and-Invest Program Updates & Linkage Rulemaking

WAC Chapter(s): 173-441 WAC and 173-446 WAC

To see more information related to this rulemaking or other Ecology rulemakings please visit our website: <https://ecology.wa.gov/About-us/How-we-operate/Laws-rules-rulemaking>.

Overview of this Rulemaking

On March 31, 2025, Ecology announced the start of this rulemaking which amends Chapter 173-441 WAC and Chapter 173-446 WAC. This rulemaking expands the scope of the previous Cap-and-Invest linkage rulemaking that was originally announced in April 2024 to address the statutory requirements of the Climate Commitment Act (CCA) and additional Cap-and-Invest Program implementation needs.

This rulemaking includes amendments to the [Cap-and-Invest Program rule](#) (Chapter 173-446 WAC) and the [Reporting of Emissions of Greenhouse Gases rule](#) (Chapter 173-441 WAC) related to the following topic areas:

- Implement [Senate Bill 6058](#)² (2024) and make other changes to the rules necessary to facilitate linkage with the California-Québec carbon market.
- Implement requirements in Chapter 70A.65 RCW, the Climate Commitment Act (CCA) to adopt annual allowance budgets for the second compliance period and reflect new sectors covered by the program in the emissions baseline.
- Amendments to further develop electricity import reporting rules.
- Amendments to clarify statutory requirements, implement new statutory authority, and make other changes to address topics identified by Ecology during the first two years of operating the Cap-and-Invest Program to improve implementation.
- Amendments to align the rule with statute.
- Implement recent legislation including [House Bill 1975](#)³ (2025), [House Bill 1912](#)⁴ (2025) and [House Bill 2416](#)⁵ (2026).

Between June 2024 and May 2026, Ecology hosted 14 public workshops and meetings to inform interested parties and gather feedback for the development of various topics in the rule. During this time, Ecology also held 12 public comment periods to solicit specific feedback on electric utility allocation topics, general comments on the rule, and electricity imports. In addition, Ecology held sector-specific or concept-specific workshops with associated comment periods including seven comment periods on allocation and imports, and one on the effect of House Bill 1975 on allowance budgets. Ecology shared detailed comprehensive draft language in July 2024, April 2025, and July 2025. Additionally, Ecology also shared draft rule language for electricity imports in May 2026, as well as preliminary guidance on the potential impact of House Bill 1975 on allowance budgets to help interested parties anticipate likely rule language and inform their comments. These extensive public comment periods and informal outreach efforts led to a formal rule proposal that was informed by the input of many interested parties.

²For ease of reference, Senate Bill 6058 or SB 6058 refers to Chapter 352, Laws of 2024; Engrossed Second Substitute Senate Bill 6058

³For ease of reference, House Bill 6058 or HB 1975 refers to Chapter 320, Laws of 2025; Second Substitute House Bill 1975.

⁴For ease of reference, House Bill 1912 or HB 1912 refers to Chapter 282, Laws of 2025; Engrossed Second Substitute House Bill 1912.

⁵For ease of reference, House Bill 2416 or HB 2416 refers to Chapter 216, Laws of 2026; Engrossed Second Substitute House Bill 2416.

On June 1, 2026, Ecology posted a proposed rule with accompanying rulemaking documents, including the [Preliminary Regulatory Analyses](#) (PRA) and the [SEPA Determination of Nonsignificance](#) on the [Cap-and-Invest Program Updates and Linkage Rulemaking webpage](#). Ecology hosted a comment period on the proposed rule between June 1, 2026, and July 22, 2026. During this comment period, Ecology received 34 [comment submissions](#). These comments were considered in finalizing the adopted rule language, this Concise Explanatory Statement, and the Final Regulatory Analyses.

Ecology Director Casey Sixkiller signed the Order of Adoption on September 17, 2026. Ecology filed the CR-103 on September 23, 2026.

To see how Ecology responded to comments on the proposed rule language, you can locate the name (alphabetically by last name of the person submitting) or organization of the commenter in the List of Commenters table included in this document. Each comment is assigned a comment code and categorized by topic. These codes are correlated with Ecology's responses to comments in the following section.

Reasons for Adopting the Rule

Ecology is adopting amendments to chapters 173-446 WAC and 173-441 WAC to improve the implementation of the Cap-and-Invest Program, facilitate the linkage of Washington's carbon market with the California-Québec carbon market, and make other necessary updates consistent with amendments to the CCA, [Chapter 70A.65 RCW](#).

Washington has decided to link its carbon market to the California-Québec carbon market, creating a unified carbon market across the three jurisdictions. In a linked market, allowances issued by California and Québec could be used by Washington entities to cover their emissions, and vice versa. Linkage would also allow for joint allowance auctions, a common allowance price, and trading of allowances across jurisdictions. The rule amendments align certain aspects of the Cap-and-Invest Program rules with California and Québec, including compliance periods, allowance price containment provisions, registration requirements, corporate association requirements, and auction processes. The rule includes provisions that would become effective upon linkage with another jurisdiction. The rule also establishes processes for announcing a linkage effective date and adds provisions for Ecology to suspend or revoke linkage with another jurisdiction.

Pursuant to [RCW 70A.65.070](#), the rule amendments are needed to set the allowance budgets for future compliance periods (2027-2050) and adjust 2023 through 2026 budgets consistent with statutory direction, ensuring that emissions reductions align with Washington's 2030, 2040, and 2050 greenhouse gas emissions limits. This also facilitates the coverage of additional sectors of the economy—waste-to-energy facilities and railroads—under the Cap-and-Invest Program in future compliance periods, as required by statute [\(RCW 70A.65.080\)](#).

Ecology is adopting rules to address topics associated with imported electricity and centralized electricity markets as well as amendments relevant to no-cost allowance allocation to electric utilities; natural gas utilities; and emissions-intensive, trade-exposed industries (EITEs).

The adopted amendments also implement sections of legislation, including Senate Bill 6058 (2024) to facilitate linkage; House Bill 1975 (2025), which modifies auction price containment mechanisms, allowance supply, and ceiling prices; House Bill 1912 (2025), which addresses the exemption for fuels used for agricultural purposes; and House Bill 2416 (2026), which concerns waste-to-energy facilities.

In addition, the adopted rule includes amendments to enhance clarity, strengthen enforcement, and ensure that the Cap-and-Invest Program remains effective. These amendments are based on implementation experience since the start of the Cap-and-Invest Program, in 2023.

Overall, Ecology anticipates that these amendments will improve program implementation, facilitate linkage, and ultimately strengthen market stability and confidence, as well as ensure that the rule aligns with changes to statute.

Differences Between the Proposed Rule and Adopted Rule

RCW 34.05.325(6)(a)(ii) requires Ecology to describe the differences between the text of the proposed rule as published in the Washington State Register and the text of the rule as adopted, other than editing changes, stating the reasons for the differences.

There are some differences between the proposed rule filed on June 1, 2026, and the adopted rule filed on September 23, 2026. Ecology made these changes for all or some of the following reasons:

- In response to comments we received.
- To ensure clarity and consistency.
- To meet the intent of the authorizing statute.
- To facilitate effective program implementation.

The following content describes the changes and Ecology's reasons for making them.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-050(7)(c)(ii)	Added "(ii)(A)(I) ...if total reported GHG emissions are less than 10,000 MT CO ₂ e." and "(ii)(A)(II) ...are greater than or equal to 10,000 MT CO ₂ e" Replaced "first" with "two" in (ii)(C)(I)	Revised in response to comments to improve clarity on the different conditions to which each threshold would apply. Revised in response to comments. This revision is intended to increase the time range for requiring revisions for substantive errors from over-reporting to ensure accurate, complete, and timely reporting.
WAC 173-441-122(6)	Added "or biogas" and replaced "petroleum" with "fossil" throughout	Modified to improve clarity.
WAC 173-441-124(2)(f)(iii)	Added "or system"	Revised in response to comment to improve clarity.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(1)(d)	Added “This agreement will authorize the e-Tag Authority to share data with ecology aggregated by entity and statewide on total imports, total exports, and total wheel-throughs.”	Revised in response to comments. This revision is intended to specify the scope of data that would be shared and the parties involved.
WAC 173-441-124(2)(f)(iii)	Added “from a resource or system”	Clarified in response to comment. Clarified that (iii) is distinct from “imported electricity that is bulk unspecified electricity from resources within a centralized electricity market” in that it is provided from a specified resource or system.
WAC 173-441-124(2)(f)(iv)	Removed “or (xi)”	Revised in response to comment. Revised to return to original rule language. This is to align with changes to (xi) that ensure that (xi) does not apply to power imported by a Federal Power Marketing Administration (FPMA).
WAC 173-441-124(2)(f)(vi)	Removed “and (f)(i), (v), (ix), or (xi) of this subsection do not apply”	Revised in response to comment. Revised to return to original rule language to maintain certainty for Electric Power Entity (EPE) reporters.
WAC 173-441-124(2)(f)(viii)	Removed “and there is no POD in Washington earlier on the physical path of the e-tag”	Revised in response to comment. Revised to return to original rule language to maintain certainty for EPE reporters.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(2)(f)(xi)	Replaced “discrete Washington load or Washington designated scheduling points” with “final point of delivery inside Washington state” and added “and where f(vi) and f(vii) does not apply”	Revised and clarified in response to comment. Clarified by using already defined terms in the rule. Revised to ensure that (xi) does not apply to power imported by a FPMA.
WAC 173-441-124(2)(f)(xii)	Added “(C) The imported electricity under this subsection (f)(xii) is considered to be a specified source of electricity”	Revised in response to comment to improve clarity.
WAC 173-441-124(2)(nn)(ii)	Removed “both” and “and” and added “in”	Revised to improve clarity.
WAC 173-441-124(2)(ss)	Removed section “ss”; Remaining sections renumbered	Revised in response to comment. Removed the market purchaser definition and reporting requirements to allow further engagement with interested parties before incorporation.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(2)	New sections: “(tt) “Committed capacity” means electricity generation from an electricity generation source located outside the state of Washington that is committed via a contract to serve Washington load and has indicated this commitment to a market operator. (uu) "Surplus electricity" means an amount of electricity generated by a resource in excess of the resource's existing obligations to provide electricity to purchasing entities.”	Revised in response to comment. Added definitions of “committed capacity” and “surplus”. This supports a modification to WAC 173-441-124(3)(a)(v)(E), which requires deemed market importers to report, to the extent feasible, the amount of imported electricity that is either committed capacity, surplus, or neither. Data reported under WAC 173-441-124(3)(a)(v)(E) will not impact reported or covered emissions but is key for Ecology to assess the risk of emissions leakage for Centralized Electricity Markets (CEMs) operating in Washington and inform potential additional rules.
WAC 173-441-124(3)	Replaced “(h)” with “(g)”	Revised to reflect renumbering.
WAC 173-441-124(3)(a)(ii)	Moved “The electric power entity must report whether the first point of receipt or final point of delivery, as applicable, is located in a linked jurisdiction published on the ecology website.” from (iii)(A) to (ii)	Revised in response to comment. Clarified that reporters should indicate when any imports or exports either originate or sink, respectively, to a linked jurisdiction, and that such reporting is not limited to imports of unspecified electricity.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(3)(a)(iii)	Added “according to (A), (D), and (E) below, and the electric power entity may report according to (B) and (C) below” and deleted “the following information”	Clarified in response to comment. Clarified that reporting using the composite source accounting and wheel-through frameworks is optional.
WAC 173-441-124(3)(a)(iii)(C)	Added “and the final point of delivery”	Revised in response to comment. This revision enables wheel-throughs to be accounted for based on a common point or trading hub.
WAC 173-441-124(3)(a)(iii)	Renumbering and updating typographical errors throughout	Revised to reflect renumbering and correct typographical errors and citations.
WAC 173-441-124(3)(a)(v)(E)	Added “(E) Each deemed market importer must calculate and report, to the extent feasible, the total amount of electricity assigned, designated, deemed, or attributed to Washington by an originating centralized electricity market that was either committed capacity, surplus, or neither in a manner designated by ecology. If feasible, this information may instead be directly provided to Ecology by the market operator instead of by the deemed market importer.”	Revised in response to comment. Modified reporting requirements so that deemed market imports are required to report, to the extent feasible, the amount of imported electricity that is either committed capacity, surplus, or neither. Data reported under WAC 173-441-124(3)(a)(v)(E) will not impact reported or covered emissions but is key for Ecology to assess the risk of emissions leakage for CEMs operating in Washington and inform potential additional rules.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(3)(a)(xii)	Added “voluntarily”	Clarified in response to comment. This change clarifies that that reporting zero-emission generation sources in aggregate is a voluntary option.
WAC 173-441-124(3)(a)(xii)(E)	Replaced “February” with “May”	Revised to align with EPE reporting requirements and minimize administrative burden.
WAC 173-441-124(3)(a)(xiii)	Added “(a)” and replaced “(F)(II)” with “(F)(I)” throughout	Modified to correct citations.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(3)(a)(xiii)(D)	Replaced “any electricity reported under (a)(xiii)(F)(II) of this subsection is attributed to Washington load and may not be reported as an import to a linked jurisdiction or supporting imports to a linked jurisdiction by contribution to a system emission factor” with “For the purposes of this chapter, any electricity reported under (a)(xiii)(F)(I) of this subsection is attributed to Washington load. Any exported electricity, where the composite source POR is not the sink, may not be reported under (a)(xiii)(F)(I) of this subsection. Any electricity contributing to a system emission factor supporting imports to an external jurisdiction may not be reported under (a)(xiii)(F)(I) of this subsection. Any electricity reported as an import to a linked jurisdiction or supporting imports to a linked jurisdiction, by contribution to a system emission factor, may not be reported under (a)(xiii)(F)(I) of this subsection.”	Modified to specify that this provision is in reference to reporting under Chapter 173-441 WAC and to clarify that any electricity supporting exports, whether to a linked or unlinked jurisdiction, cannot be reported under (a)(xiii)(F)(I).
WAC 173-441-124(3)(b)(i)-(ii)	Replaced “a two percent transmission loss factor” with “losses”.	Clarified eligibility of 1.0 Transmission Loss Factor (TLF) for imports from a CEM that accounts for losses and that the CEM does not have to use a 2% loss factor to be eligible for the 1.0 TLF.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(3)(f)(ii)	Replaced “May” with “June”	Modified to align with EPE reporting requirements and minimize administrative burden.
WAC 173-441-124(3)(g)	Removed section; Remaining sections renumbered	Revised in response to comment to return to original rule language.
WAC 173-446-020	Revised subsections of the definition of “market sensitive information, as follows: Replaced “related to” with “collected about or pertaining to” (a) in the definition of “Market sensitive information”. Added “(iv) The information is otherwise designated as confidential under WAC 173-446-390” in the definition of “Market sensitive information”. Replaced “(b) Ecology may choose to release such information as confidential if it determines that the public interest in disclosure outweighs the public interest served by maintaining the confidentiality of such information” with “(b) Ecology will treat such information as confidential to the extent possible, except as needed in the course of oversight, investigation, enforcement, and prosecution.”	Added in response to comment seeking greater clarity on the types of information Ecology will protect, more specific use-case scenarios for situations that might warrant the release of confidential information, and to address comments on concerns with the definition. Revisions more closely align with CA's language on information confidentiality, which several commenters referenced.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-030(1)(c)(i)	Removed “and qualifying unspecified electricity purchased from a federal power marketing administration” and “Qualifying unspecified electricity is electricity purchased from a federal power marketing administration pursuant to section 5 (b) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, that ecology determines is not from a specified source.”	Revised in response to comment and to align with statute. The revision separates the coverage threshold trigger addressing unspecified electricity imports purchased from a FPMA into its own provision.
WAC 173-446-030(1)(c)(i) and WAC 173-446-030(1)(c)(ii)	Added “or” between subsections (i), (ii), (iii), and (iv)	Revised for additional clarity.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-030(1)(c)(iv)	Added “(iv) Whose cumulative annual total of covered emissions from emissions year 2025 or any subsequent year associated with imported electricity from qualifying unspecified electricity purchased from a federal power marketing administration equal or exceed 25,000 metric tons of carbon dioxide equivalent per year. Qualifying unspecified electricity is electricity purchased from a federal power marketing administration pursuant to section 5(b) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, that ecology determines is not from a specified source.”	Revised in response to comment and to align with statute. The revision separates the coverage threshold trigger addressing unspecified electricity imports purchased from a FPMA into its own provision.
WAC173-446-030(4)	Added “(4) Unless otherwise stated, if the final day of any time period falls on a weekend or state holiday, the time period shall be extended to the next business day.”	Added to clarify how Ecology will implement statutory and rule deadlines that occur on weekends or holidays.
WAC 173-446-050(5)(e)	Removed “A foreign entity must submit a document of similar import from the official having custody of the entity's records in the entity's jurisdiction of formation.”	Revised to clarify that registered entities must be incorporated in the United States.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-053(2)(d)	Removed "A foreign entity must submit a document of similar import from the official having custody of the entity's records in the entity's jurisdiction of formation."	Revised to clarify that registered entities must be incorporated in the United States.
WAC 173-446-054(5)(e)	Added "Similar requirements outlined in WAC 173-446-050(5)(g) do not apply to a federal power marketing administration."	Clarified in response to comment. Change was requested by Bonneville Power Administration (BPA) to clarify which disclosure requirement was relevant for a FPMA regarding individuals with knowledge of market position.
WAC 173-446-055(3)(a)(iii)	Replaced "persons" with "individuals or parties"	Revised for consistency with phrasing in section 050.
WAC 173-446-055(3)(a)(iv)	Removed "A foreign entity must submit a document of similar import from the official having custody of the entity's records in the entity's jurisdiction of formation."	Revised to clarify that the registered entities must be incorporated in the United States.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-070(2)	(b): Replaced “Except as provided in (c) of this subsection” with “For facilities and suppliers,”. Added “or” and “s” Removed “or first jurisdictional deliverer’s” (c): Replaced “For entities that become covered due to emissions under WAC 173-446-030(1)(c)(ii), a covered entity identified in (a) of this subsection will remain a covered entity if ecology provides notice at least 12 months before the end of the compliance period that the first jurisdictional deliverer must remain a covered entity to ensure equity among all covered entities.” with “For first jurisdictional deliverers who are only covered due to emissions under <u>WAC 173-446-030(1)(c)(i)</u> or <u>WAC 173-446-030(1)(c)(iv)</u>, a covered entity identified in (a) of this subsection will remain a covered entity if ecology provides notice at least 12 months before the end of the compliance period that the first jurisdictional deliverer’s covered emissions are below the 25,000 metric ton threshold but still within 10 percent of the 25,000 metric ton threshold, and the covered entity must remain a covered entity to ensure equity among all covered entities.”	Revised (b) and (c) of this section for clarity that does not change implementation. Removed proposed language in (c) in response to comment. Updated (b) and (c) to separate complex concepts that were previously all in (b) into two sections. (b) is now written to apply only to facilities and suppliers. (c) describes treatment for FJD that was previously contained in (b) but provides more clarifying detail. Added “WAC 173-446-030(1)(c)(iv)” to update the reference.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-090(5)	Replaced “withdraw from” with “terminate its participation”.	Revised to align with the language in the final linkage agreement. No material impact.
WAC 173-446-090(6)	Replaced “withdraw from” with “terminate its participation” Replaced “withdrawn from” with “effectively terminated its participation in”	Revised to align with the language in the final linkage agreement. No material impact.
WAC 173-446-110(6)(d)(i)	Revised the WAC referenced in this section from “WAC 173-456-056(2)” to “WAC 173-446-056(2).”	Revised to correct typographical error to ensure reference to correct Chapter.
WAC 173-446-120(5)	Removed “on or.”	Revised for clarity.
WAC 173-446-120(5)(a)	Revised the WAC referenced in this section from “WAC 173-446-110 (6)(c)” to “WAC 173-446-110 (6)(d).”	Revised to ensure reference to correct subsection.
WAC 173-446-200(4)	Replaced “by the first business day of October” with “September 29” Replaced “current” with “reported”	Revised to meet the statutory requirement in RCW 70A.65.070(1)(c). To comply with statute, the adjustment to the baseline to accommodate railroads must occur by Oct 1, 2028. Functionally, this date is September 29, 2028.
WAC 173-446-200(5) Table 200-1	Removed “by the first business day of October”. Replaced “current” with “reported” Replaced “that day” with “Sept 29, 2028”	Revised to meet the statutory requirement in RCW 70A.65.070(1)(c). To comply with statute, the adjustment to the baseline to accommodate railroads must occur by Oct 1, 2028. Functionally, this date is September 29, 2028.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(1)(b)	Replaced “Ecology must complete this process within 90 calendar days of a complete submission to” with “For”. Removed “the first business day on or after”. Added “Ecology will complete this process by August 15 of the calendar year when the request was submitted provided that a positive verification statement has been issued under WAC-173-441-085(6) for any applicable emissions years that were used to calculate the allocation baseline.”	Revised to clarify timeframes for making determinations. While not directly raised by comments, we identified that this change was needed to provide the same clarity that was requested by EITE comments for the timeframe for making adjustments to allocation baselines.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(1)(b)(vi)	Added “(vi) When reviewing and approving allocation baselines Ecology must confirm if any additional NAICS codes reported by the facility under WAC 173-441-050(3)(i)(ii) are not eligible to receive no-cost allowances based on the definition of a manufacturing facility in WAC 173-446A-020 and the NAICS codes listed in Table 030-1 of WAC 173-446A-030. If a facility is reporting additional NAICS codes beginning with 2211, 2212, 22133 or any other NAICS codes not listed in Table 030-1 of WAC 173-446A-030 then Ecology must identify the covered emissions associated with the product(s)/activity(s)/service(s) that apply to the additional NAICS code(s) using the data sources listing in (b)(i) of this subsection and exclude those covered emissions from the covered emissions used to calculate the facility’s allocation baseline.” Changed “listing” to “listed” for clarity	Revised to clarify that any covered emissions associated with onsite electricity generating units or other activities with NAICS codes that are not classified as EITE will be excluded from the covered emissions used to calculate allocation baselines for eligible EITE facilities. The rule language draws upon and is intended to clarify how existing rule language in Chapter 173-446 WAC, Chapter 173-446A WAC, and Chapter 173-441 WAC applies to the establishment of EITE allocation baselines under WAC-173-446-220.
WAC 173-446-220(1)(b)(vii)	Changed “(vi)” with “(vii)” Replace “a” with “one of more year” Added “s” to “year”	Revised in response to comments. This revision is intended to clarify that the adjustment to the allocation baseline can take effect for more than one previous emissions year.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(1)(b)(vii)(A)	Removed “Unless otherwise noted” Added “except for the changes described in subsection (1)(b)(vii)(A)(III)”	Revised in response to comments. This revision is intended to clarify that ‘unless otherwise noted’ was intended to refer to the exception described in subsection (b)(vi)(A)(III).
WAC 173-446-220(1)(b)(vii)(A)(II)	Added “significantly”	Revised in response to comments. This revision is intended to account for the fact that there might be circumstances where total emissions may slightly increase as a result of shutting down units and shifting operations to the remaining process units. Therefore, it is intended to give Ecology discretion to account for these scenarios.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(1)(b)(vii)(A)(III)	Removed “significantly” Added “the same or” and “When making this determination Ecology must account for any differences in the facility-specific measure of production, product data metrics, and/or units of production used for the facility compared to the facility-specific measure of production, product data metrics, units of production, product benchmarks, or other benchmarks used for EITE facilities in Washington or manufacturing facilities in other jurisdictions.	Revised in response to comments. This revision is intended to ensure that Ecology takes into account the different products manufactured by the facility when comparing its allocation baseline to other facilities in Washington and/or manufacturing facilities in other jurisdictions.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(1)(b)(viii)	Replaced “(vii)” with “(viii)” Added “sub” to “section” Replaced “,or if August 15 is a weekend of holiday, the next business day” with “Ecology will make determinations on requests submitted under this subsection by August 15.” Added “of the calendar year when the request was submitted provided that a positive verification statement has been issued under WAC-173-441-085(6) for any applicable emissions years that were used to calculate the adjusted allocation baseline. Ecology may revise a determination and require the EITE facility to return the equivalent number of allowances if an adverse verification statement is subsequently issued under WAC-173-441-085(8) for any applicable emissions years that were used to calculate the adjusted allocation baseline.”	Revised in response to comments. This revision provides clarity on timeframes for Ecology determinations to enable EITE facilities to plan their compliance strategies accordingly. The August 15 date falls after the August 10 deadline for positive verification statements to be issued under 441-085 and is intended to provide sufficient time for facilities to obtain additional allowances ahead of the November 1 compliance deadline if required.
WAC 173-446-220(1)(b)(ix)	Changed “(vii)” to “(ix)”	Revised to reflect renumbering.
WAC 173-446-220(1)(b)(x)	Changed “(ix)” to “(x)” Replaced “assigning” with “assignment”	Revised to reflect renumbering. Modified a word for clarity.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-220(2)(d)(v)	Added “In the event that a facility ceases production in the state and becomes a closed facility,” Replaced “will” with “must” Replaced “a” with “the relevant” Added “the facility’s” Replaced “allocated to a” with “proportional to the time period the” Removed “that”	Revised to improve clarity.
WAC 173-446-220(2)(e)	Changed “(vi) ” to “ (ix) ”	Revised to reflect renumbering.
WAC 173-446-220(2)(f)	Replaced “subsection (1)(b)(v)(D) or subsection (1)(vii) of this section” with “(d)(vi) of this subsection	Revised to ensure reference to correct subsection.
WAC 173-446-220(2)(f)(iv)	Changed “(vi)” to “(vii)” Added “or subsection (1)(v)(D)”	Revised to reflect renumbering. Revised to include reference to this additional subsection.
WAC 173-446-230(3)(d)	Added “the first business day of” Removed “1st”	Revised to match styles.
WAC 173-446-230(4)(d)-(e)	Replaced “7th” with “15th”	Revised a deadline relevant to allocation to be after reporting verification deadline, in response to comment.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(5)(a)	Added "Vintage 2027 no-cost allowances provided to mitigate administrative costs associated with the first compliance period may only be deposited for compliance, consigned, or transferred to a federal power marketing administration."	Modified to improve clarity.
WAC 173-446-230(5)(a)(i) & (b)(i)	Changed 7,000 to 9,000	Increased number of no-cost allowances in response to comment.
WAC 173-446-230(5)(c)(i)	Added "(i) An electric utility with greater than 20,000,000 MWh in retail sales in any of the three years before the current calendar year or any multijurisdictional electric company will be allocated 1500 no-cost allowances." Following sections are renumbered.	Increased number of no-cost allowances in response to comment.
WAC 173-446-230(5)(c)(ii)	Changed (i) to (ii) Replaced "Any electric utility with greater than 1,500,000 MWh in retail sales in any of the four years before the upcoming compliance period will be allocated 750 no-cost allowances." with "Any electric utility with greater than 1,500,000 MWh in retail sales in any of the three years before the current calendar year will be allocated 950 no-cost allowances."	Revised and clarified timing for implementation. Increased number of no-cost allowances in response to comment.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(5)(c)(iii)	Replaced “Any other electric utility with greater than 500,000 MWh in retail sales in any of the four years before the upcoming compliance period will be allocated 375 no-cost allowances.” with “Any other electric utility with greater than 400,000 MWh in retail sales in any of the three years before the current calendar year will be allocated 425 no-cost allowances.”	Increased number of no-cost allowances and reduced the MW threshold in response to comment. Given the potential for BPA’s emissions factor to increase, reducing the threshold recognizes that slightly smaller utilities may have direct compliance obligations in the future if BPA does not opt in to the program. Revised and clarified timing for implementation.
WAC 173-446-230(6)	Added “This subsection specifies consignment requirements for no-cost allowances provided to electric utilities, excluding no-cost allowances provided to mitigate administrative costs. Consignment requirements for no-cost allowances provided to mitigate administrative costs are established in subsection (5) of this section.”	Added to clarify that this section does not control consignment for no-cost allowances provided to mitigate administrative costs.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(6)	Replaced “for” with “with vintage 2027 no-cost allowances provided for” Replaced “qualifies” with “is exempt from consignment requirements” Removed “No-cost allowances that are required to be consigned must be offered for consignment by December 31st of the calendar year following the emissions year t, for which they were provided.”	Revised in response to comment to improve clarity the timing for implementation. Moved the “No cost allowances that are required.... ” to its own subsection, (6)(d).
WAC 173-446-230(6)(a)	Replaced “...no cost allowances provided for emissions year t, if the number of no cost allowances calculated in Eq. 230-1 is either:” with “...no cost allowances of vintage year t, if the number of no cost allowances of vintage year t provided to the utility is:”	Revised to response to comment to improve clarity.
WAC 173-446-230(6)(a)(ii)	Revised “t minus one to t minus three” to “t minus two to t minus four”	Revised the timing for implementation in response to comment.
WAC 173-446-230(6)(a)(iv)	New section: “(iv) Less than 100,000.”	Revised in response to comment to ensure that utilities that receive a relatively small number of no-cost allowances are not subject to consignment requirements.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(6)(b)	Added“ Equation 230-5” Added the equation “Consigt =NoCostAllowancest-100,000 (Eq.230-5)”	Revised in response to comment to ensure that consignment requirements do not apply to first 100,000 allowances.
WAC 173-446-230(6)(c)	Added new section: “(c) The allocation schedule will be updated by October 7th each year indicating whether a utility is exempt from consignment requirements for the upcoming distribution of no cost allowances of vintage year t. After August 10th of the calendar year t plus 1, Ecology will notify each utility of the number of no cost allowances of vintage year t that must be consigned. By December 31st of the calendar year t plus 1, Ecology will publish the number of no cost allowances of vintage year t that must be consigned.	Revised in response to comment to improve certainty for electric utilities.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(6)(d)	Added new section: “(d) No cost allowances that are required to be consigned shall be transferred to ecology’s auction account by December 31st of the calendar year t plus 2, where t is the latest vintage year of no cost allowances when either (i) or (ii) is true, except as described in (iii): (i) If the number of no cost allowances of vintage year t that are required to be consigned per subsection (b) of this section is greater than or equal to 100,000. Any no cost allowances not previously subject to a consignment deadline per (iii) of this subsection must also be transferred to ecology’s auction account by the same date. (ii) When the cumulative number of no cost allowances of any vintage year that have not been subject to a consignment deadline per (iii) of this subsection is equal to or greater than 100,000 allowances. (iii) If the number of no cost allowances of vintage year t that are required to be consigned per subsection (b) of this section is less than 100,000, those no cost allowances are not subject to a consignment deadline until (i) or (ii) of this subsection applies.”	Added in response to comment so that a consignment deadline does not apply until the total number of allowances subject to (6)(b) is greater than 100,000 allowances. This could help reduce administrative burden associated with consignment.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-230(10)	Replaced “14” with “30”	Extended response timeline in response to comment.

WAC 173-446-230(11)	Added new section “(11) Transfer of utility territory. (a) If ecology determines that an electric utility subject to chapter 19.405 RCW may permanently cease serving Washington retail electric load at any point in the upcoming calendar year, ecology will not distribute no cost allowances to that utility in October of the current calendar year as otherwise specified in this section and WAC 173-446-260(3). Ecology will instead distribute no cost allowances in the following calendar year to the electric utility after the period the electric utility will serve Washington retail electric load is certain. Ecology will determine an appropriate decrease in the amount of no cost allowances provided to the electric utility under subsections (2) and (5) of this section based on the period the electric utility served Washington retail electric load. (b) If an electric utility begins serving Washington retail electric load and becomes subject to chapter 19.405 RCW after the beginning of a calendar year and was not previously provided no cost allowances for that calendar year, ecology will distribute no cost allowances to the electric utility after the period the electric utility will serve Washington retail load and be subject to chapter 19.405 RCW is certain. Within 60	Revised to clarify allocation process and timing for utilities that may cease or begin serving Washington retail load. Revision does not change the methods or principles for calculating allocation.
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Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
	calendar days of becoming subject to chapter 19.405 RCW and beginning to serve Washington retail electric load, the electric utility must register in the program to be eligible to receive no cost allowances to mitigate administrative costs for the current compliance period. Ecology will work with the electric utility to determine a process for allocation under subsection (2) of this section in the first compliance period the utility becomes subject to chapter 19.405 RCW. Ecology will determine an appropriate decrease in the amount of no cost allowances provided to the electric utility under subsections (2) and (5) of this section based on the period that the electric utility is serving Washington retail electric load.”	
WAC 173-446-235(2)	Added “for”	Corrected a typographical error.
WAC 173-446-235(2)(b)	Added “calendar”	Revised for improved clarity.
WAC 173-446-235(2)(c)	Added “facility”	Revised for improved clarity.
WAC 173-446-235(3)	Replaced “before the end” with “No cost allowances that are required to be consigned must be transferred to ecology’s auction account by December 31 st ”	Revised to clarify what it means to transfer to auction account by the end of the year.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-235(3)(a)	Added "Facility" throughout	Revised for improved clarity.
WAC 173-446-235(3)(c)	Added "Waste-to-Energy (WTE)" throughout	Revised for improved clarity.
WAC 173-446-235(4)	Added "the" and added "WTE" throughout	Corrected a typographical error and revised for improved clarity.
WAC 173-446-235(5)	Added "In the event that a facility ceases production in the state and becomes a closed facility," Replaced "the relevant" with "a" Replaced "allowances allocated to the owner or operator of the WTE facility under this section if the" with "the facility's no-cost allowances proportional to the time period the" Added "the owner or operator of the WTE facility"	Revised for improved clarity.
WAC 173-446-235(6)	Added "facility" throughout	Revised for improved clarity.
WAC 173-446-235(6)(b)	Added "WTE"	Revised for improved clarity.
WAC 173-446-235(7)	Added "WTE" and "facility" throughout	Revised for improved clarity.
WAC 173-446-235(7)	Added "project or program emissions reduction measure related"	Revised for improved clarity.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-245	Added “of Vintage Year 2023-2026”	Corrected to align with changes to table 210-1 and clarify that the vintage years populating the VRE have not changed compared to the prior regulation.
WAC 173-446-250(3)	Added “and” Removed “and emissions that have been released from the subject facility but not reported yet”	Revised in response to comment.
WAC 173-446-300(2)(b)(iv)	New section: “(iv) No cost allowances of vintage year t that are required to be consigned under WAC 173-446-300(2)(b)(ii) must be transferred to ecology’s auction account by December 31st of the calendar year t.”	Revised in response to comments to clarify what counts as meeting the annual consignment requirement for natural gas utilities.
WAC 173-446-370(4)(g)	Removed “in their entirety”	Revised in response to comments.
WAC 173-446-415(5)	Replaced “(f)” with “(e)”	Updated citation.
WAC 173-446-415(7)(b)	Removed section “(b) The proposed transfer results from a transaction agreement that requires the production of new ecology offset credits, and the transaction agreement does not specify a price for the ecology offset credits.”; Renumbered remaining sections	Revised to improve accuracy. This section does not apply to Washington.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-425(1)	Added “registered in Washington’s cap and invest program” after “electric utility” and “electrical generating facility.” Removed “registered.”	Revised to clarify that electric utilities registered in Washington’s Cap-and-Invest Program that elect to transfer no-cost allowances to an electrical generating facility may only transfer to the compliance account of the electrical generating facility registered in Washington’s Cap-and-Invest Program.
WAC 173-446-426(1)	Added “registered in Washington’s cap and invest program.” Added “Washington.” Added “in Washington’s cap and invest program.” Added “These allowances must” and removed “to.”	Revised to clarify that electric utilities registered in Washington’s Cap-and-Invest Program that elect to transfer no-cost allowances to a FPMA may only transfer to the holding account of the FPMA that is registered in Washington’s Cap-and-Invest Program. Added “these allowances must” for clarity.
WAC 173-446-600(3)(a)	Replaced “on the first business day in November” with “on November 1, or if November 1 is not a business day in Washington or an external GHG ETS to which Washington is linked,”	Revised to ensure that Washington can align compliance obligation deadlines with linked jurisdictions.
WAC 173-446-600(3)(b)	Replaced “the first business day of November” with “November 1, or if November 1 is not a business day in Washington or an external GHG ETS to which Washington is linked, the next business day”	Revised to ensure that Washington can align compliance obligation deadlines with linked jurisdictions.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-600(3)(c)	Replaced “receiving notice of ecology’s decision” with “ecology issues written notice of a decision”	Revised to improve clarity on the process.
WAC 173-446-600(3)(d)	Replaced “the first business day of November” with “November 1, or if November 1 is not a business day in Washington or an external GHG ETS to which Washington is linked, the next business day”	Revised to ensure that Washington can align compliance obligation deadlines with linked jurisdictions.
WAC 173-446-600(5)(a)(iii)	Replaced “former year’s vintage” with “vintage year prior to the calendar year in which the obligation is due”	Revised in response to comment asking for more prescriptive language to clarify which vintages are eligible to fulfill which obligations.
WAC 173-446-600(5)(a)(iv)	Removed “cover entity or opt-in” Added “WAC 173-446-220(2)(d)(iii), WAC 173-446-220(2)(f)(i), WAC 173-446-220(2)(f)(iii), or”	Revised for consistency with WAC 173-446-220.
WAC 173-446-600(5)(b)(iii)	Replaced “former year’s vintage” with “vintage year prior to the calendar year in which the obligation is due”	Revised in response to comment asking for more prescriptive language to clarify which vintages are eligible to fulfill which obligations.
WAC 173-446-600(5)(b)(iv)	Removed “cover entity or opt-in” Added “WAC 173-446-220(2)(d)(iii), WAC 173-446-220(2)(f)(i), WAC 173-446-220(2)(f)(iii), or”	Revised for consistency with WAC 173-446-220.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-446-600(5)(d)(iii)	Replaced “former” with “year prior to the calendar year in which the obligation is due” Removed “of the year in which ecology determined there were under-reported emissions, or any year prior to that year.	Revised in response to comment asking for more prescriptive language to clarify which vintages are eligible to fulfill which obligations
WAC 173-446-600(5)(d)(iv)	Removed “cover entity or opt-in” Added “WAC 173-446-220(2)(d)(iii), WAC 173-446-220(2)(f)(i), WAC 173-446-220(2)(f)(iii), or”	Revised for consistency with WAC 173-446-220.
WAC 173-446-610(4)(b)	Revised the subsection lettering from (b) to (a).	Revised to fix an incorrect reference.
WAC 173-446-610(7)	Added “Beginning July 1, 2027, all penalties under subsections (5) and (6) of this section and this subsection must be deposited into the Climate Commitment Act Operating Account.”	Added in response to comment to reflect the updated account information from HB 2251.

Public Comment Period

Ecology accepted comments on the proposed rule during the public comment period that closed on July 22, 2026. Ecology received 34 total comments accepted via:

- The online comment tool on Ecology's webpage (written).
- U.S. mail (written).
- E-mail (written).
- Two online public hearings held on July 7 and 13, 2026 (verbal).

The following sections summarize and respond to the public comments Ecology received during this period. Comments are organized into categories, with some categories containing multiple topics and sub-topics. Ecology provides a unique response for each topic, in some cases grouping and addressing multiple comments received on that subject in a single response. Some submissions were assigned multiple comment codes for the same category if the comment touched upon multiple topics.

List of Commenters

To see Ecology's response to your comment, find your name or organization in the following table and go to the section for your comment topic.

After carefully considering all comments received, we summarized comments for readability and conciseness and included a response. To find the summary of each comment along with Ecology's response, please refer to the comment category codes and find the codes associated with each commenter.

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Bach	Marrisa	Shell Energy	B-9	Auctions and Market	Reserve Accounts
Breidenich	Clare	Western Power Trading Forum	O-4	Auctions and Market	Allowances
Breidenich	Clare	Western Power Trading Forum	O-4	Auctions and Market	Enforcement and Compliance
Breidenich	Clare	Western Power Trading Forum	O-4	Auctions and Market	Program Requirements Definitions

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Breidenich	Clare	Western Power Trading Forum	O-4	Auctions and Market	Reserve Accounts
Breidenich	Clare	Western Power Trading Forum	O-4	Auctions and Market	Reserve Accounts
Breidenich	Clare	Western Power Trading Forum	O-4	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-4	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-4	Electricity	No-cost allowances to electric utilities
Breidenich	Clare	Western Power Trading Forum	O-4	Electricity	Other
Breidenich	Clare	Western Power Trading Forum	O-4	Linkage	Linkage-effective provisions
Breidenich	Clare	Western Power Trading Forum	O-4	Linkage	Transparency and public engagement related to linkage rule amendments
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Breidenich	Clare	Western Power Trading Forum	O-5	Electricity	Imported electricity
Butler	Nina E.	WestRock	B-3	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Butler	Nina E.	WestRock	B-3	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Butler	Nina E.	WestRock	B-3	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Butler	Nina E.	WestRock	B-3	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Butler	Nina E.	WestRock	B-3	Linkage	General Support
Dillinger	Michael	Grassroots Carbon	O-1	Offsets	Soil carbon offsets

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Downey	Brent	Kaiser Aluminum Washington	B-2	Linkage	General Support
Downey	Brent	Kaiser Aluminum Washington	B-2	Linkage	Mechanism for linkage
Downey	Brent	Kaiser Aluminum Washington	B-2	Linkage	Transparency and public engagement related to linkage rule amendments
Dubnicka	Janna	Avista Corporation	O-2	Auctions and Market	Program Requirements Definitions
Dubnicka	Janna	Avista Corporation	O-2	Electricity	Imported electricity
Dubnicka	Janna	Avista Corporation	O-2	Electricity	Imported electricity
Dubnicka	Janna	Avista Corporation	O-2	Electricity	Imported electricity
Dubnicka	Janna	Avista Corporation	O-2	Electricity	Imported electricity
Dubnicka	Janna	Avista Corporation	O-2	Electricity	No-cost allowances to electric utilities
Dubnicka	Janna	Avista Corporation	O-2	Electricity	No-cost allowances to electric utilities
Dubnicka	Janna	Avista Corporation	O-2	Electricity	Other
Dubnicka	Janna	Avista Corporation	O-2	Emissions Reporting and Verification	Non-conformance
Dubnicka	Janna	Avista Corporation	O-2	Emissions Reporting and Verification	Substantive Error

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Dubnicka	Janna	Avista Corporation	O-2	General rulemaking	Rulemaking Process
Dubnicka	Janna	Avista Corporation	O-2	Linkage	Compliance period lengths
Duff	Robert	City of Spokane	A-1	Auctions and Market	Allowances
Gardias	Jo	Natural Resources Defense Council	O-8	Electricity	Imported electricity
Gardias	Jo	Natural Resources Defense Council	O-8	General rulemaking	General support
Gardias	Jo	Natural Resources Defense Council	O-8	Linkage	General Support
Grecian	Bascomb	N/A	I-1	Climate Commitment Act	General Opposition
Grecian	Bascomb	N/A	I-1	Linkage	General Opposition
Hughes	Nikole	Public Generating Pool	O-13	Electricity	Imported electricity
Hughes	Nikole	Public Generating Pool	O-13	Electricity	Imported electricity
Hughes	Nikole	Public Generating Pool	O-13	Electricity	Imported electricity
Hughes	Nikole	Public Generating Pool	O-13	Electricity	No-cost allowances to electric utilities
Hughes	Nikole	Public Generating Pool	O-13	Electricity	No-cost allowances to electric utilities
Hughes	Nikole	Public Generating Pool	O-13	Electricity	No-cost allowances to electric utilities

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Hughes	Nikole	Public Generating Pool	O-13	Electricity	No-cost allowances to electric utilities
Hughes	Nikole	Public Generating Pool	O-13	Linkage	Compliance period lengths
Hughes	Nikole	Public Generating Pool	O-13	Linkage	General Support
Hughes	Nikole	Public Generating Pool	O-13	Linkage	Transparency and public engagement related to linkage rule amendments
Johnson	Ray	Tacoma Power	O-9	Electricity	Imported electricity
Johnson	Ray	Tacoma Power	O-9	Electricity	No-cost allowances to electric utilities
Johnson	Ray	Tacoma Power	O-9	Electricity	Other
Johnson	Ray	Tacoma Power	O-9	Electricity	Other
Johnson	Ray	Tacoma Power	O-9	General rulemaking	General support
Johnson	Ray	Tacoma Power	O-9	Linkage	Compliance period lengths
Johnson	Stefanie	Seattle City Light	O-16	Auctions and Market	Allowances
Johnson	Stefanie	Seattle City Light	O-16	Electricity	Imported electricity
Johnson	Stefanie	Seattle City Light	O-16	Electricity	No-cost allowances to electric utilities
Johnson	Stefanie	Seattle City Light	O-16	Electricity	No-cost allowances to electric utilities
Johnson	Stefanie	Seattle City Light	O-16	Electricity	No-cost allowances to electric utilities
Johnson	Stefanie	Seattle City Light	O-16	Electricity	No-cost allowances to electric utilities

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Johnson	Stefanie	Seattle City Light	O-16	Linkage	Compliance period lengths
Johnson	Stefanie	Seattle City Light	O-16	Linkage	General Support
Johnson	Stefanie	Seattle City Light	O-16	Offsets	Offsets under a linked market
Jones	Caroline	Environmental Defense Fund	O-15	Auctions and Market	Reserve Accounts
Jones	Caroline	Environmental Defense Fund	O-15	Environmental Justice	Air quality in overburdened communities
Jones	Caroline	Environmental Defense Fund	O-15	Linkage	General Support
Kasewater	Alisa	Bonneville Power Administration	A-2	Auctions and Market	Registration Requirements
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	Imported electricity
Kasewater	Alisa	Bonneville Power Administration	A-2	Electricity	No-cost allowances to electric utilities
Keith	Theresa	3Degrees	B-1	Auctions and Market	Reserve Accounts

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Koningsor	Matt Shepard	Senior Staff Counsel, Senate Environment, Energy, & Technology Committee	OT-1	Linkage	Enforcement and Compliance
Kurman-Faber	Jonah	Greenline Insights	B-7	Linkage	Economic Modeling
Moser	Pepple	Georgia-Pacific Consumer Operations	B-5	Electricity	Imported electricity
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Electricity	Imported electricity
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Electricity	Imported electricity
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Electricity	No-cost allowances to electric utilities
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Electricity	No-cost allowances to electric utilities
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Electricity	Other
Moser	Sommer	Alliance of Western Energy Consumers	O-10	Linkage	General Support
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound	B-6	Auctions and Market	Allowances

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
		Energy			
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Auctions and Market	Program Requirements Definitions
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Auctions and Market	Registration Requirements
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Emissions Reporting and Verification	3 rd Party Verification
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Emissions Reporting and Verification	Biofuels
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and	B-6	Electricity	Imported Electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
		Puget Sound Energy			
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Linkage	Compliance period lengths
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	Linkage	Transparency and public engagement related to linkage rule amendments
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	B-6	General rulemaking	Rulemaking Process
Novak	Scott	Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy	I-3	General rulemaking	Request for extended comment period
O'Donnell	Keiran	PacifiCorp	B-4	Emissions Reporting and Verification	3 rd Party Verification

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
O'Donnell	Keiran	PacifiCorp	B-4	Emissions Reporting and Verification	Substantive Error
O'Donnell	Keiran	PacifiCorp	B-4	Linkage	General Support
Pace	Charles	N/A	I-4	General rulemaking	New sectors
Pace	Charles	N/A	I-4	General rulemaking	Preliminary Regulatory Analyses
Pace	Charles	N/A	I-4	General rulemaking	Rulemaking Process
Pace	Charles	N/A	I-4	Linkage	Mechanisms for linkage
Peacey	Denelle	TransAlta Energy Marketing	O-17	Auctions and Market	Program Requirements Definitions
Peacey	Denelle	TransAlta Energy Marketing	O-17	Auctions and Market	Registration Requirements
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported Electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Imported electricity
Peacey	Denelle	TransAlta Energy Marketing	O-17	Electricity	Other
Price	Jeremy	HF Sinclair	B-10	Emissions Reporting and Verification	Biofuels
Price	Jeremy	HF Sinclair	B-10	Emissions Reporting and Verification	Missing-data methods
Price	Jeremy	HF Sinclair	B-10	Emissions Reporting and Verification	Substantive Error
Price	Jeremy	HF Sinclair	B-10	Linkage	General Support
Price	Jeremy	HF Sinclair	B-10	Linkage	Mechanisms for linkage
Spiegel	Jessica	Western States Petroleum Association	O-12	Auctions and Market	Enforcement and Compliance
Spiegel	Jessica	Western States Petroleum Association	O-12	Auctions and Market	Program Requirements Definitions
Spiegel	Jessica	Western States Petroleum Association	O-12	Electricity	No-cost allowances to electric utilities

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Spiegel	Jessica	Western States Petroleum Association	O-12	Electricity	No-cost allowances to electric utilities
Spiegel	Jessica	Western States Petroleum Association	O-12	Electricity	Other
Spiegel	Jessica	Western States Petroleum Association	O-12	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Spiegel	Jessica	Western States Petroleum Association	O-12	Emissions Reporting and Verification	Agricultural fuels
Spiegel	Jessica	Western States Petroleum Association	O-12	Emissions Reporting and Verification	Biofuels
Spiegel	Jessica	Western States Petroleum Association	O-12	Emissions Reporting and Verification	Missing-data methods
Spiegel	Jessica	Western States Petroleum Association	O-12	Emissions Reporting and Verification	Substantive Error
Spiegel	Jessica	Western States Petroleum Association	O-12	General rulemaking	Preliminary Regulatory Analyses
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Economic Modeling

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Economic Modeling
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Compliance period lengths
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Compliance period lengths
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Economic Modeling
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Mechanisms for linkage
Spiegel	Jessica	Western States Petroleum Association	O-12	Linkage	Mechanisms for linkage
Spore	Heather	Swinomish Indian Tribal Community	T-1	Climate Commitment Act	Auction Revenue
Srinivasan	Adarsh	International Emissions Trading Association	O-3	Emissions-Intensive Trade-Exposed (EITE) Industries	Allocation adjustments
Srinivasan	Adarsh	International Emissions Trading Association	O-3	General rulemaking	Rulemaking Process
Srinivasan	Adarsh	International Emissions Trading Association	O-3	Linkage	General Support

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Srinivasan	Adarsh	International Emissions Trading Association	O-3	Linkage	Transparency and public engagement related to linkage rule amendments
Srinivasan	Adarsh	International Emissions Trading Association	O-3	Offsets	Direct Environmental Benefits (DEBs) and Offsets on Tribal Lands
Srinivasan	Adarsh	International Emissions Trading Association	O-3	Offsets	Offsets under a linked market
Tempest	Kevin	Clean and Prosperous	O-7	Auctions and Markets	Reserve Accounts
Tempest	Kevin	Clean and Prosperous	O-7	Auctions and Markets	Reserve Accounts
Tempest	Kevin	Clean and Prosperous	O-7	Emissions-Intensive Trade-Exposed (EITE) Industries	Future allocations
Tempest	Kevin	Clean and Prosperous	O-7	Linkage	Economic Modeling
Tempest	Kevin	Clean and Prosperous	O-7	Linkage	General Support
Theurer	Lindzie	Chehalis River Stewardship Project	I-2	Environmental Justice	Transparency and public participation
Theurer	Lindzie	Chehalis River Stewardship Project	I-2	Linkage	General Support
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions-Intensive Trade-Exposed	Allocation adjustments

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
				(EITE) Industries	
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions- Intensive Trade- Exposed (EITE) Industries	Allocation adjustments
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions- Intensive Trade- Exposed (EITE) Industries	Allocation adjustments
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions- Intensive Trade- Exposed (EITE) Industries	Allocation adjustments
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions- Intensive Trade- Exposed (EITE) Industries	Allocation adjustments
White	Jackie	Northwest Pulp & Paper Association	O-11	Emissions- Intensive Trade- Exposed (EITE) Industries	Allocation adjustments
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Emissions Reporting and Verification	Agricultural fuels

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Environmental Justice	HEAL Act Compliance
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Offsets	Direct Environmental Benefits (DEBs) and Offsets on Tribal Lands
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Offsets	Direct Environmental Benefits (DEBs) and Offsets on Tribal Lands
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Offsets	Livestock and manure management offset credits
Wysham	Daphne	This Land/Friends of Toppenish Creek	O-14	Offsets	Livestock and manure management offset credits
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Imported electricity
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Imported electricity
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	No-cost allowances to electric utilities
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	No-cost allowances to electric utilities
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	No-cost allowances to electric utilities
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	No-cost allowances to electric utilities
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Other
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Other

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Other
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Other
Yakupova	Kelima	Puget Sound Energy	O-6	Electricity	Other

Summary of Comments and Responses

Comments have been sorted by topic and summarized where possible. Similar comments have been grouped together into single summaries. To review comments by subject matter, see the table of comments and responses on the following page.

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Environmental Justice

Transparency and public participation

Comment Number:

I-2 (Chehalis River Stewardship Project)

Comment Summary:

The commenter urges Ecology to maintain state-level safeguards and transparency and commitment to equity and environmental justice. The commenter emphasizes the importance of involving local, rural, and environmental interests in future rulemaking and linkage processes.

Ecology Response:

Thank you for your comment. Ecology agrees that transparency and meaningful public participation are important to the successful implementation of the Cap-and-Invest Program. The Environmental Justice Assessment⁶ for this rulemaking assesses identified environmental justice impacts and equity concerns. Throughout this rulemaking, Ecology provided multiple opportunities for public review and comment and considered feedback received from interested parties, including Tribes, local governments, businesses, environmental organizations, and community members. Ecology will continue engaging with interested parties in future rulemakings and as the program evolves.

HEAL Act Compliance

Comment Number:

O-14 (This Land /Friends of Toppenish Creek)

Comment Summary:

The commenter recommends that Ecology ensure linkage with California and Québec does not weaken Washington's existing environmental justice commitments under the CCA and Healthy Environment for All Act (HEAL Act)⁷ (chapter 70A.02 RCW). The commenter asks Ecology to continue considering cumulative health impacts on overburdened communities and meaningfully engage affected communities and Tribal Nations.

Ecology Response:

Thank you for your comment. Ecology adhered to applicable requirements of the Climate Commitment Act and HEAL Act, including requirements related to environmental justice, engagement with overburdened communities and vulnerable populations, and consultation with Tribal Nations for this rulemaking.

⁶ <https://apps.ecology.wa.gov/publications/SummaryPages/2614086.html>

⁷ [Chapter 70A.02 RCW](#):

Ecology began pursuing linkage with the joint California-Québec carbon market in 2023. This rulemaking facilitates linkage with California and Québec by aligning certain aspects of the Cap-and-Invest Program rules with those jurisdictions. However, the rule amendments do not directly establish linkage. Through a separate process, Ecology conducted public engagement on linkage from January 2023 through May 2026. Ecology completed and published its findings on the statutory linkage criteria including an [Environmental Justice Assessment on linkage](#), and a [State Environmental Policy Act Analysis](#). In June 2026, after extensive analysis and public engagement, Ecology determined that linking with California and Québec would achieve the CCA’s linkage purposes and criteria. Ecology found that a linked market is likely to result in comparable greenhouse gas reductions but at a lower cost for Washington businesses, while retaining each jurisdiction’s environmental justice provisions.

Air quality in overburdened communities

Commenter Number:

O-15 (Environmental Defense Fund)

Comment Summary:

The commenter asks Ecology to prioritize continued progress on the Air Quality in Overburdened Communities rulemaking to support CCA’s dual mandate to reduce emissions and improve local air quality.

Ecology Response:

Thank you for your comment. Ecology is implementing the Air Quality in Overburdened Communities provisions of the Climate Commitment Act through a separate agency initiative as directed by RCW 70A.65.020 and .030. This work is separate from the Cap-and-Invest Program Updates and Linkage rulemaking and will continue according to the established processes for that initiative. To find out more about that process, or to participate in that process, go to <https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act/Overburdened-communities>.

To date, Ecology has leveraged CCA funding to expand its stationary air monitoring network, including the installation of 49 new air monitoring sites in overburdened communities. Ecology will continue to expand this network in the coming years. In 2026, Ecology will begin a high-resolution mobile monitoring study for | air pollutants and hazardous air pollutants along roadways in overburdened communities and participating Tribes’ land.

Other activities that are part of the Improving Air Quality in Overburdened Communities Initiative include:

- Ecology launched a \$10 million grant program funded by the CCA for local projects that reduce criteria air pollutants.
- Ecology completed two biennial reports that provide information about criteria air pollutant concentrations and their health impacts, as well as greenhouse gas emissions, in Washington’s 16 overburdened communities highly impacted by air pollution. The

reports provide foundational data to track air pollution levels, which informs Ecology's work to improve air quality in overburdened communities.⁸

Climate Commitment Act

General Opposition

Comment Number:

I-1 (Bascomb Grecian)

Comment Summary:

The commenter expresses their opposition to the Climate Commitment Act and/or the Cap-and-Invest Program. They also share concerns about the costs the program will impose on the people of Washington.

Ecology Response:

Thank you for your comment. The Climate Commitment Act (Chapter 70A.65.RCW) directs Ecology to implement a declining cap on greenhouse gas emissions, to set annual allowance budgets to achieve the share of reductions by covered entities necessary to achieve the 2030, 2040, and 2050 statewide emissions limits established in RCW 70A.45.020, and to distribute allowances through auctions.

Ecology recognizes concerns regarding compliance costs and potential impacts on consumers and businesses. The CCA has multiple measures designed to contain business and consumer costs. Additionally, the Legislature developed the CCA with the intent (RCW 70A.65.005) that it address climate change impacts such as wildfires, droughts, flooding, and rising temperature, all of which also impose costs on consumers and businesses.

Auction Revenue

Comment Number:

T-1 (Swinomish Indian Tribal Community)

Comment Summary:

The commenter urges Ecology to continue to provide funding for Tribal capacity grants. The commenter also urges Ecology to give Tribes priority when considering the allocation of auction revenue.

⁸ Washington State Department of Ecology. 2023. 2023 Report: Overburdened Communities Highly Impacted by Air Pollution. <https://apps.ecology.wa.gov/publications/SummaryPages/2302115.html> and Washington State Department of Ecology. 2025 Report: Overburdened Communities Highly Impacted by Air Pollution. <https://apps.ecology.wa.gov/publications/documents/2502037.pdf>.

Ecology Response:

Thank you for your comment. Ecology works actively to implement funds appropriated by Legislature effectively and efficiently, and to assure that the Tribal Capacity Grants provide maximum benefits to Tribes. However, funding decisions on how to allocate auction revenue are made by the Legislature through the state budget appropriations process. Ecology does not determine how auction revenue is spent.

General rulemaking

General support

Comment Number:

O-8 (Natural Resources Defense Council)

Comment Summary:

The commenter appreciates the rulemaking effort to update the Cap-and-Invest Program.

Ecology Response:

Thank you for your comment. Ecology appreciates your support for the rulemaking.

New sectors

Comment Number:

I-4 (Charles Pace)

Comment Summary:

The commenter addresses constitutional and legal considerations of amendments to the rule. They question the legality of adding imported energy, waste to energy, and railroads to the program in future compliance periods and of providing no-cost allocation to certain entities.

Ecology Response:

Thank you for your comment. Ecology is required under the Climate Commitment Act to add waste to energy facilities to the program starting in the second compliance period (RCW 70A.65.080(2)(a)(i)) and railroads starting in the third compliance period (RCW 70A.65.080(3)). Ecology amended the rule in order to follow statutory direction. The Cap-and-Invest Program has covered imported electricity since the start of the Program as required under the CCA (RCW 70A.65.010).

The Climate Commitment Act also directs Ecology to provide allocation of allowances to emissions-intensive, trade-exposed industries (EITEs), electric utilities, natural gas utilities, and waste to energy facilities (RCW 70A.65.110-135).

Rulemaking Process

Need for additional engagement, transparency, clarity and communication

Comment Numbers:

O-3 (International Emissions Trading Association); O-2 (Avista Corporation); B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy)

Comment Summary:

Some commenters request more transparency, clarity, and broad communication of program changes in advance of implementation. Some suggest that there was not enough stakeholder engagement, much of the rule remains unclear, and significant modifications were not addressed in regulatory analyses or public hearings. They request additional clarification, guidance, and implementation of amendments. They also ask for continued stakeholder engagement as the rulemaking and implementation process progresses.

Ecology Response:

Thank you for your comments. Ecology provided multiple opportunities for interested parties to review the proposed rule amendments, provide comments, and engage with Ecology throughout the rulemaking process, including consultations specific to utilities regarding rule changes. Ecology also considered comments received during the public comment period in developing the final rule and has addressed specific concerns regarding individual rule provisions in other sections of this document.

As noted above, the formal rulemaking was the culmination of an extensive informal process—occurring between June 2024 and May 2026—during which Ecology hosted 14 public workshops and meetings to inform interested parties and gather feedback for the development of various topics in the rule. During this time, Ecology also held 12 public comment periods to solicit specific feedback on electric utility allocation topics, general comments on the rule, and electricity imports. In addition, Ecology held sector-specific or concept-specific workshops with associated comment periods including seven comment periods on allocation and imports, and one on the effect of House Bill 1975 on allowance budgets. Ecology shared detailed comprehensive draft language in July 2024, April 2025, and July 2025. Additionally, Ecology also shared draft rule language for electricity imports in May 2026, as well as preliminary guidance on the potential impact of HB 1975 on allowance budgets to help interested parties anticipate likely rule language and inform their comments. These extensive public comment periods and informal outreach efforts led to a formal rule proposal that was informed by the input of many interested parties, including the commenters.

Ecology will continue to provide implementation guidance and engage with regulated entities and other interested parties, as appropriate, during implementation of the rule.

Environmental Review

Comment Number:

I-4 (Charles Pace)

Comment Summary:

The commenter suggests that Ecology improperly segmented its SEPA review by failing to evaluate the full, reasonably foreseeable impacts and requests that Ecology invalidate its threshold determination and conduct a comprehensive environmental analysis that openly addresses controversial outcomes.

Ecology Response:

Thank you for your comment. Ecology disagrees that the environmental review for this rulemaking improperly segments or limits consideration of reasonably foreseeable environmental impacts. Ecology conducted environmental review of the proposed rule amendments consistent with SEPA and its implementing regulations, including consideration of the scope of the proposal and reasonably foreseeable impacts associated with the rule changes. Previously, Ecology separately analyzed the environmental impacts of linkage and concluded that the associated impacts would be nonsignificant. Ecology also analyzed the impacts of this rule in an unlinked scenario and concluded that there would be [no significant environmental impacts](#) compared to the regulatory baseline.

Request for extended comment period

Comment Number:

I-3 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy)

Comment Summary:

This comment contains a joint request for public comment deadline extension from Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy. Commenters requested a one-month extension of the July 17, 2026, public comment deadline. They also requested a public meeting in mid-July in addition to the two public hearings hosted by Ecology to explain the intent behind complex proposed amendments and answer questions from stakeholders on these topics.

Ecology Response:

Thank you for your comment requesting an extension of the public comment period and additional informational meetings. As noted earlier, Ecology held numerous informal workshops and published draft regulation language on three separate occasions. With respect to electricity and allocation topics of high interest to these commenters, Ecology held seven workshops on allocation and imported electricity topics. Related to imported electricity reporting rules, Ecology also requested feedback on draft concepts in February 2026 and released draft regulation language for review and comment in April 2026. Feedback from commenters was directly considered and informed the proposed rule language.

In response to this comment, Ecology met with interested utilities to answer clarifying questions regarding the proposed rule amendments. While Ecology did not hold additional public meetings as requested, staff provided an informational session during the public hearing process to explain the proposed rule changes and answer questions. Ecology also extended the public comment period by five days to provide additional time for review and comment. Due to the statutory deadline to adopt the rule by Oct. 1, 2026, Ecology was operating under a compressed timeline and therefore could not provide the full extension requested. Ecology will continue to engage with interested parties following the conclusion of rulemaking. An additional rulemaking is required to conclude by the end of 2028, which will provide future opportunities to identify feasible improvements to the program.

Preliminary Regulatory Analyses

Insufficient PRA coverage of impacts from adding railroads, WTE and imported electricity to program

Comment Number:

I-4 (Charles Pace)

Comment Summary:

The commenter expresses concern that the rulemaking adds coverage of railroads, waste-to-energy, and imported electricity and asserts that this is beyond statutory authority. The commenter asserts that the Preliminary Regulatory Analyses (PRA) addresses only compliance costs and should include additional socioeconomic impacts of this change. They also assert that Ecology should consider the socioeconomic impacts of linkage itself.

Ecology Response:

Thank you for your comment. The Cap-and-Invest Program's coverage is specified in the CCA statute, which includes the addition of imported electricity, railroads, and waste-to-energy sectors (RCW 70A.65.080). The addition of these sectors in the amended rule was part of the regulatory baseline for our analysis in the (PRA). See response "New Sectors I-4 response" for further discussion of the legislative requirement to regulate these sectors under the Cap-and-Invest Program. Similarly, Ecology is statutorily directed to seek linkage. Where the amended rule language related to these sectors is based on Ecology's discretion, Ecology addressed the likely impacts of these incremental differences from the regulatory baseline qualitatively or quantitatively if it was possible to make quantitative assumptions. The aggregated results reported in the PRA and Final Regulatory Analyses (FRA) are based on modeling that includes the industrial, transportation, natural gas, and electricity sectors. As the imported electricity, railroads, and waste-to-energy sectors added to program coverage over time under the CCA statute are captured in four sector categories listed above, likely impacts are reflected in our results, including dynamic modeling accounting for price adjustments and trade relationships using the REMI model in Chapter 7. This model also includes estimated employment impacts and output value impacts, an underlying component of which are producer and consumer prices. As discussed in section 3.2.1.2 of the PRA, we were unable to present more granular

results without risk to allowance market efficiency. Ecology has, however, added clarifying discussion of the relationship between consumer prices and these model results in the FRA.

Separate from this rulemaking process, Ecology is required to produce periodic economic modeling of the Cap-and-Invest Program in 2026, 2027, and every two years thereafter (RCW 70A.65.340). Ecology plans to publish the first periodic economic modeling report in December 2026 (RCW 70A.65.340). In addition, Ecology must submit a report to the Legislature after each compliance period that includes a comprehensive review of the implementation of the program(RCW 70A.65.060(5)). Ecology must also complete evaluations of the performance of the program, including its performance in reducing greenhouse gases, by December 31, 2027, and December 31st of the year following the conclusion of the third, fifth, and sixth compliance period(RCW 70A.65.070(3)).

Our analysis also reflects socioeconomic impacts of changes in greenhouse gas emissions using estimates of the social cost of carbon (SCC). These values reflect socioeconomic impacts of incremental changes in emissions, although as noted in the PRA, they are not all-encompassing, so our analysis also includes results based on higher scaled SCC values to the extent current literature supports specific scaling values. Appendix B also includes discussion of impacts with limited quantification or that are not quantified using current models.

Inconsistencies with PRA and future vintage true up allowances

Comment Number:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter highlights a potential error in citation in the Preliminary Regulatory Analyses (PRA), and requests confirmation that elimination of language in rule regarding use of future-vintage true-up allowances for current compliance is simply relocation of the language to the surrender section. The PRA points the reader to section 2.3.26 but appears to intend to reference 2.3.22 where this is addressed, though it does not speak to this point. The commenter requests clarity around these references.

Ecology Response:

Thank you for your comment. Ecology confirms that the intent of these changes is solely to relocate the language regarding true-up allocation from WAC 173-446-260(5)(a) to WAC 173-446-600(5).

Ecology appreciates the identification of the discrepancy in the PRA published in June 2026 with the cross reference to section 2.3.26, which does not appear in the document. Ecology has reconciled the discrepancy in the FRA.

Linkage

General Support

Comment Numbers:

I-2 (Chehalis River Stewardship Project); B-4 (PacifiCorp); O-5 (WPTF); B-10 (HF Sinclair); O-3 (International Emissions Trading Association); O-8 (Natural Resources Defense Council); O-9 (Tacoma Power); O-10 (Alliance of Western Energy Consumers); O-13 (Public Generating Pool); O-15 (Environmental Defense Fund); O-16 (Seattle City Light); B-2 (Kaiser Aluminum); B-3 (WestRock); O-7 (Clean and Prosperous)

Comment Summary:

Some comments express support for linkage of Washington's Cap-and-Invest Program with California and Québec. Some commenters encourage Ecology to finalize the rule amendments in order to be able to operate a linked market as soon as possible.

One commenter expresses support for Ecology's linkage related rule amendments and steps taken to date to facilitate linkage. The commenter urges the agency to adhere to the established timeline, maintain regular communication with California and Québec regulators, and ensure timely rule adoption and linkage effective in 2027.

Ecology Response:

Thank you for your comments. The CCA directs Ecology to link with other jurisdictions if specific criteria are met and after conducting a public comment process (RCW 70A.65.060 and RCW 70A.65.210). Ecology began pursuing linkage with the joint California-Québec carbon market in 2023. Although this rulemaking facilitates linkage with California and Québec by aligning certain aspects of the Cap-and-Invest Program rules with those jurisdictions, the rule amendments do not directly establish linkage. Therefore, comments on whether or not to link with California and Québec are outside the scope of this rulemaking.

Ecology conducted public engagement on linkage from January 2023 through May 2026. Ecology completed findings on the statutory linkage criteria, an Environmental Justice Assessment on linkage, and a State Environmental Policy Act Analysis. In June 2026, after extensive analysis and public engagement, Ecology determined that linking with California and Québec would achieve the CCA's linkage purposes and criteria. Ecology found that a linked market is likely to result in comparable greenhouse gas reductions but at a lower cost for Washington businesses, while retaining each jurisdiction's environmental justice provisions.

The three jurisdictions signed a linkage agreement in June 2026. Market participants have indicated that they would like Ecology to start operating a linked market with California and Québec as soon as possible, and well in advance of the first full compliance deadline of Nov. 1, 2027. Pending updates to regulations and the completion of other statutory process steps across all three jurisdictions, Ecology expects to begin operating a linked market in 2027.

General Opposition

Comment Number:

I-1 (Bascomb Grecian)

Comment Summary:

The commenter expresses their opposition to linkage of Washington's Cap-and-Invest Program with California and Québec.

Ecology Response:

Thank you for your comment. The CCA directs Ecology to link with other jurisdictions if specific criteria are met and after conducting a public comment process (RCW 70A.65.060 and RCW 70A.65.210). Ecology began pursuing linkage with the joint California-Québec carbon market in 2023. Although this rulemaking facilitates linkage with California and Québec by aligning certain aspects of the Cap-and-Invest Program rules with those jurisdictions, the rule amendments do not directly establish linkage. Therefore, comments on whether or not to link with California and Québec were considered and documented by Ecology according to the requirements established by the legislature, but are outside the scope of this rulemaking.

Ecology conducted public engagement on linkage from January 2023 through May 2026. Ecology completed findings on the statutory linkage criteria, an Environmental Justice Assessment on linkage, and a State Environmental Policy Act Analysis. In June 2026, after extensive analysis and public engagement, Ecology determined that linking with California and Québec would achieve the CCA's linkage purposes and criteria. We found that a linked market is likely to result in comparable greenhouse gas reductions but at a lower cost for Washington businesses, while retaining each jurisdiction's environmental justice provisions.

The three jurisdictions signed a linkage agreement in June 2026. Pending updates to regulations and the completion of other statutory process steps across all three jurisdictions, we expect to begin operating a linked market in 2027.

Mechanism for linkage

Comment Numbers:

I-4 (Charles Pace); O-12 (Western States Petroleum Association)

Comment Summary:

Some commenters ask questions or express concerns regarding constitutional and legal considerations of Washington's participation in a linkage agreement.

Ecology Response:

Thank you for your comments. This rulemaking facilitates linkage with California and Québec by aligning certain aspects of the Cap-and-Invest Program rules with those jurisdictions, however, the rule amendments do not directly establish linkage. Ecology has already entered into a separate linkage agreement that was subject to a separate public comment process and the

decision to link was made in that process. Therefore, comments on whether or not to link with California and Québec are outside the scope of this rulemaking.

A linkage agreement is a non-binding agreement that sets expectations for information sharing, cooperation, and accounting. It does not create new regulations or change existing regulations. Regulatory changes can only be achieved through each jurisdiction's rulemaking process and changes to laws (statutes) made by legislators.

Comment Numbers:

B-10 (HF Sinclair); O-12 (Western States Petroleum Association)

Comment Summary:

Some commenters express concern over the timing of a linkage effective date and the full compliance period obligation for Washington, California, and Québec entities in November 2027. The concern is focused on ensuring mechanisms are in place to allow for linkage to occur efficiently and with no disruption to jurisdiction or entity operations. This includes full completion of any administrative requirements, required disclosure updates, or other CITSS account prerequisites sufficiently in advance of the 90-day notice of linkage. One commenter also requests that Ecology ensure that Washington covered entities are able to acquire linked jurisdiction allowances no later than the issuance of the 90-day notice, rather than waiting until the linkage effective date.

Ecology Response:

Thank you for your comments. Ecology agrees with the commenters that providing entities sufficient time to update necessary disclosures or other administrative requirements in advance of linkage is important. WAC 173-446-090(2)(a) specifies that an initial public notice would occur no later than 90 days in advance of the linkage effective date but may occur earlier. This timeframe provides Ecology and other jurisdictions flexibility to consider market implications, upcoming compliance events and auctions, receiving revised disclosures, and any other updates required to facilitate linkage. In addition, Ecology has closely collaborated with California and Québec since the inception of Washington's program on market administration. Ecology is working alongside California and Québec to make sure these processes are aligned in advance of the linkage effective date. New or changing system functionalities, internal and cross-jurisdictional program processes, and necessary guidance will be available prior to the linkage effective date.

Regarding the request to allow Washington covered entities to acquire linked jurisdiction allowances prior to the linkage effective date, Ecology understands that access to allowances from the linked jurisdictions is an important component of covered entity compliance strategies for the November 1, 2027 full compliance deadline. An entity can only buy and sell allowances across the linked jurisdictions once all three jurisdictions have completed their linkage process steps. For California and Québec, this includes rulemaking to recognize and accept Washington compliance instruments. The linkage effective date is the date upon which all three jurisdictions are prepared to start operating a linked market. Ecology cannot unilaterally decide when to allow trading of allowances across jurisdictions. Therefore, Ecology is not revising the rule

amendments to allow trading of allowance across jurisdictions prior to the linkage effective date.

Comment Number:

B-2 (Kaiser Aluminum)

Comment Summary:

The commenter requests that Ecology consider long-term, feasible compliance pathways for EITEs that support continued investment and growth in Washington and ensure that linkage does not negatively affect those pathways.

Ecology Response:

Thank you for your comment. Ecology provides no-cost allowance allocations to EITEs to help mitigate compliance costs and reduce the risk of emissions leakage as required by the Climate Commitment Act. The Climate Commitment Act requires Ecology to provide EITEs with no-cost allowances to cover most of their compliance costs until at least 2034, and those facilities must continue to receive allowances as provided in the years 2031 through 2034 until a schedule of allowances is adopted by the legislature.

This rulemaking is focused on changes necessary to facilitate linkage based on the existing requirements in the Climate Commitment Act. Thus, broader consideration of long-term compliance pathways after linkage is outside of the scope of this rulemaking and this rulemaking does not change the schedule of allowances for EITEs.

Economic Modeling

Impact of linkage on price ceiling transition date

Comment Numbers:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter suggests adding language to address how the linked price ceiling would be incorporated should linkage be delayed beyond 2028. The commenter suggests revising the transition language so that the linked price ceiling methodology becomes effective upon linkage regardless of the calendar year in which linkage occurs.

Ecology Response:

Thank you for your comment. As drafted in the proposed rule, Ecology would use the linked market price ceiling starting on the linkage effective date. Subject to updates to regulations and the completion of other statutory process steps across all three jurisdictions, Ecology expects to begin operating a linked market in 2027. WAC 173-446-335(8) provides the process for establishing the price ceiling unit price for 2028 in either scenario, whether Washington has linked to other jurisdictions or not. WAC 173-446-335(9) notes that for 2029, the price ceiling

unit price will be based on and increased from the price ceiling price from 2028, regardless of whether that is the linked or unlinked price.

If an unexpected delay occurs and the linkage effective date extends beyond 2028, Ecology has the ability to complete additional rulemaking prior to 2029 that will allow for additional adjustments to the price ceiling if necessary.

Modeling of linkage impacts

Comment Number:

O-7 (Clean and Prosperous)

Comment Summary:

The commenter references the Preliminary Regulatory Analyses' (PRA) examination of the potential for increased emissions as a result of linkage and aims to provide further context and examination of a longer timeframe. Their analysis supports the idea that the modeled short-term delay in emissions targets is small and manageable relative to the longer-term risks to program durability and stability and myopic behavior by covered entities in an unlinked scenario. Their analysis also highlights the benefits of linkage, including increased collective ambition, predictable investment revenue, reduced leakage, lower compliance costs, lower emissions overall (across all linked jurisdictions), and emissions reductions from state-directed investments.

Ecology Response:

Thank you for your comment. Ecology's analytical findings (in our Regulatory Analyses as well as in previous documents forecasting market revenue and evaluating linkage) align with the commenter's points about improved program durability, market stability, and lower compliance costs.

Significant compounding uncertainty over longer timeframes – particularly as those timeframes increasingly intersect with needs for future program adjustments – prevents confident modeling of market outcomes in longer-run scenarios. As this long-run uncertainty prevents Ecology from being able to confidently comment on conclusions based on longer-run modeling, our analysis did find that within our modeled timeframe, the anticipated monetized benefits of cost-savings exceed the anticipated value of modeled emissions impacts. The Final Regulatory Analyses include a brief discussion of additional model findings commenters shared with Ecology during the public comment period.

As the specific detail of state Cap-and-Invest legislative appropriations is determined on a biennial basis and therefore unpredictable, Ecology was not able to reflect the degree to which legislative funding investments would support additional emissions reductions in our quantitative analysis (in contrast to other benefits such as community climate resiliency or infrastructure supporting simultaneous resiliency and emissions reductions). We agree that auction revenues support these benefits. The Final Regulatory Analyses includes additional discussion of this interaction in the context of reduced market revenues, though this does not

impact Ecology's quantitative results. The Final Regulatory Analyses also includes brief discussion of the cross-program context of allowance market impacts in the broader suite of emissions-reduction programs.

Alternative economic modeling for linkage impacts

Comment Number:

B-7 (Greenline Insights)

Comment Summary:

The commenter supports Ecology's efforts to finalize a rule for linkage. They cite their own economic analysis of linkage and welcome the opportunity to answer questions about the analysis. Their modeling results suggest that linkage would deliver lower and more stable compliance costs for Washington while achieving equal or greater GHG reductions across the linked market as compared to continued standalone programs. The model runs through 2045. Business As Usual emissions are extrapolated from the Vivid Modeling. The linked allowance price forecast stays below the APCR through 2045, while the standalone forecast rises to the ceiling, then falls back down in the late 2030's. Under linkage, the model projects higher emissions in WA, but lower combined emissions across the WA and the CA-QC markets.

Ecology Response:

Thank you for submitting your modeling results comparing the linked and unlinked market outcomes. As discussed in section 3.2.1 of the PRA, modeled outcomes are heavily assumption-dependent and input-dependent. Ecology notes that despite model differences (most significantly including timeframe), overall findings are similar to those in the PRA and the FRA, showing significant cost-savings and a modest increase in greenhouse gas emissions in Washington. The Greenline Insights modeling also aligns with the results in Ecology's linkage criteria analysis that project linkage would result in lower total greenhouse gas emissions across the linked jurisdictions.

As discussed in the Preliminary and Final Regulatory Analyses, longer-term modeling results depend heavily on assumptions, future policy changes (including those necessitated by the authorizing statute's requirements for no-cost allowance allocation), and exogenous factors that compound in uncertainty over time. For this reason, Ecology's modeling extended only through 2037. Longer-term modeling results are highly uncertain. However, to the extent that it may aid in facilitating reader and decisionmaker understanding of potential impacts across longer timeframes, Ecology included brief discussion of longer-term impacts received in public comments in the FRA.

Comment Number:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter references a [study by NERA Consultants](#) commissioned by Western States Petroleum Association (WSPA), which indicates that linked programs are predicted to converge

at the ceiling price in the 2030s. They state that this suggests compliance cost reductions associated with linkage may be temporary if underlying emissions caps, allowance budgets, and program design are not aligned with what they describe as feasible emissions reductions and commercially realistic deployment of low-carbon technologies. Given this context, the commenter urges alignment of emission caps with a feasible pace of emission reductions and rate of deployment of infrastructure that low/no carbon technologies require. The commenter encourages Ecology to conduct further modeling to assess a feasible pace of emissions reductions.

Ecology Response:

Thank you for your comment. Ecology appreciates the submittal of the NERA modeling comparing linked and unlinked market outcomes. As discussed in section 3.2.1 of the PRA, modeled outcomes are heavily assumption-dependent and input-dependent. Given that models are inherently variable, the NERA model does not align precisely with Ecology's model. However, we appreciate the different perspective the NERA model provides. The FRA also includes a brief discussion of the results from different models Ecology received in public comments.

With respect to setting caps based on matching a modeled "feasible pace" of emissions reductions, the CCA requires the program's emission caps to be based on the statutory greenhouse gas emissions limits, so this is not an approach that was considered by Ecology in this rulemaking. RCW 70A.65.070. Moreover, such caps would inject significant uncertainty into the program, frustrating long term business planning and rendering modeling of market behavior that much more difficult and unpredictable. To provide certainty to the market, Ecology must set clear caps far into the future.

[Request for additional modeling of linkage impacts](#)

Comment Number:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter urges a comprehensive economic modeling exercise of linkage impacts on: EITEs, fuel suppliers, and small businesses; consumer prices from allowance price trajectories in a larger market; risks of reduced competitiveness and unintended leakage of jobs or revenues.

The commenter also asks Ecology to evaluate whether Cap-and-Invest is achieving legislative objectives independent of linkage.

Ecology Response:

Thank you for your comment. The Administrative Procedure Act and Regulatory Fairness Act (chapters 34.05 RCW and 19.85 RCW, respectively) require Ecology to analyze the costs and benefits, small business impacts, and employment and output impacts of the proposed and adopted rules, as well as alternative rule requirements. These analyses exclude requirements that apply regardless of the rule amendments. The commenter requests that Ecology analyze

whether the Cap-and-Invest Program would achieve its legislative objectives independent of linkage, which is outside of the scope of the PRA and FRA. Ecology notes that our analysis did not identify significant differences between market model results under an aligned but unlinked market under the amended rule, versus the regulatory baseline. Appendix A of the PRA and FRA addresses alternatives to rulemaking, i.e., not amending the rule.

The aggregated results reported in the PRA and FRA are based on modeling that includes the industrial, transportation, natural gas, and electricity sectors. As EITEs and fuel suppliers are captured in these sectors, likely impacts are reflected in our results, including dynamic modeling accounting for price adjustments and trade relationships using the REMI model in Chapter 7. It also compares compliance costs for small businesses versus the largest 10% of businesses and associated available mitigation of disproportionate impacts to small businesses.

Ecology is not specifically required to include discussion of consumer price impacts under the Administrative Procedure Act (chapter 34.05 RCW) or Regulatory Fairness Act (chapter 19.85 RCW). Any impact to consumer prices would be the result of direct costs or cost-savings being passed through the supply chain to retail consumers and would not be in addition to these direct impacts. As the degree to which businesses choose to pass along costs or cost-savings is complex, however, Ecology has added clarifying discussion of the relationship between consumer prices and these results in the FRA. In aggregate, Ecology notes the Final Regulatory Analyses found cost-savings over the timeframe of the analysis.

Separate from this rulemaking process, Ecology is required to produce periodic economic modeling of the Cap-and-Invest Program in 2026, 2027, and every two years thereafter (RCW 70A.65.340). Ecology plans to publish the first periodic economic modeling report later in 2026 (HB 1975 and RCW 70A.65.340). In addition, Ecology must submit a report to the Legislature after each compliance period that includes a comprehensive review of the implementation of the program (RCW 70A.65.060(5)), and complete evaluations of the performance of the program, including its performance in reducing greenhouse gases, by December 31, 2027, and December 31st of the year following the conclusion of the third, fifth, and sixth compliance period(RCW 70A.65.070(3)).

Compliance period lengths

Compliance period lengths under linkage

Comment Numbers:

B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); O-9 (Tacoma Power); O-2 (Avista Corporation); O-16 (Seattle City Light); O-12 (Western States Petroleum Association); O-13 (Public Generating Pool)

Comment Summary:

Ecology received multiple comments on the proposed change from four-year compliance periods to an alternating two- and three-year compliance period schedule upon linkage, based primarily on concerns around:

- unpredictability and variability in hydropower and climactic conditions
 - i. reduced flexibility and time to course-correct from poor hydropower conditions within a single compliance period
 - ii. creating an urgent need for allowances within a two-year cycle
- reliability on hydropower, unique to Washington
- compliance costs passed on to consumers
- increasing energy demand from electric vehicles and data centers
- undercutting renewable resource production forecasts, demand, and supply

One commenter recommends retaining the original compliance period schedule of four years or providing a separate reserve account of allowances, accessible exclusively to utilities, particularly those that primarily depend on highly variable hydro-electric generation sources. The commenter suggests that this would mitigate the impact of unexpected increases in reliance on higher-emissions generation sources.

One commenter notes that the revised compliance period definition will allow Washington to link with California and Québec, and that linkage will provide benefits to covered entities.

Ecology Response:

Thank you for your comments. Ecology is required by statute to amend its rules to synchronize compliance periods with linked jurisdictions. RCW 70A.65.070 (1)(a)(ii) states:

“If the department enters into a linkage agreement, and the linked jurisdictions do not amend their rules to synchronize with Washington’s compliance periods, the department must amend its rules to synchronize Washington’s compliance periods with those of the linked jurisdiction or jurisdictions. The department may not by rule amend the length of the first compliance period to end on a date other than December 31, 2026.”

California and Québec have adopted a schedule that combines two- and three-year compliance periods. Québec initially shared their proposal to revise compliance periods in a [September 2023 public workshop](#) and California initially shared their proposal in an [April 2024 public workshop](#). Ecology notified the public of its intention to align Washington’s compliance periods with California’s and Québec at the start of this rulemaking process and further provided notification that California and Québec were considering changes to compliance periods lengths in early drafts of the rule language shared with the public in July 2024. Aligning compliance periods across jurisdictions is necessary for linkage so that at the end of a compliance period each jurisdiction can account for any net transfer of compliance instruments and implications for meeting its own greenhouse gas emission limits.

This change would only go into effect upon linkage. In a linked market, covered entities will have access to a larger supply of allowances to meet compliance obligations. Ecology’s analysis found that linkage will likely lead to lower and more predictable compliance costs for covered entities.

Additionally, Ecology expects linkage with the substantially larger California-Québec market to mitigate the impact of variable hydropower generation on compliance costs. A Washington-California-Québec linked market will have greater liquidity (in other words, a ready supply of allowances for purchase) and more stable allowance prices than Washington's standalone market. Additionally, holding limits in a linked market are calculated based on the combined Washington-California-Québec allowance budgets, allowing utilities to strategically bank a larger supply of allowances to meet compliance obligations.

The provision of a separate reserve account with banked allowances for hydroelectric-owned entities in years of high variability was not included in this rule adoption for two reasons:

- 1. Allocation rules already provide a similar mechanism to mitigate costs for electric utilities:**
The original and adopted rules enable Ecology to adjust a utility's allocation if the number of no-cost allowances provided based on utility-specific forecasts differs significantly from the actual cost burden experienced. Under WAC 173-446-230(4)(c)(iii) in the adopted rules, Ecology will consider an allocation adjustment at the request of a utility, including if a utility demonstrates experiencing higher than forecast cost burden due to poor hydro conditions.
- 2. The adopted rule has sufficient cost containment mechanisms already in place to ensure utilities can access additional allowances:** Since the program started, provisions under WAC 173-446-080(4) have specified that allowances never expire (allowance banking is allowed). The adopted rule also retains and further expands the Allowance Price Containment Reserve (APCR): a supply of fixed-price allowances that are held solely for Washington covered entity usage. For entities who may have unanticipated increases in compliance obligations, the APCR serves the purpose of the separate account proposed by the commentor. This existing reserve account already ensures that Washington covered and opt-in entities can still meet their compliance obligation if they are unable to acquire sufficient allowances through quarterly auctions and regular trading.

However, Ecology is committed to monitoring the overall functioning of the market and will continue to evaluate the mitigation of cost burden by no-cost allowances provided to electric utilities.

Compliance period length and existing auction schedule of future vintage allowances

Comment Number:

O-12 (Western State Petroleum Association)

Comment Summary:

The commenter requests greater clarity on the interaction between the proposed compliance periods and the existing advance auction schedule of future vintage allowances, including information on how Ecology plans to schedule advance auctions in years when the future vintage allowances can only be used for emissions three years in the future—which in some

cases means they cannot be used in the next two-year compliance period but must be saved for the following compliance period.

Ecology Response:

Thank you for your comment. Ecology will continue to offer future vintage allowances from three years in the future but will now offer them at each quarterly auction (4 times per year). This harmonizes with California and Québec's auctions.

Offering future-vintage allowances three years ahead, even when compliance periods are shortened to two or three years, continues to provide stable forward price signals and expected future costs, supports market stability and liquidity, and helps entities plan for and smooth their abatement costs over time. While shorter compliance periods may introduce some near-term adjustments, maintaining a consistent three-year future-vintage schedule ensures that, over the life of the program, these allowances still deliver their intended effect regardless of compliance period length.

Transparency and public engagement related to linkage rule amendments

Comment Numbers:

O-3 (International Emissions Trading Association); B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); O-13 (Public Generating Pool); O-4 (Western Power Trading Forum); B-2 (Kaiser Aluminum)

Comment Summary:

Some comments emphasize the need for public processes that provide market participants with sufficient notice of program changes and note the importance of that those changes are informed by interested party comments.

One commenter emphasizes the need for Washington to be able to adjust the Cap-and-Invest Program to align with California and Québec, and amend the program on an "as needed basis."

One commenter references Section 12 of the Linkage Agreement and asks for meetings between Washington, California, and Québec to be public.

One commenter requests that Ecology convene a public process if linkage is terminated.

One commenter requests that Ecology continue to engage stakeholders, including emissions-intensive, trade-exposed industries, as it finalizes linkage implementation and considers long-term compliance pathways for Washington covered entities.

Ecology Response:

Thank you for your comments. Many aspects of the Cap-and-Invest Program come directly from statute. For some areas, the statute directs Ecology to establish policies through rulemaking. If additional changes to rules are needed in the future in order to operate a linked market or in

the event that linkage is terminated, Ecology will follow the rulemaking process outlined in the Administrative Procedures Act, which includes public notices and comment periods. Additionally, the adopted rule states that Ecology will provide public notice if linkage is terminated(WAC 173-446-090(5)).

Ecology strives to provide information to market participants in a transparent and proactive manner, through market notices sent by email, information posted to our webpages, public meetings with question and answer and comment opportunities, participation at conferences, and responding to individual emails and meeting requests. Ecology will continue to do so for any operational changes required to implement market linkage. Ecology expects to provide additional information on linkage implementation in the coming months.

Regarding the comment related to coordination with California and Québec on areas of regulatory alignment, Ecology provided information throughout the rulemaking process on which rule amendments were related to linkage. For example, during the rule development phase Ecology shared drafts of the rule amendments that included a summary table at the top explaining the revisions and noting which ones were needed for linkage. When Ecology proposed the rule in June, the Preliminary Regulatory Analyses also explained which changes were necessary to facilitate linkage.

The comment regarding Section 12 of the linkage agreement and how the Consultation Committee should operate is out of scope for this rulemaking.

Linkage-effective provisions

Comment Numbers:

B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); O-4 (Western Power Trading Forum)

Comment Summary:

Some commenters address the provisions in the rule related to terminating linkage and asked Ecology to provide transparency on that process.

One commenter asks whether rule revisions related to linkage revocation were coordinated with California and Québec.

Ecology Response:

Thank you for your comments. Ecology coordinated with California and Québec on provisions in WAC 173-446-090. The provisions in the Washington rule related to linkage revocation are similar to provisions in California's regulations at California Code of Regulations § 95942 ensuring alignment in outcomes across linked jurisdictions in the event of a linkage termination. Please refer to the "Transparency and public engagement related to linkage rule amendments" section for more information.

Auctions and Market

Program Requirements Definitions

Market Sensitive Information

Comment Numbers:

O-2 (Avista Corporation); O-4 (Western Power Trading Forum); B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); O-12 (Western States Petroleum Association); O-17 (TransAlta Energy Marketing)

Comment Summary:

Multiple commenters express concern that the proposed revisions to the definition of “Market sensitive information” increase Ecology’s discretionary authority and introduce a subjective standard, based on public interest, which may undermine the certainty and reliability of existing confidentiality protections relied upon by entities (including trading strategies, compliance planning, procurement decisions, or other nonpublic business information). Concern from commenters is primarily centered around the proposed WAC 173-446-020(b), which states,

“Ecology may choose to release such information if it determines that the public interest in disclosure outweighs the public interest served by maintaining the confidentiality of such information.”

The commenters suggest:

- more clear, predictable, and objective standards for when information will be disclosed
- codifying maximal protection of confidential and market information
- assurance that confidential information is protected and used solely for purposes directly related to administration of the program, under circumstances expressly authorized by law

One commenter expresses support for revisions to make the definition closer to California's definition of information confidentiality.

Commenters also suggest adding a provision that in the extreme circumstance that disclosure of confidential or market-sensitive information is required, Ecology should aggregate or otherwise protect the identity of companies or individuals affected.

Ecology Response:

Thank you for your comments. Ecology strongly agrees with the commenters on the importance of protecting market sensitive information. To add clarity and to address the concerns expressed by commenters, Ecology has revised the proposed definition of “Market sensitive

information” to add use-case scenarios similar to those outlined in California's definition of confidential business information, clarifying the circumstances under which Ecology might choose to disclose market sensitive information. The clarified adopted definition reads, in part, as follows:

(iii) The information relates to processes or production, customer data, or other auction-related information...”

(b) Ecology will treat such information as confidential to the extent possible, except as needed in the course of oversight, investigation, enforcement, and prosecution.”

This revision removes the "public interest standard" that commenters believed was subjective and/or unclear and adopts a definition that more closely aligns with California's interpretation of confidentiality protections. Ecology will continue to apply internal procedures that protect market sensitive information, including aggregating information as possible when required for oversight, investigation, enforcement, and prosecution.

Enforcement and Compliance

Consequences for violation of auction rules

Comment Number:

O-4 (Western Power Trading Forum)

Comment Summary:

The commenter expresses concern that the proposed consequences for violations of auction rules go beyond those of future-linked jurisdictions, including the possible reduction in an entity's holding limit or increase in the annual surrender obligation beyond 30%.

The commenter requests that Ecology eliminate any consequences that have not been adopted by California and Québec.

Ecology Response:

Thank you for your comment. The changes to the potential enforcement options by Ecology in WAC 173-446-320(3) for violations of 173-446 WAC cannot be removed as they are required to facilitate linkage and to maintain market integrity. The changes highlighted by the commentor, as Ecology understands them, including potential reductions to an entity's holding limit or an increase in their annual surrender obligation resulting from a violation of the rule, are consistent with the outcomes of CARB's program (see Section 95921(g) of the California Cap-and-Invest rule). Similar enforcement options are necessary to align with California and Québec and ensure that enforcement is equivalently stringent regardless of within which jurisdiction an entity chooses to register following linkage.

Compliance obligation - bankruptcy provisions

Comment Number:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter requests greater clarity for the proposed revisions in WAC 173-446-250(3), which require retirement of future-vintage allowances in an amount equal to unresolved compliance obligations in the event of covered entity bankruptcy. The commenter requests additional information on the rationale for this provision, the circumstances under which it might be used, the method Ecology plans to use to calculate unresolved compliance obligations for emissions that have occurred but have not been reported, the expected frequency of this provision becoming necessary, how Ecology will avoid double counting, and any potential market or future allowance budget impacts.

Ecology Response:

Thank you for your comment. Ecology added language to align with CARB's program (Section 95895(h) of their rule) regarding how an unsurrendered compliance obligation resulting from a bankruptcy would be handled to ensure similar processes as other jurisdictions to maintain the environmental integrity of the program. These provisions would be utilized if there is a bankrupt entity whose compliance obligation was not already addressed by additional changes in WAC 173-446-610(12) that outlines how an obligation is handled when ownership or operational control changes.

The likelihood of double counting a compliance obligation would be minimized through the changes in WAC 173-446-610(12). If ownership or operational control of a registered entity changes due to bankruptcy, it would place the compliance obligation on the successor entity rather than an adjustment of future vintage allowance budgets. Double counting risks are also mitigated due to the timeframe in which penalty allowances must be submitted in the event of non-compliance and would occur before future vintage allowance budgets are adjusted.

The commentor requested clarification regarding how an unresolved compliance obligation for emissions that have occurred but have not yet been reported would be handled. Ecology agrees with the need for additional clarification and revised WAC 173-446-250(3), removing "and emissions that have been released but not reported yet." This clarifies that the process to determine these emissions is the same as the process for establishing an assigned emissions level per WAC 173-441-086 which is already stated in the changes.

Clarifying correction – account where penalties are deposited

Comment Number:

OT-1 (Matt Shepard Koningsor, Senior Staff Counsel, Senate Environment, Energy, & Technology Committee)

Comment Summary:

The commenter notes proposed changes to WAC 173-446-610 in which penalties are still deposited into the Climate Investment Account. Per [HB 2251](#) Section 12, beginning July 1, 2027, those penalties must be deposited into the CCA Operating Account. The commenter suggests clarifying this change in advance of the July 1, 2027, effective date by addressing it in the adopted rule.

Ecology Response:

Thank you for your comment. Ecology appreciates the commenter noting this effective date and added the following to the adopted rule under section 610(7) to reflect the change to the account in which penalties are deposited under HB 2251 Section 12:

“Beginning July 1, 2027, all penalties under subsections (5) and (6) of this section and this subsection must be deposited into the Climate Commitment Act Operating Account.”

Reserve Accounts

Allowance Price Containment Reserve (APCR)

Price Tiers

Comment Numbers:

O-4 (Western Power Trading Forum), B-9 (Shell Energy)

Comment Summary:

Multiple commenters oppose proposed language that requires both Tier 1 and Tier 2 allowance prices to be offered at individual Washington APCR auctions, citing concern over the potential to cause needless price spikes and unpredictable compliance costs, reduce market efficiency and cost-containment, and create inconsistency with California’s rule for California’s APCR. California’s rule ensures that the lowest-priced reserve allowances are utilized first by stipulating that all California APCR allowances are available at each California APCR sale, and all qualified bids for Tier 2 allowances are filled at the Tier 1 price until Tier 1 allowances are exhausted. Commenters recommend Washington’s APCR rules be aligned with California’s APCR by not offering Tier 2 allowances until all Tier 1 allowances have been sold, and not limiting the number of Washington APCR allowances offered at individual auction.

Ecology Response:

Thank you for your comments. This rulemaking adds the phrase “during an individual allowance price containment reserve auction event,” to clarify that the described order of sales applies to how auctions are cleared at each APCR auction event, and it does not refer to the offering of

the full APCR supply at a specific Tier (Chapter 173-446-370(4)(d)). The updated language specifies that within a single auction event, Tier 1 allowances are sold first, followed by Tier 2. This aligns with Washington’s earlier interpretation and guidance for administering APCR auctions, where Tier 1 allowances are prioritized within each event without requiring that the entire APCR supply be offered exclusively at Tier 1.

In addition, Washington applies the same “roll-down” procedure as California within an auction event, when APCR allowances are offered at multiple tiers, any bids placed at a higher priced tier are automatically rolled down to the lower priced tier if allowances remain available at Tier 1.

Using both tiers creates clearer price signal than offering APCR allowances only at a single tier, either at the lower Tier 1 price or higher Tier 2 price.

However, the available supply of APCR allowances in Washington and California differ to a substantial degree. California and Québec have never held APCR auctions and have accumulated a significant supply of APCR allowances. The process of administering these auctions needs to be jurisdiction-specific, and alignment is not essential for linkage.

APCR Tier prices are shared each December with a predictable level of annual increase, and entities planning for their compliance costs can make reasonable estimates on future tier prices.

While outside the rule language, Ecology’s HB 1975 Implementation Guidance released in June, 2026 and available on Ecology’s website describes that the entire supply of APCR allowances will be offered at the pre-compliance APCR event in September 2027. If the prior auction has not triggered an APCR, then the entire supply will be offered at the Tier 1 price, as the commenters suggest.

Rejection of bids

Comment Number:

O-4 (Western Power Trading Forum)

Comment Summary:

The commenter suggests deleting proposed language that provides for the rejection of the entire bid of a single entity or members of a corporate association when the total bid quantity exceeds the quantity of allowances offered at that tier, noting that Ecology could simply reduce the bid amount to below the auction quantity, and sub-paragraph (h) of this subsection already provides for allocation of APCR allowances on a pro rata basis of bids when total bids exceeds the APCR auction volume.

Ecology Response:

Thank you for your comment. Ecology agrees that this is an unnecessary restriction. Ecology removed the phrase “in their entirety” from subsection (g) to avoid confusion about when bids may be rejected during and APCR auction. This change does not alter the requirement for Ecology to reject any bids, whether submitted by an individual bidder or by members of a direct corporate association, that violate the rules of the APCR auction.

Members of a direct corporate association are still prohibited from submitting bids that, when combined, exceed the amount of allowances available in a specific tier. Removing the phrase “in their entirety” ensures the rule is interpreted correctly and consistently, with the intent that only bids that violate the APCR requirements will be rejected, and bids in compliance with auction rules will not be rejected unnecessarily.

*Support for HB 1975***Comment Number:**

O-7 (Clean and Prosperous)

Comment Summary:

The commenter supports the timely implementation of HB 1975 through the proposed rule language and accompanying market guidance released in June 2026 and anticipates that the additional allowance supply will help to ensure price and revenue stabilization prior to anticipated linkage in 2027.

Ecology Response:

Thank you for your comment. HB 1975 implementation provides short-term stability to the market. First, HB 1975 adds a substantial number of allowances to the existing supply that will be made available through quarterly auctions. Second, it also makes nearly 14M additional APCR allowances eligible for near-term obligations (in 2027) in the event of prices that trigger APCR auctions. Regardless of allowance prices, these 14M additional APCR allowances will also be offered at pre-compliance APCR auctions. Finally, HB 1975 freezes the price ceiling unit price at \$80 for two years or until linkage.

These three changes are intended to provide price and revenue stability through the time of program linkage.

*Emissions Containment Reserve (ECR)**Planning for adjustments to allowance budgets and ECR utilization***Comment Number:**

O-7 (Clean and Prosperous)

Comment Summary:

The commenter references the PRA's examination of the potential for increased emissions as a result of linkage. They provide further context and examination of a longer timeframe to suggest that the modeled short-term delay in emissions targets is small and manageable

relative to the longer-term risks to program stability, ambition, investment revenue, and myopic behavior by covered entities in an unlinked scenario. The commenter also highlights the potential for low allowances prices to shift the burden to higher cost programs and weaken state revenue. They also suggest Ecology ensure it is leveraging the Emissions Containment Reserve (ECR) and other mechanisms to support allowance prices above the floor that drive decarbonization.

Ecology Response:

Thank you for your comment. The auction price floor is a component of the program's design that ensures a minimum cost for emitting greenhouse gases, even during periods when demand for allowances is low or auctions are undersubscribed. This minimum price, which increases annually, provides a predictable baseline incentive for emissions reductions and maintains a consistent economic signal for entities that are required to reduce their emissions. The price floor itself functions as a safeguard that prevents prices from falling below a level that would undermine the long-term decarbonization trajectory established in statute. Ecology agrees that adjusting the escalation rate of the price floor is not a desirable approach to ensuring a strong price signal. Adjusting the price floor is out of scope of this rule, and maintaining a unified price floor and rate of increase is a requirement for market linkage.

Ecology also agrees that the ECR should be leveraged to support an efficient market. The ECR currently removes allowances from the market in four separate ways as described in WAC 173-446-375 (1) and may introduce them back to general circulation if certain conditions are met. *See also* RCW [70A.65.110](#)(6), .135(4), .140(2), (3). Notably, the ECR removes unsold allowances from auction supply in the case of consistently undersubscribed auctions.

Ecology will continue to monitor market performance, coordinate with partner jurisdictions, and use available mechanisms to ensure the program remains effective, stable, and aligned with statutory emission reduction limits.

ECR trigger price

Comment Number:

O-15 (Environmental Defense Fund)

Comment Summary:

The commenter encourages Washington to lead efforts among linked jurisdictions on implementation of the Emissions Containment Reserve trigger price.

Ecology Response:

Thank you for your comment. Washington maintains a supply of allowances in the Emissions Containment Reserve (ECR) and contributed 2% of allowances from each budget year of the first compliance period. Ecology will hold its first auction of allowances from the ECR in September 2026. The effect of the ECR trigger price—which has been suspended since 2022—is described in WAC 173-446-357(3). The ECR trigger price remains suspended in Washington because California and Québec do not have an ECR trigger price, which is a feature that needs

to be aligned across linked jurisdictions. Failure to align would not support seeking linkage with other jurisdictions as directed in statute (chapter 70A.65 RCW). Additionally, based on allowance market modeling (as discussed in the Final Regulatory Analyses) an aligned but unlinked market would not have substantively different price or emissions outcomes than under the regulatory baseline. These higher costs would mean greater compliance burden than under a linked scenario facilitated by program alignment with linked jurisdictions. The Final Regulatory Analyses for this rulemaking contains added discussion of this alternative rule change.

This rulemaking does not un-suspend the ECR trigger price—that would have the effect of removing allowances from the market—but there are four other paths by which the ECR does pull allowances from general circulation to the ECR account, as described in WAC 173-446-375 (1). The price floor with its annual escalation factor of 5% plus inflation also supports a consistently-increasing minimum price of allowances and therefore financial incentive for emissions abatement and decarbonization. Moreover, the allowance price at auctions over the course of the Cap-and-Invest Program so far has not approached the allowance price floor.

Ecology will continue to monitor the performance of the Cap-and-Invest Program to ensure sufficient emissions-reduction incentive exists while minimizing the costs necessary to achieve statutory goals. Through reports and program evaluation requirements embedded in the CCA under RCW 70A.65.060, .070 and .340, Ecology will consistently revisit multiple aspects of program implementation, including the program’s performance in reducing greenhouse gases (RCW 70A.65.070(3)).

Voluntary Renewable Energy (VRE)

Comment Number:

B-1 (3Degrees)

Comment Summary:

The commenter supports proposed changes to replenish the Voluntary Renewable Energy Account (VRE) on an ongoing basis to protect emissions reductions benefits provided by the VRE market and ensure that VRE purchases are counted towards statewide emissions reductions. The commenter also supports the allotment of 0.33% of annual allowances for this purpose and recommends that this amount be periodically reviewed in future rulemakings to ensure that the level is appropriately matched to the size of the voluntary renewable energy market in the state. The commenter highlights the benefits of providing clear language around the level of matching allowances that the voluntary energy market can anticipate in the future.

Ecology Response:

Thank you for your comment. The Emissions Containment Reserve (ECR) and Voluntary Renewable Energy (VRE) accounts will only receive additional allowances from the updated cap-adjusted portion 2023-2026 annual budgets, as the original allotment of allowances to these accounts came from only this first four-year period. The vintaged allowances deposited in the

ECR and VRE will join the allowances already in those accounts. Ecology adjusted the adopted rule for clarity by specifying that these allowances are from vintage years 2023-2026. As proposed, Table 210-1 referenced in WAC 173-446-245 could be interpreted to mean that *all* of the allowances shown in Table 210-1 contribute to the 0.33% allotted to the VRE. However, the policy intent is that the allowances contributing to this percentage will only be drawn from the first compliance period, as shown in Table 210-1.

Allowances

Carry-over of unsold allowances to subsequent auctions

Comment Number:

O-4 (Western Power Trading Forum)

Comment Summary:

In the event of undersubscribed auctions, the proposed rule limits the reintroduction of previously-unsold allowances in a subsequent auction to 25% of the volume that would have otherwise been offered during the subsequent auction. The commenter suggests that Ecology instead harmonize carryover rules with those of California and Québec in the interest of linkage.

Ecology Response:

Thank you for your comment. The proposed language addressing auction carryover rules is aligned with California's language in their Final Regulation Order, Section 95911(f)(3)(D), which states,

"The number of allowances re-designated to a subsequent Current or Advance Auction will not exceed 25 percent of allowances already designated by ARB for that auction. Allowances which remain unsold above that level will be held in the Auction Account for later auction."

The rationale for this policy is to prevent unsold carryover allowances from previous auctions from stacking up such that the quantity at the subsequent auction is too high to sell out or settle above the price floor. This would introduce volatility to allowance supply rather than predictability. In the Washington program, allowances unsold for 24 months are reintroduced through ECR auctions that have a floor (reserve) price aligned with the quarterly auctions.

Clarification on allowances of a former year's vintage

Comment Number:

B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy)

Comment Summary:

The commenters request clarifying revisions in WAC 173-446-600(5)(a)(iii) and (b)(iii) to more clearly describe which allowances of a former year's vintage may be used to satisfy annual and full compliance period obligations. The proposed language was potentially ambiguous as to

whether “current” or “applicable” vintage years referred to the emissions budget year or compliance period being covered by the surrender obligation, or to the calendar year in which the surrender deadline occurs.

Ecology Response:

Thank you for your comment. Ecology appreciates the flag of potential ambiguity and is adopting clarifying changes in subsections (5)(a)(iii), (5)(b)(iii), and (5)(d)(iii), as follows:

“(iii) Allowances of any vintage year former to the calendar year in which the obligation is due.”

[Provision for unlimited banking, prohibition on use of future vintage, requirements for older vintages to be retired before newer](#)

Comment Number:

O-16 (Seattle City Light)

Comment Summary:

The commenter expresses support for the retention of allowance banking outlined in WAC 173-446-080. They also express support for removal of the requirement for older vintages to be retired before newer vintages and the removal of the prohibition on using a future-vintage allowance to meet a current or past obligation.

Ecology Response:

Thank you for your comment. Ecology appreciates the commenter’s support for retaining the banking allowances. However, the proposed rule still retains the provisions on future vintages and compliance order. The prohibition on the use of future vintages to fulfill a current compliance obligation was struck from section WAC 173-446-080 but was re-located to WAC 173-446-600(5) for organizational clarity. The proposed additions to WAC 173-446-600(5) preserve existing rules about the effect of true-up allocation on an entity’s ability to fulfill its compliance obligation using allowances from a future vintage. The requirement for older vintages to be retired before newer vintages was struck from section WAC 173-446-080 but was re-located to WAC-173-446-600(6) for organizational clarity. The proposed additions to WAC 173-446-600(6) preserve existing rules about the order in which Ecology removes eligible compliance instruments from an entity’s compliance account in order to fulfill the entity’s compliance obligation.

[Waste to Energy no-cost allowances](#)

Comment Number:

A-1 (City of Spokane Waste-to-Energy Facility)

Comment Summary:

The commenter requests clarity and assurance that the change in compliance periods under the proposed rule-making will not affect the no-cost allowances provided Waste-to-Energy (WTE) facilities from 2027-2030. They also request clarity on whether there will be any changes to the consignment of no-cost allowances that will affect WTE facilities.

Ecology Response:

Thank you for your comment. No-cost allowances issued to Waste-to-Energy (WTE) facilities under the 2026 HB 2416 legislation will not be impacted by the changed compliance period lengths proposed to take effect upon linkage. The allocation of allowances to WTE facilities outlined in the proposed rule is tied directly to the specific years noted in that section (WAC 173-446-235(2)(a)-(b)) and are tied to the specific years noted in that section, *not* to compliance periods. For emissions years 2027 and 2028, no-cost allowances will be issued to cover 100% of the WTE's allocation baseline. For emissions year 2029, no-cost allowances will be issued to cover 93% of the WTE's allocation baseline. For emissions year 2030, no-cost allowances will be issued to cover 86% of the WTE's allocation baseline.

The proposed consignment percentages requirements for no-cost allowances allocated to WTEs based on the facility's baseline emissions are unchanged from the statutory language in HB 2416. HB 2416 includes language that assures that WTE allocation remains robust to possible future changes to the Cap-and-Invest Program compliance periods triggered by linkage.

Registration Requirements

Auction attestations

Comment Number:

B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy)

Comment Summary:

The commenters suggest that Ecology narrow the proposed attestation requirement in WAC 173-446-315(1)(a)(v) due to its potential to create significant practical challenges for auction participants. This proposed provision requires the Primary Account Representative and Alternate Account Representative to attest, during each auction registration, to the existence and status of any ongoing investigation—or any investigation occurring within the prior ten years—related to a broad range of commodity, securities, environmental, or financial market matters involving not only the participating entity, but also any affiliated entities with direct corporate associations. The commenters state that it may be unreasonable to expect auction account representatives to have complete and current knowledge of every potentially relevant investigation across a large utility organization and its affiliates. The commenters recommend that Ecology clarify the intent of the requirements, establish limits on the scope of information that auction participants are expected to certify, and narrow the scope of the attestation to matters that are material to participation in the Cap-and-Invest Program or otherwise within the knowledge of the entity's authorized representatives after reasonable inquiry.

Ecology Response:

Thank you for your comment. This rulemaking facilitates linkage with California and Québec by aligning aspects of the Cap-and-Invest Program rules with those jurisdictions, including in the area of auction format. The proposed auction attestation requirements regarding on-going and

past investigations are consistent with the auction attestation requirements in CARB's program (Section (95921(d)(4)(D) of CARB's rule). These requirements are necessary to facilitate similar disclosures in the event of joint auctions in a linked market. Ecology added additional attestation requirements regarding disclosures of notice of charges or settlement agreements with an exchange clearinghouse. However, these are limited to conduct related to compliance instruments from Washington's Cap-and-Invest Program or a linked jurisdiction, i.e., material to participation in the Cap-and-Invest Program. Ecology anticipates providing guidance on this provision as part of rule implementation. As with other areas of the rule, Ecology encourages entities to contact us with questions on implementation of rule provisions.

FPMA power

Comment Number:

A-2 (Bonneville Power Administration)

Comment Summary:

The commenter supports registration requirements in WAC 173-446-056(5)(e) for a PMA registering as an opt-in entity. The commenter requests clarity that (5)(e) rather than (5)(g) is the applicable requirement for FPMA registration. The latter—(5)(g)—excludes employees of "local, state, and federal agencies," from providing employee contact information regarding access to market positions, which does not apply to BPA because they are a federal power marketing entity and not a federal regulatory agency.

Ecology Response:

Thank you for your comment. Ecology appreciates Bonneville Power Administration's comments and consultation throughout the development of the Federal Power Marketing Administration registration requirements. BPA is correct that the disclosure requirements outlined in WAC 173-446-054(5)(e) would apply for a FPMA regarding individuals with knowledge of market position. Ecology has revised the language in WAC 173-446-054(5)(e) to provide the requested clarification, adding to (5)(e):

"Similar requirements outlined in WAC 173-446-050(5)(g) do not apply to a federal power marketing administration."

Streamlining registration across jurisdictions

Comment Number:

O-17 (Transalta Energy Marketing)

Comment Summary:

In the interest of more streamlined compliance, the commenter recommends a provision for covered entity registration in a linked jurisdiction to be recognized such that covered entities are not required to register separately in each linked jurisdiction. The commenter references Section 95830(g)(4) of California's regulation, suggesting closer alignment.

Ecology Response:

Thank you for your comment. Ecology understands that streamlined processes for covered entities to register is important. The CARB rule that the commentor cites still requires that a covered entity register in each jurisdiction, but per page 114 of CARB's 2016 rulemaking's Initial Statement of Reasons ("ISOR"), covered entities with compliance obligations in multiple jurisdictions may

"register into each jurisdiction where it has an obligation and...use a streamlined registration process where appropriate by partially relying on the registration it has made with California (under subparagraph (A)), or the linked jurisdiction (subparagraph (B))." This addition clarifies that the entity must still comply with other rules that may vary between jurisdictions."

Since many attestations made throughout the registration process are specific to Washington state, separate registration documents would be required to comply with the provisions of Chapter 173-446 WAC. However, through this rulemaking the registration requirements have been more closely aligned with those in California and Québec, making most of the disclosures and processes similar across jurisdictions, and Ecology will seek to identify further opportunities to streamline the registration process.

Emissions-Intensive Trade-Exposed (EITE) Industries

Allocation adjustments

[Support for amendments, requests for clarity](#)

Comment Number:

O-3 (International Emissions Trading Association)

Comment Summary:

The commenter is broadly supportive of the amendments to WAC 173-446-220, but requests clarification of suspected cross-referencing errors in WAC 173-446-220 (2)(f).

The commenter also requests clarification on whether the three-year restriction on making adjustment requests in WAC 173-446-220(1)(b)(vii) only applies to adjustments to allocation baselines and not to reduction schedule adjustments.

Ecology Response:

Thank you for your comment. Ecology agrees that the proposed rule referred to the incorrect subsection in WAC 173-446-220 (2)(f). It referred to subsection (d)(vi) when it should have referred to subsections (1)(b)(vii) and (1)(b)(v)(D). This has been corrected in the final rule. The three-year restriction is only intended to apply to requests for adjustments to allocation baselines. The language in the final rule has been amended to clarify that this restriction only applies to requests made under the relevant subsection.

Request for increased time between Ecology’s determination and compliance deadline

Comment Numbers:

O-11 (Northwest Pulp & Paper Association); B-3 (WestRock)

Comment Summary:

Both commenters request that Ecology provide facilities with responses to pending allocation baseline adjustment requests with sufficient time before compliance deadlines for the facilities to incorporate any resulting allowance adjustments into their compliance strategies.

Northwest Pulp & Paper Association (NWPPA) requests rule language stating that Ecology will postpone any compliance obligation deadlines for that facility until a determination on the request has been made by Ecology.

Ecology Response:

Thank you for your comment. Ecology cannot delay the full compliance period obligation deadline for individual facilities. All covered entities, including EITEs, are required to plan their compliance strategy based on the compliance deadlines specified in rule. However, in response to this request, Ecology has updated the final rule to provide a deadline for Ecology to make decisions on baseline adjustment requests. This will ensure that an EITE facility knows the outcome of this decision at least 45 days ahead of the full compliance period obligation deadline and can obtain additional allowances if required.

Retroactive application of allocation baseline adjustment

Comment Numbers:

O-11 (Northwest Pulp & Paper Association); B-3 (WestRock)

Comment Summary:

Both commenters request that Ecology confirm that allocation baseline adjustments may be applied retroactively to any year within a compliance period, including the first compliance period, so that EITE allocations can reflect facility operations as accurately as possible.

Ecology Response:

Thank you for your comment. Ecology has updated the final rule to clarify that an adjustment to an allocation baseline can take effect for one or more previous emissions years.

Clarity around “total covered emissions” vs “total carbon emissions”

Comment Number:

O-11 (Northwest Pulp & Paper Association)

Comment Summary:

The commenter requests that Ecology either remove the last sentence of WAC 173-446-220(1)(b)(vi)(A)(II) or change the reference from “total covered emissions” to “total carbon emissions” on the basis that a process unit that has permanently closed could produce and/or

combust biogenic fuels. This fuel switching could result in an increase in total annual covered emissions at the facility.

Ecology Response:

Thank you for your comment. The intention of the EITE allocation policies within the Cap-and-Invest Program is to reward reductions in carbon-intensity while mitigating leakage. This rule language is designed to accommodate situations where carbon intensity increases as a result of production units closing, but it is not intended to accommodate increases in carbon intensity that result from fuel switching. If a facility ceases production from process units that combust biogenic fuels and continues operating the remaining process units without switching fuels and without significantly increasing production, then the total covered emissions at the facility should not increase. However, Ecology recognizes that there might be circumstances where total emissions slightly increase at a facility as a result of shutting down units and shifting operations to the remaining process units, and the final rule has been amended to address this consideration.

[Significant ownership and operational changes](#)

Comment Numbers:

O-11 (Northwest Pulp & Paper Association); B-3 (WestRock)

Comment Summary:

The commenters request that Ecology confirm that significant ownership and operational changes occurring before Jan. 1, 2023 may be considered when evaluating baseline adjustment requests under WAC 173-446-220(1)(b)(vi)(A)(III).

Ecology Response:

Thank you for your comment. Ecology has updated section 220(1)(b)(vii)(A) in the final rule to clarify that Ecology will only consider adjustments for significant changes that occurred after January 1, 2023, except for the changes described in subsection (1)(b)(vii)(A)(III). This clarifies that operational changes that occurred before Jan. 1, 2023 can be considered for adjustment requests that meet the requirements specified in subsection (1)(b)(vii)(A)(III).

[Emissions years eligible for adjustments](#)

Comment Number:

O-11 (Northwest Pulp & Paper Association)

Comment Summary:

The commenter requests that, where applicable, the final rule enable emissions years from as early as 2012 be used when requesting and approving adjustments to allocation baselines.

Ecology Response:

Thank you for your comment. This rule change is intended to address significant changes that occurred at EITE facilities after January 1, 2023 that increased the total covered emissions or covered emissions per unit of product at the facility compared to the years used to establish

the allocation baseline for the facility. Any significant changes that occurred prior to 2015 will already be reflected in the data used to establish allocation baselines approved by Ecology in November 2022. While Ecology may consider data from earlier years to inform its decision on potential adjustments, it can only use data from the emissions years after the changes took effect to establish a new allocation baseline, which must therefore be 2015 or later. The only exception to this is under subsection 220(1)(b)(viii)(A) whereby Ecology may use emissions and production data from an emissions year prior to 2015 as provided by a facility when approving an adjustment to an allocation baseline under subsection (1)(b)(vii)(A).

[Remove or revise requirements for baseline to be significantly lower than other EITE facilities or similar industry benchmarks](#)

Comment Numbers:

O-11 (Northwest Pulp & Paper Association); B-3 (WestRock)

Comment Summary:

Both commenters request that Ecology remove or substantially revise the requirement in WAC 173-446-220(1)(b)(vi)(A)(III) that a facility's allocation baseline must be significantly lower than other EITE facilities in Washington or industrial efficiency benchmarks.

Ecology Response:

Thank you for your comment. The intention of the EITE allocation policies within the Cap-and-Invest Program is to reward reductions in carbon-intensity or mass while mitigating leakage. This rule language will enable Ecology to be satisfied that facilities who request an adjustment are not receiving unequal treatment compared to other facilities in Washington. It will also enable Ecology to consider the different products produced by the facility compared to other facilities in Washington and those with published benchmarks. However, the final rule language has been amended to clarify that Ecology must consider facility-specific circumstances when making these determinations and that the existing allocation baseline must be lower rather than significantly lower.

[Request for more objective guidance/criteria around approval of requests](#)

Comment Number:

O-12 (Washington States Petroleum Association)

Comment Summary:

The commenter suggests that Ecology consider establishing more objective criteria or guidance governing approval of allocation adjustment requests and that clear decision criteria would improve regulatory certainty, promote consistent treatment among similarly situated facilities, and reduce the need for case-by-case interpretation while preserving Ecology's flexibility to address unique circumstances.

Ecology Response:

Thank you for your comment. Through this rule change Ecology has established detailed criteria and a protocol for EITEs to request changes to allocation baselines where none existed previously. Ecology will review the implementation of this rule change and consider whether additional criteria and/or guidance would be helpful or appropriate.

Future allocations

Future EITE allocations under linkage

Comment Number:

O-7 (Clean & Prosperous)

Comment Summary:

The commenter notes that allocation to Emissions-Intensive Trade-Exposed facilities (EITEs) after 2034 remain uncertain, citing the June 2026 CCA revenue forecast, and highlights the ongoing need for interventions to address industrial emissions, leakage, affordability, and provide a strong market signal.

Ecology Response:

Thank you for your comment. The Legislature has not yet provided direction on the approach to allocating no-cost allowances to EITEs after 2035. Ecology is required to provide recommendations to the Legislature on how to allocate no-cost allowances to EITEs for 2035-2050 in December 2026. This includes recommending a method for making annual reductions to EITE allowances that mitigate leakage and align with allowance budgets and emission limits. Without statutory changes, EITEs would continue to receive allowances equal to 94% of their allocation baseline from 2035-2050. Continuing on this course would compromise the integrity of the Cap-and-Invest Program. This is because the amount of no-cost allowances that go to EITEs and utilities combined would likely exceed the annual allowance budget by the late 2030s or early 2040s. Among other challenges, this would leave no allowances available for auction by Ecology and require a shift in approach for no-cost allowance allocation.

In Ecology's Preliminary and Final Regulatory Analyses, our quantitative analysis assumed that EITEs would continue receiving allowances equal to 94% of their allocation baseline after 2035. Due to an estimated insufficient availability in the Analyses within annual budgets in 2036-2037, the number of no-cost allowances to EITEs, natural gas utilities, and electric utilities was adjusted downward proportionate to each sector's share of total allocation when calculated according to the policies that are defined in statute and rule for preceding years. We acknowledge that over time, decarbonization and/or program revisions through statutory or rule changes may ultimately cause the program to deviate from this assumption.

Electricity

Note: Due to the level of detail in submitted comments on electricity related topics, “comment summaries” are not formatted in the same way as the rest of document. Instead, in most cases, the body of the comment is quoted verbatim or excerpts are cited. Footnotes or references included in comments are not copied into this document but can be found in submitted [comments](#).

No-cost allowances to electric utilities

Various support (Elec-1)

Comment Numbers:

O-16 (Seattle City Light); A-2 (Bonneville Power Administration)

Comments:

O-16 (Seattle City Light)

Allocation Adjustment: City Light supports proposed WAC 173-446-230(4)(b) and supports Ecology’s efforts to ensure that utilities are not penalized for accelerating conservation programs, procuring clean resources ahead of schedule, or decarbonizing faster than its Clean Energy Implementation Plan. Proposed subsection (4)(b) provides clarity on what utilities can expect. This design also serves Ecology's own stated objectives for the second compliance period allocation — improving certainty for market actors while preserving and strengthening decarbonization incentives.

A-2 (Bonneville Power Administration)

No-Cost Allowance Allocation to Electric Utilities: Regarding consignment of no-cost allowances, BPA appreciates Ecology's decision to explicitly acknowledge utilities can directly transfer allowances to a PMA, which is statutorily provided for under RCW 70A.65.120(6).

Ecology Response:

Ecology thanks commenters for their supportive feedback.

Allocation to mitigate administrative costs

Administrative allowances for other sectors (Elec-2)

Comment Number:

O-12 (Western States Petroleum Association)

Comment:

Treatment of electric utilities administrative burden: The PRA characterizes proposed amendments to the rule as replacing the existing methodology for allocating allowances to mitigate administrative costs. However, the proposed rule appears to establish a broader

allocation framework that includes forecast-based emissions allocations, fixed administrative cost allocations, new provisions addressing electricity supplied to EITE facilities, and revised consignment requirements. Ecology should clarify whether these provisions are intended solely to replace the prior administrative-cost methodology or whether they represent additional policy mechanisms beyond that replacement. Ecology should explain the policy and statutory basis for providing additional allowances to electric utilities to mitigate administrative costs while providing no analogous allocation to other regulated entities, including natural gas utilities, fuel suppliers, refiners, and industrial facilities that incur comparable monitoring, reporting, verification, and compliance obligations. Ecology should also quantify the administrative costs these allowance quantities are intended to mitigate and explain how the prescribed quantities were derived.

Ecology Response:

Thank you for your comment. The PRA discussed many updates to electric utility allocation rules beyond no-cost allowances to mitigate administrative costs. The PRA qualitatively described a variety of minor adjustments to the existing allocation framework and process, the new consignment requirements, and the new method for providing no-cost allowances to mitigate administrative costs in the proposed rule. The PRA also quantitatively assessed the impact of the new method for mitigating administrative costs.

As discussed in sections 2.3.16 and 3.2.1 of the PRA, the quantitative analysis reflects the collective set of proposed changes to allocation of no-cost allowances to electric utilities and consignment requirements to the extent possible given current information, which reflects the addition of administrative costs under the amended rule. Associated cost impact estimates reflect this suite of combined rule changes interacting. We have included language in the Final Regulatory Analyses to clarify the inclusion of quantitative and qualitative rule amendments.

Additionally, Ecology emphasizes that the forecast-based framework for providing no-cost allowances to electric utilities was already established in rule as of September 2022. Under the original rule, the calculation of no-cost allowances for each utility is based on utility-specific forecasts of retail load and resources supplying retail load. The adopted rule in this rulemaking makes relatively minor clarifications or refinements to process related to the forecast-based framework. Overall, the calculation for the number of no-cost allowances to utilities is the same in the original and adopted rule except for a small amount of additional no-cost allowances that are provided to mitigate administrative costs.

Statute requires Ecology to mitigate administrative costs of an electric utility's participation in the Cap-and-Invest Program through no-cost allocation, as administrative costs are expressly included under the definition of "cost burden." ((RCW 70A.65.010(21), RCW 70A.65.120(1)). Statute also directs allocation to natural gas utilities and EITEs. However, statute specific to natural gas utility and EITE allocation does not direct Ecology to provide no-cost allowances to mitigate administrative costs(RCW 70A.65.110, .130).

The adopted rule specifies a set calculation for providing no-cost allowances to mitigate administrative costs. The adopted rule replaces a method in the original rule that depended

upon a utility submitting verified and detailed financial accounting information. Ecology considered feedback from utilities requesting a less burdensome mechanism for providing no-cost allowances to mitigate administrative costs. In response to this feedback, Ecology developed an automatic method for mitigating administrative costs for electric utilities with no additional administrative or bureaucratic burden on utilities or Ecology. In determining the amount of no-cost allowances, Ecology reviewed information from a survey of utility administrative costs. Ecology considered administrative costs due to an electric utility's participation in the Cap-and-Invest Program, including the costs of establishing and maintaining compliance accounts and managing compliance instruments. The response in **Elec-3** also discusses the new method for mitigating administrative costs.

Ecology notes that the provision for addressing electricity supplied to EITE facilities is not new. Please see **Elec-12**. Finally, the new consignment requirements are discussed in **Elec-4** and **Elec-5**.

Amount of administrative no-cost allowances (Elec-3)

Comment Numbers:

O-9 (Tacoma Power); O-10 (Alliance of Western Energy Consumers); O-6 (Puget Sound Energy); O-2 (Avista Corporation)

Comments:

O-9 (Tacoma Power)

Admin cost allowance allocation post-2030: Tacoma Power supports Ecology's proposed allocation of no-cost allowances to offset a utility's administrative costs under the cap-and-invest Program from 2023-2030, as described in proposed WAC 173-446-230(5)(a) and (b). The proposal reflects the reality that admin costs are higher at the start of the program and should come down some over time. However, starting in 2031, Ecology proposes an annual allocation of 750 allowances for larger utilities like Tacoma Power. While we have found some efficiencies from year to year, it is unlikely that the value of 750 allowances will come close to equaling the costs associated with staff time, software, vendor costs and verification services necessitated by the program.

O-10 (Allowance of Western Energy Consumers)

WAC 173-446-230(5) Distribution of Allowances to Electric Power Entities; No-Cost Allowances Beginning on January 1, 2026, Ecology is proposing to award eligible entities, a sum of no-cost allowances according to their retail sales over the duration of the first compliance period. The maximum number of allowances to be awarded to entities who have greater than 20,000,000 MWh in 2024, is approximately 7,000. This value will decrease with decreasing retail sales. Additionally, the same categories of allowance distributions will be awarded in future compliance periods. Avista previously provided comments on administrative costs to Ecology on August 22, 2025, in which the majority of documented, accrued costs over the first compliance period, were provided in a detailed summary. In total, costs of which could be

accurately accounted for exceeded \$1.4 million over the compliance period. Due to the significant nature of personnel involvement over the interval and the timely response needed to provide such information, not all costs could be accounted for. However, these estimated costs were well in-excess of Ecology's proposed 7,000 allowance reimbursement. For example, if we were to calculate a money-value equivalent to this proposed reimbursement, even using a worse-case fee per credit (say, the established ceiling price of \$80, the sum would equate to roughly \$560,000, a far lower amount than actual accrued expenses over the same period. Since Ecology is proposing administrative cost reimbursement be covered in the form of allowances and not dollars, we are unable to directly compensate customers. Thus, we urge Ecology staff to re-evaluate this strategy by partnering with applicable entities and Washington Utility Commission staff, to identify more effective alternatives.

O-6 (Puget Sound Energy)

II. WAC 173-446-230 – No-cost allowances for administrative costs PSE appreciates Ecology's efforts to simplify the methodology for determining no-cost allowances associated with electric utility administrative costs and for adopting directional improvements to the concepts proposed by Ecology in previous workshops. However, PSE remains concerned that the proposed allocation does not adequately reflect the actual administrative burdens incurred by larger electric utilities on behalf of their customers. As utilities previously communicated to Ecology, administrative costs associated with implementing and complying with the CCA have been substantial and include establishing and maintaining compliance programs, allowance tracking and management, preparation of required documentation and financial instruments, regulatory filings, and extensive engagement in rulemakings and related proceedings. These costs significantly exceed the narrow set of activities reflected in the proposed methodology. The legislature intended no-cost allowances to help mitigate the costs of the program for electric utility customers, but the proposed administrative cost allocation methodology does not appropriately account for the full scope of utility compliance and implementation costs, particularly for larger utilities with more substantial program obligations.

In PSE's comments submitted to Ecology on August 22, 2025, PSE estimated its limited costs associated with Cap-and-Invest Program (WAC 173-446) and GHG Reporting (WAC 173-441) to be about \$1,000,000 from 2022-2026, including about \$270,000 in 2026, covering: (1) Staff hours for establishing and maintaining compliance accounts, tracking compliance, managing compliance instruments, and meeting reporting and verification requirements; (2) verification contract to meet verification requirements of WAC 173-446; and (3) staff hours to perform greenhouse gas emission reporting (WAC 173-441). These limited administrative costs are estimated at around \$1,128,000 for the second compliance period (2027-2030). Using the ceiling price of \$80 per allowance, Ecology's proposed 7,000 no-cost allowances for the first compliance period represent about \$560,000 – which is far below the \$1,000,000 estimated limited administrative costs PSE reported to Ecology. Using the same assumptions for the second compliance period, Ecology's proposed 7,000 no-cost allowances would again represent \$560,000, which is only half of the \$1,128,000 PSE anticipates spending on the limited administrative costs for running the Cap-and-Invest Program. Further, while PSE's annual

estimates are in the range of over \$250,000 per year, the no-cost allowances proposed by Ecology after 2030 of 750 allowances per year could cover only about a third of the administrative burden if assuming a \$100 allowance price. Furthermore, PSE is incurring additional expenses as a result of the implementation and participation in the Cap-and-Invest Program requirements that are not included in the allowed list of administrative costs. Therefore, the proportion of total administrative costs that the proposed allowances in the CR102 would cover is even smaller when considering the full scope of administrative costs. PSE is the largest utility in Washington State, and its customers should get proportionate mitigation of benefits from the no-cost allowances allocated for administrative burdens. Large utilities should be provided with additional no-cost allowances for the benefit of their customers compared to what Ecology is currently proposing.

O-2 (Avista Corporation)

WAC 173-446-230(5) Distribution of Allowances to Electric Power Entities; No-Cost Allowances Beginning on January 1, 2026, Ecology is proposing to award eligible entities, a sum of no-cost allowances according to their retail sales over the duration of the first compliance period. The maximum number of allowances to be awarded to entities who have greater than 20,000,000 MWh in 2024, is approximately 7,000. This value will decrease with decreasing retail sales. Additionally, the same categories of allowance distributions will be awarded in future compliance periods. Avista previously provided comments on administrative costs to Ecology on August 22, 2025, in which the majority of documented, accrued costs over the first compliance period, were provided in a detailed summary. In total, costs of which could be accurately accounted for exceeded \$1.4 million over the compliance period. Due to the significant nature of personnel involvement over the interval and the timely response needed to provide such information, not all costs could be accounted for. However, these estimated costs were well in-excess of Ecology's proposed 7,000 allowance reimbursement. For example, if we were to calculate a money-value equivalent to this proposed reimbursement, even using a worse-case fee per credit (say, the established ceiling price of \$80, the sum would equate to roughly \$560,000, a far lower amount than actual accrued expenses over the same period. Since Ecology is proposing administrative cost reimbursement be covered in the form of allowances and not dollars, we are unable to directly compensate customers. Thus, we urge Ecology staff to re-evaluate this strategy by partnering with applicable entities and Washington Utility Commission staff, to identify more effective alternatives.

Ecology Response:

Thank you for your comment. In the adopted rule, Ecology made some adjustments to increase the number of no-cost allowances to provide additional mitigation of the administrative cost for large utilities. Under statute, Ecology provides no-cost allowances to electric utilities to "mitigate" the cost burden of the Cap-and-Invest Program(RCW 70A.65.120(1)). Cost burden is defined under statute as the impact on rates or charges to electricity customers due to compliance costs of the Cap-and-Invest Program. Under statute, cost burden is inclusive of administrative costs from an electric utility's participation in the Cap-and-Invest Program(RCW

70A.65.010(21)). As discussed in Ecology’s 2022 CES, Ecology is not required to equal or eliminate any cost burden for electric utilities, rather to mitigate applicable cost burdens.

Ecology also notes that some costs submitted by some utilities were not associated with an electric utility’s participation in the Cap-and-Invest Program. These costs included but are not necessarily limited to GHG reporting costs associated with acting as a natural gas supplier or a facility operator. These reporting requirements predate the CCA and would continue under WAC 173-441 even without the CCA.

Finally, Ecology notes the original rule enabled utilities to receive additional no-cost allowances based on utility-specific verified financial statement demonstrating administrative costs were directly related to the Cap-and-Invest Program. No utility chose to submit this documentation. In developing the proposed and adopted rule, Ecology considered feedback from utilities requesting a standardized calculated method determining no-cost allowances to mitigate administrative costs. As such, the adopted rule specifies a set calculation for providing no-cost allowances to mitigate administrative costs.

Consignment requirements

Opposition to consignment requirements (Elec-4)

Comment Numbers:

O-10 (Alliance of Western Energy Consumers); O-6 (Puget Sound Energy); O-13 (Public Generating Pool)

Comments:

O-10 (Alliance of Western Energy Consumers)

Consistent with its prior comments, AWEC opposes forced consignment of no-cost allowances for electric utilities and recommends that these provisions be removed from the final rule. Forced consignment introduces compliance-cost risk without adequate justification. End use consumers are already paying for utilities’ compliance with the Clean Energy Transformation Act (“CETA”), which is driving significant rate increases for some utilities. CETA was enacted to decarbonize the electric sector, and no-cost allowances are allocated to utilities to mitigate Cap-and-Invest compliance costs. Additional Cap-and-Invest price signals are therefore unnecessary to drive electric-sector decarbonization, and retaining no-cost allowances for compliance is consistent with legislative intent. Further, end-use electric consumers should not bear the cost burden of supporting market liquidity. Given Washington’s linkage with California and Québec, the need for additional market liquidity may, in fact, be unsubstantiated. As such, requiring utilities to consign no-cost allowances may increase compliance costs and expose end use consumers to avoidable costs without meaningful offsetting benefits or a strong policy basis. Electric utilities are responsible for managing Cap-and-Invest compliance obligations on behalf of customers and should retain the flexibility to do so in the most cost-effective manner, which requires electric utilities to determine whether consignment of any amount of no-cost allowances is necessary. If Ecology determines that forced consignment at some level is appropriate, electric utilities should at minimum be expressly permitted to retain no-cost

allowances sufficient to cover their compliance obligations. Forcing utilities to consign allowances needed for compliance increases the risk that compliance costs will exceed what is necessary due to forced auction participation. Although WAC 173-446-230(6) appears intended to preserve sufficient allowances for compliance, the formulae raise concerns because they are complex and rely on information that may not be reasonably knowable or predictable through 2045. This uncertainty could increase costs for end-use consumers. It is particularly concerning that the proposed rule includes language not previously presented in draft and not yet meaningfully reviewed by interested parties. If forced consignment provisions are retained, AWEA recommends that Ecology state expressly in rule that, notwithstanding those provisions, a utility is not required to consign any no-cost allowances reasonably determined necessary for compliance. The formulae used to determine allowances subject to forced consignment should be clear, simplified, and predictable so rate-setting bodies can ensure that compliance costs are minimized.

O-6 (Puget Sound Energy)

Electric utilities should be allowed to retain no-cost allowances needed for compliance

PSE strongly urges Ecology to provide clear language in the rules that ensures the ability of each utility to use electric no-cost allowances for all direct compliance obligations across a compliance period. Requiring consignment of no-cost allowances runs a substantial risk of unnecessarily increasing CCA compliance costs to electric customers already bearing the cost burden of meeting the CETA requirements. Preserving the flexibility to surrender allowances directly for compliance, up to full compliance obligation or for future compliance, if needed, is critical to mitigating compliance costs for electric customers, supporting effective compliance planning, and advancing the statutory objective of providing no-cost allowances for the benefit of customers.

In its Regulatory Analysis, Ecology evaluated an alternative under which electric utility no-cost allowances would not be subject to mandatory consignment. Ecology ultimately rejected that alternative, concluding that a consignment requirement is necessary to promote market liquidity, support a stable and functioning carbon market, and strengthen decarbonization incentives. Yet Washington has now signed a linkage agreement with California and Québec, and the linked market itself is expected to provide substantially greater liquidity, a larger pool of market participants, greater trading volumes, and improved price discovery. Given these developments, it is not clear that requiring electric utilities to consign a specified portion of their no-cost allowances remains necessary to achieve Ecology's liquidity objectives. Ecology should evaluate whether the market benefits that may have been associated with mandatory consignment in a standalone Washington market will already be achieved through linkage, making additional consignment requirements unnecessary.

Moreover, the pace and trajectory of electric sector decarbonization are already driven by CETA. Utilities are required to transition to increasingly clean and non-emitting resources under CETA irrespective of carbon allowance prices. To the extent the electric system has not yet fully decarbonized, requiring utilities to consign additional no-cost allowances does not accelerate

the availability of clean resources, transmission, storage, or other infrastructure needed to comply with CETA. Instead, it primarily increases compliance costs if no-cost allowances are no longer used for mitigating compliance directly. In this context, the asserted decarbonization benefits of mandatory consignment appear limited, while the customer cost impacts are real and significant.

Accordingly, PSE recommends that Ecology explicitly state in rule that an electric utility is not required to consign any no-cost allowances that are reasonably needed to satisfy the utility's current compliance period obligation. At a minimum, the rule should clarify that utilities may retain and directly retire sufficient no-cost allowances to meet their compliance obligations before any mandatory consignment requirement applies. This clarification would align with the legislature's intent that no-cost allowances mitigate compliance costs borne by utility customers.

O-13 (Public Generating Pool)

Ecology's CR-102 proposed rules include amendments to WAC 173-446-230, relating to no-cost allowance allocation for electric utilities. The proposed rules would require electric utilities to consign a certain number of no-cost allowances beginning with emissions year 2027, unless the utility qualifies under one of three exemption thresholds. PGP continues to believe that RCW 70A.65.120(2)(d) and (3)(b) give Ecology the discretion not to adopt minimum consignment requirements for electric utilities for the second compliance period and beyond, and that Ecology should defer adopting minimum consignment requirements until more discussion and analysis can determine whether required consignment will actually drive Ecology's desired economic and policy outcomes. Any economic or policy benefits associated with consignment could be outweighed by greater direct compliance costs if a covered utility is required to "buy back" allowances at a higher settlement price than it receives for its consigned allowances. For consumer-owned utilities, any compliance costs that are not mitigated by no-cost allowance allocation will ultimately be borne by utility customers through rates.

Ecology Response:

Thank you for your comment. Ecology emphasizes that both the proposed and adopted rules were designed to be consistent with statute and enable a utility to use no-cost allowances for compliance. Informed by feedback, Ecology has updated Equation 230-2 in the adopted rules. The revised Equation 230-2 makes clear that utilities will be able to retain vintage t no-cost allowances more than sufficient to satisfy the utility's compliance obligation as a first jurisdictional deliverer in vintage year t , consistent with RCW 70A.65.120(2)(d).

The adopted rules also provide utilities substantial flexibility in managing direct compliance costs. Each year a utility will be able to retain no-cost allowances approximately two times their covered emissions or 100,000 allowances, whichever is greater. Specifically, for each distribution of no-cost allowances of vintage year t , only no-cost allowances exceeding the maximum of

- 100,000 allowances (Eq. 230-5)
- two times the utility's covered emissions as a FJD for emissions year t (Eq. 230-2)
- two times the utility's recent historic covered emissions as a FJD (Eq. 230-4)
- two times the utility's forecast emissions associated with power supplied by a FPMA (Eq. 230-3)

will be subject to the consignment requirement under WAC 173-446-230(6)(b). Additionally, for any no-cost allowances that are subject to the consignment requirement, a utility will have approximately three years between the distribution of the no-cost allowances and the consignment deadline (See **Elec-6** and **Elec-7**).

Utilities retain proceeds from consigned allowances and are compelled to use those proceeds for the benefit of ratepayers under RCW 70A.65.120(4). By preserving no-cost allocation to utilities but requiring consignment in limited circumstances, the adopted rules ensure utilities are provided allowance value mitigating cost burden for Washington communities, strengthen market liquidity, and preserve decarbonization incentives. Ecology understands that linkage is expected to improve liquidity. However, Ecology believes it is important that Cap-and-Invest Program rules support market fundamentals in both linked and unlinked scenarios. For illustrative purposes, Ecology estimates that applying the adopted consignment requirements to vintage 2023-2026 no-cost allowances would have resulted in the consignment of approximately 3 million allowances of each vintage year. For comparison, Ecology has estimated that the state will offer approximately 13 million current-vintage state-owned allowances in 2027 decreasing to 4.5 million in 2030. An additional 4-5 million no-cost allowances annually provided to NG utilities will be subject to consignment.

Simplify or clarify requirements (Elec-5)

Comment Numbers:

O-6 (Puget Sound Energy); O-4 (Western Power Trading Forum); O-2 (Avista Corporation); O-12 (Western States Petroleum Association); O-13 (Public Generating Pool)

Comments:

O-6 (Puget Sound Energy)

Ecology's proposed formulae for determining exemptions from consignment and required consignment amounts are overly complicated and warrant additional review with interested parties. Given the significant customer affordability implications associated with no-cost allowance allocations and consignment requirements, methodologies should be as straightforward, transparent, and predictable as possible.

The methodology proposed in the draft rules is complex, difficult to evaluate, and the practical assessment of the complex formulas relies on future no-cost allowance and compliance information that is not known and difficult to accurately predict through 2045, creating

uncertainty that undermines long-term compliance planning and customer cost management. The consignment exemption and required consignment formulae in Equations 230-2, 230-3, and 230-4 in the CR-102 represent a significant new approach that was not previously presented in draft rule language and therefore has not benefited from meaningful interested party review and discussion. Based on the information currently available, PSE has attempted to assess how the formulae would operate in practice but has limited confidence that its interpretation is consistent with Ecology's intent. The rule language and supporting materials do not provide sufficient explanation, examples, or implementation guidance for utilities to understand how the formulae would be applied under different scenarios and circumstances. This lack of clarity increases the risk of inconsistent interpretation and implementation.

Prior to adopting final rules, Ecology should simplify the calculations wherever possible, provide additional examples and implementation guidance, and prioritize transparency, predictability, and ease of administration. PSE continues to believe that no-cost allowance allocation and consignment rules should be designed to support the development of long-term compliance planning, minimize customer costs, and provide regulated utilities with requirements that are clear, understandable, and flexible for utility specific circumstances and customer needs.

O-4 (Western Power Trading Forum)

Electricity utility allocation As WPTF has previously stated, we fully supports the public policy principle of providing allowance value electric utilities to mitigate the cost impact of the CCA on electricity ratepayers, but believes that allocation should done in a way that maintains the competitiveness of wholesale electricity markets. WPTF appreciates that staff have proposed partial consignment of allocated to auctions by electric utilities. However, we are concerned that, in addition to the being extremely complicated and confusing, the consignment provisions would seem to require public utilities who have low to no direct compliance obligation to consign allocated allowances to auction, even though those utilities already have a strong incentive to do so because they cannot sell those allowances in the secondary market, while simultaneously exempting utilities that operate emitting resources in Washington. WPTF recommends that Ecology simplify the consignment provisions and simply require all utilities to consign a portion of their allocated allowances to auction².

O-2 (Avista Corporation)

Regarding the proposed requirement for electric utilities to consign a portion of their no-cost allowances, Avista understands that it will be exempt from any such consignment requirement. However, this was difficult to discern within the exemption provisions and required discussion with Ecology to reach clarity on this issue. The Company suggests Ecology revisit this language such that it is clear who is exempt from the consignment requirements. If the objective of this newly added section is to limit the accumulation of excess allowances by covered entities, a more effective and transparent approach would be to evaluate forecasted emissions against actual, verified emissions after allocations have been issued and compliance obligations have been determined. Under such an approach, if an entity is found to have received allowances in

excess of its demonstrated compliance need, future allocations could be adjusted accordingly to correct the over-allocation. This would provide a more objective and administratively straightforward mechanism for addressing excess allowance holdings, while avoiding the uncertainty and potential inconsistencies associated with interpreting vague exemption criteria. Ultimately, this approach would more effectively address allocation overages without creating unnecessary compliance ambiguity.

O-12 (Western States Petroleum Association)

Management of Electric Utility Consignment: The PRA explains that the proposed consignment methodology was designed to be minimally burdensome while promoting market liquidity and decarbonization incentives, and that it reflects stakeholder feedback. However, it does not explain the analytical basis for the specific design choices, including the use of the two-times compliance thresholds, the 65 percent consignment calculation, or the expected proportion of allowances that will avoid consignment. Additional explanation of how these parameters were selected, and their expected effect on market liquidity and utility flexibility, would improve transparency and help stakeholders evaluate whether the proposal appropriately balances these objectives.

O-13 (Public Generating Pool)

PGP also respectfully observes that the clarity of proposed WAC 173-446-230(6)(a) could be improved with the following technical edits:

(a) An electric utility is not required to consign no cost allowances provided for emissions year t , if the number of no cost allowances calculated in Eq. 230-1 is ~~((either))~~:

(i) Less than two times the forecast load for emissions year t served by power marketed by a federal power marketing administration multiplied by the applicable emission factor; or

(ii) Less than two times the electric utility's total compliance obligation as a first jurisdictional deliverer in any emissions year t minus one to t minus three ~~((-))~~; or

(iii) Less than two times the electric utility's total compliance obligation as a first jurisdictional deliverer in emissions year t .

Ecology Response:

Thank you for your comment. At a high level, commenters requested Ecology simplify or remove consignment requirements for no-cost allowances provided to electric utilities. One commenter also requested that Ecology provide additional reasoning for the design of the consignment requirements. Ecology made the following updates to WAC 173-446-230(6) to minimize administrative burden, improve consistency across allocated utilities, and enhance clarity.

- Administrative allowances: Clarified that WAC 173-446-230(6) does not determine consignment requirements for no-cost allowances provided to mitigate administrative costs. Consignment requirements for no-cost allowances provided to mitigate administrative costs are specified in WAC 173-446-230(5).
- Applicability: Clarified that consignment requirements are evaluated based on the number of allowances of vintage t that are provided, rather than the emissions year t for which they are provided. This clarifies that consignment requirements are evaluated after any adjustments in subsection WAC 173-446-230(4) are applied.
- Consignment deadline: Extended deadline for consignment. See **Elec-6**.
- Minimum consignment: Created a lower threshold (100,000 allowances) of no-cost allowances for consignment. See **Elec-7**.
- Revised Equation 230-2: Revised Equation 230-2 to remove the 65% consignment requirement. Equation 230-2 is now dependent on a utility's compliance obligation. The revised Equation 230-2 makes clear that utilities will be able to retain more than sufficient vintage t no-cost allowances sufficient to satisfy the utility's compliance obligation as first jurisdictional deliverer in vintage year t .
- Clarifying edit: Made a minor clarifying edit to WAC 173-446-230(6)(a) as suggested by PGP.

However, Ecology could not greatly simplify or remove requirements due to complex goals. The proposed and adopted rules were written to

- be consistent with statute relevant to consignment in the near and long-term (RCW 70A.65.120(2)(d) and 3(d)),
- improve market liquidity, and
- provide certainty for utilities as soon as feasible on consignment requirements

WPTF suggested that Ecology adopt a requirement that all utilities consign a single specified number or percentage of their no-cost allowances. Ecology did not adopt this simplifying suggestion, which may not be consistent with statute requiring no-cost allowances be able to be used for compliance.

AWEC and Avista suggested that Ecology not pursue consignment requirements. Instead, they suggest Ecology reduce a utility's future allowance allocation based on the difference between the number of vintage t no-cost allowances previously provided and that utility's compliance obligation as a FJD in emissions year t . Ecology did not adopt this suggestion as:

- The suggestion is not consistent with the allocation framework in rule or statutory direction to mitigate cost burden. Allocation is based on cost burden, and cost burden may differ from a direct compliance obligation.
- Strictly reducing future allowance allocation based on a utility's compliance obligation may also reduce decarbonization incentives. This is in opposition to the goals of the CCA and this rulemaking.

By preserving no-cost allocation to utilities but requiring consignment in limited circumstances, the adopted rules ensure utilities are provided allowance value mitigating cost burden for Washington communities consistent with statute, strengthen market liquidity, and preserve decarbonization incentives. For illustrative purposes, Ecology estimates that applying the adopted consignment requirements to vintage 2023-2026 no-cost allowances would have resulted in the consignment of approximately 3 million allowances of each vintage year.

Ecology could simplify consignment requirements by solely determining the consignment requirement for vintage year t no-cost allowances based on the utility's compliance obligation as a FJD for emissions year t . Relative to the adopted rules, this would mean retaining only Equation 230-2 and removing the exemptions in WAC 173-446-230(6)(a). However, if Ecology solely relied on a utility's compliance obligation to determine consignment requirements, most utilities would have to wait a year after distribution of no-cost allowances to know whether they would be subject to consignment. Ecology expects the exemptions in WAC 173-446-230(6)(a) will provide certainty to many utilities on consignment requirements at the time allowances are distributed.

Additionally, requiring consignment of any allowances exceeding a utility's compliance obligation would likely mean many utilities would have to annually consign a relatively small number of allowances, potentially imposing significant annual administrative costs for relatively minor liquidity benefits. To minimize administrative burden for utilities, the adopted rules specify that if a utility is allocated less than 100,000 allowances of vintage year t , those allowances are exempt from the consignment requirement in WAC 173-446-230(6). The adopted rules also specify that a utility is not subject to a consignment deadline (and therefore does not need to offer allowances for consignment) until at least 100,000 cumulative no-cost allowances are subject to a consignment requirement (See more detail in **Elec-7**). The accumulated no-cost allowances would then be consigned according to the same deadline.

Ecology's approach also considers flexibility and fair treatment of utilities both subject to and not subject to consignment requirements. The consignment requirements allow utilities to retain the greater of 100,000 allowances or approximately twice their annual compliance obligation, enabling utilities to continue to flexibly manage costs. Ecology also designed Equations 230-2 through Equations 230-5 to help ensure utilities with similar compliance obligations have a similar number of no-cost allowances that are exempt from consignment requirements.

Consignment deadline (Elec-6)

Comment Numbers:

O-6 (Puget Sound Energy); O-16 (Seattle City Light); O-13 (Public Generating Pool)

Comments:

O-6 (Puget Sound Energy)

4. Requirement deadlines for consignment by following year end should be extended

If Ecology proceeds with requiring utilities to consign a specified portion of electric no-cost allowances, the required deadline to consign the allowances by the end of the following year for which allowances were provided should be extended to allow utilities more time to manage procurement and consignment strategies. PSE encourages Ecology to consider the timeline of the consignment requirements in the draft rule in relation to compliance determinations and auction requirements to ensure that the full set of draft rules is workable for utilities. PSE has concerns that the draft rules, taken together, create uncertainty in consignment requirements that will lead to challenges in managing other aspects of compliance. Because this requirement was introduced for the first time in the CR-102, interested parties have not had a meaningful opportunity to evaluate its practical implications or discuss alternative approaches. More thorough consideration of the timing of various components of the rule is needed prior to adoption.

O-16 (Seattle City Light)

Ecology should revise the timeline for mandatory consignment. City Light is concerned that the proposal to require consignment in the year following the emissions year is unnecessarily short. More specifically, under the proposed rules, for any single emissions year t :

- Emissions and electricity data for year t are reported in spring of year $t+1$;
- Third-party verification typically concludes in August of year $t+1$;
- Ecology updates entities' obligations in CITSS in October of year $t+1$; and
- Mandatory consignment must be completed by December 31st of year $t+1$, subject to a 75-day advance notice requirement.

Assuming that CITTS obligations are updated on October 1, even if a utility was able to immediately provide notice of its intent to consign allowances, the earliest auction it could participate in would be December 15. As a result, a utility has, at most, a single auction window in which to satisfy its mandatory consignment obligation.

City Light is concerned that with this limited window of opportunity to act, a utility might miss the only chance to execute the consignment to auction. Even if an auction was held on December 31, we would need to provide notice for that auction by October 17. But we believe

that timeline could be difficult to meet if verification runs long or a utility requires clarification on Ecology's October CITSS update, which will confirm the figures needed to calculate the potential consignment requirement. Further, any utility required to consign allowances will need to follow their necessary internal risk and compliance reviews; a short decision window of a few weeks may not accommodate these processes which exist to protect our customers and ensure we are acting responsibly on their behalf.

Further, City Light is concerned that this limited window could systemically harm the market and ratepayers. The proposed timeline would concentrate every consigning utility's volume into the same December auction each year, creating avoidable supply lumpiness and depressing the settlement price in the auction where the proceeds are realized from the required consignment.

Instead, City Light recommends that Ecology extends the mandatory consignment deadline until December 31 of year $t+2$. This would allow utilities additional time to review their compliance obligations, and to integrate these allowances into the utilities overall auction and consignment strategy. Under an extended timeline, Ecology would also have additional time to provide utilities with information about their potential consignment requirement or exemption. If Ecology opts to adopt both recommendations (providing written guidance and extending the timeline for mandatory consignment) City Light asks Ecology to its guidance on consignment requirement/exemption by December of year $t+1$.

O-13 (Public Generating Pool)

PGP notes that variables in the relevant equations relating to total compliance obligations as a first jurisdictional deliverer in emissions year t will not be known until the following year ($t+1$).

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has extended the deadline to fulfill consignment requirements within WAC 173-446-230(6). Under the adopted rules, generally no-cost allowances of vintage year t that are required to be consigned must be transferred into the ecology auction account by December 31st of the calendar year $t + 2$, or approximately three years after they were distributed. As discussed in **Elec-7**, the adopted rules further extend the deadline if a utility is required to consign less than 100,000 allowances of any vintage year. For comparison, under the proposed rules, no-cost allowances of vintage year t that were required to be consigned had to be consigned by December 31st of the calendar year $t + 1$.

The update ensures that a utility has a year at minimum to fulfill a consignment requirement after the number of allowances that must be consigned is finalized. As discussed in **Elec-8**, Ecology will annually notify each utility of its consignment requirement for vintage year t after the verification deadline for emissions year t .

Minimum requirement (Elec-7)

Comment Number:

O-16 (Seattle City Light)

Comment:

Establish a floor for a minimum number of allowances that would trigger consignment. If Ecology imposes a compliance requirement, City Light suggests that Ecology should set a floor for the minimum number of allowances that would trigger consignment. Utilities required to consign allowances will have to undertake administrative and financial processes to complete the consignment as well as to receive and utilize any auction proceeds. A minimum threshold would help to ensure that utilities are not required to take on financial and administrative burdens that would exceed benefits that could be achieved with the auctions proceeds.

Ecology Response:

Thank you for your comment. Informed by the commenter's feedback, WAC 173-446-230(6)(a)(iv) in the adopted rules specifies that if a utility is allocated less than 100,000 allowances of vintage year t , those allowances are exempt from the consignment requirements in WAC 173-446-230(6). This clear lower threshold will provide certainty for utilities with a smaller number of no-cost allowances while not significantly impacting the number of no-cost allowances expected to be subject to required consignment.

To enable consistent treatment of utilities both subject to and not subject to consignment requirements, Eq. 230-5 was added to the adopted rules. Eq. 230-5 enables a utility, even when subject to consignment requirements, to at a minimum retain 100,000 allowances of vintage year t .

WAC 173-446-230(6)(d) in the adopted rules was also updated to specify that a utility is not subject to a consignment deadline until at least 100,000 cumulative no-cost allowances are subject to a consignment requirement. This minimizes the administrative costs associated with consigning a relatively smaller number of allowances. If more than 100,000 allowances of vintage year t are subject to a consignment requirement, then those allowances must be transferred to Ecology's auction account by December 31st of the calendar year t plus 2. If in any year less than 100,000 allowances of vintage year t are subject to a consignment requirement, a consignment deadline does not apply until the cumulative number of no-cost allowances that must be consigned is equal to or greater than 100,000 allowances. When the cumulative number of no-cost allowances subject to consignment is equal to or greater than 100,000 allowances, those no-cost allowances must be transferred to ecology's auction account by December 31st of the calendar year t plus 2, where t is the latest vintage year of no-cost allowances.

For example:

- Example 1
 - Number of no-cost allowances subject to consignment per WAC 173-446-230(6)(b)
 - 50,000 v2027 no-cost allowances
 - 30,000 v2028 no-cost allowances
 - 40,000 v2029 no-cost allowances
 - Consignment deadline: December 31, 2031
- Example 2
 - Number of no-cost allowances subject to consignment per WAC 173-446-230(6)(b)
 - 70,000 v2027 no-cost allowances
 - 110,000 v2028 no-cost allowances
 - Consignment deadline: December 31, 2030
- Example 3
 - Number of no-cost allowances subject to consignment per WAC 173-446-230(6)(b)
 - 150,000 v2027 no-cost allowances
 - Consignment deadline: December 31, 2029

Notification requirement (Elec-8)

Comment Numbers:

O-16 (Seattle City Light); O-13 (Public Generating Pool);

Comments:

O-16 (Seattle City Light)

Mandatory Consignment Requirements: City Light does not oppose mandatory consignment requirements so long as the consignment framework is clear in how it will be interpreted and implemented and preserves utilities' statutory right under RCW 70A.65.120 to retain no-cost allowances for direct compliance. City Light appreciates the greater detail included in the proposed rules regarding the terms of required consignment. However, while the proposed rules provide additional insight into how the compliance obligation might work, we believe additional detail is necessary to provide the necessary clarity on how the consignment requirement will be calculated and executed, and to ensure the requirement is administrable. We offer three suggestions below.

Ecology should inform utilities if they have a mandatory consignment obligation. As drafted, the consignment requirement calculation is complex, and upon internal review, City Light staff had varying interpretations of what the language was intended to convey. Based on this experience, City Light is concerned that it is possible that our interpretation of the rule might vary from Ecology's intention and expectation. In an effort to assure that utilities have clarity on their obligation, and to eliminate the potential for dueling estimations of the mandatory consignment obligation, City Light recommends that Ecology amend the rule to indicate that it will issue each electric utility a written determination of (a) whether the utility is required to consign allowances, based on the proposed exemption framework, (b) the quantity that needs to be consigned, and (c) the data inputs used to calculate the consignment requirement. 1

By providing the calculated consignment requirement, Ecology can provide utilities with certainty that we understand our obligations, and a process by which we can work with Ecology to ensure we comply with the agency's expectations.

O-13 (Public Generating Pool)

If Ecology decides to adopt the proposed rules or a variation thereof, PGP finds the proposed combination of three different exemption thresholds and three different minimum consignment equations to be confusing, and perhaps overly complicated. In order to avoid confusion with respect to whether a particular exemption threshold or minimum consignment equation applies to a given utility for a given emissions year, Ecology should annually notify each utility of: (a) Whether the utility is exempt from the minimum consignment requirement for a given emissions year t , and if so, which exemption threshold applies; and (b) if not exempt, the number of no-cost allowances that the utility must offer for consignment by December 31st of the following emissions year ($t+1$), and which minimum consignment equation applies. If Ecology takes on the role of notifying each electric utility of its annual consignment requirement, Ecology should provide an opportunity for the electric utility to review the inputs used by Ecology in determining its annual consignment requirement. For the sake of transparency, and given the complexity of the exemption thresholds and minimum consignment equations, Ecology could also consider publishing utilities' annual consignment requirements for emissions year alongside the updated allocation schedules published by October 7th of the same year

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has added WAC 173-446-230(6)(c) to the adopted rule to provide clarity to utilities and the market. WAC 173-446-230(6)(c) specifies that

- Ecology will annually update the allocation schedule to indicate whether a utility is exempt from consignment requirements for the upcoming distribution of no-cost allowances.

- Ecology will annually notify each utility of its consignment requirement for vintage year t after the verification deadline for emissions year t .
- Ecology will annually publish the number no-cost allowances that must be consigned after consignment requirements have been determined.

Other

General cost concerns (Elec-9)

Comment Numbers:

O-10 (Alliance of Western Energy Consumers); O-6 (Puget Sound Energy)

Comments:

O-10 (Alliance of Western Energy Consumers)

AWEC is a trade organization representing the interests of its members, which include large energy consumers within Washington and the surrounding region. AWEC's members are responsible for providing tens of thousands of highly paid, technical, family-wage jobs across a broad range of industry sectors such as agriculture, aeronautics, air products, pulp and paper, food processing, information technology, healthcare, technology, and more. Thanks to Washington's abundant hydro resources, they also have some of the cleanest processes in terms of carbon emissions in the world. Because AWEC members consume millions of dollars in electricity each year, affordability and reliability have always been central to AWEC's mission—and affordability concerns have become increasingly acute for all Washington ratepayers. Additionally, many of AWEC's members also own facilities designated as emission-intensive and trade-exposed ("EITE") under the CCA. These facilities, despite the intention to protect them from excessive costs of compliance, still incur increased costs associated with the CCA. This includes certain electricity-related costs, despite the provision of free allowances for electric utilities' retail loads, and increased costs in the future as free allowances for EITEs' direct emissions decline over time. Thus, any rules that Ecology makes regarding the CCA directly affect many of AWEC's members.

Implementation of the CCA with affordability as a key consideration remains a priority for AWEC. The Cap-and-Invest Program has substantial cost implications for electricity and natural gas consumers, including EITEs. If electricity rates rise beyond sustainable levels – driven in part by the proposed amendments to rules resulting in increased risk of higher CCA compliance costs – Washington industry will face reduced competitiveness, lost jobs, reduced investment, and harm to local communities and the state economy. Industries capable of shifting production may relocate out-of-state; others may be forced to curtail or permanently close operations. Ecology must therefore give substantial weight to affordability and customer impacts in final allocation-related rules.

O-6 (Puget Sound Energy)

PSE's overarching concern is that the CCA, largely due to the rules adopted by Ecology, is having very significant and unintended impacts on electric utilities and their customers. When it was passed in 2019, the Clean Energy Transformation Act ("CETA") was designed to be the chief state policy driving emissions reductions in the electric utility sector. The architects of the CCA, which was enacted in 2021, two years after CETA, recognized this and drafted provisions to avoid CCA cost impacts to electric utility customers via no-cost allowance allocation to mitigate the cost burden on electric utilities, including the administrative cost of CCA compliance.³ When the CCA was enacted, PSE did not anticipate that the program would result in significant direct compliance costs for electric customers due to the statutory allocation of no-cost allowances to electric utilities. However, as the program has been implemented and the rules have evolved, electric customers have incurred significant and increasing CCA-related costs beyond what is incurred due to CETA. PSE supports targeted rule changes to address this overarching concern, yet in several areas, the CR-102 draft rules fall short. Specifically, PSE has concerns about the draft rules regarding allocation of electric no-cost allowances, consignment of electric no-cost allowances, the provision of no-cost allowances for electric administrative costs, and several other areas that complicate utility compliance efforts and increase costs for customers.

Ecology Response:

Thank you for your comment. Ecology has responded to commenters' specific feedback on the rule language elsewhere in the CES. As required by Washington law, Ecology will continue to implement the Cap-and-Invest Program to support achievement of the state's emission limits(RCW 70A.45.020).

Ecology also notes that

- Total no-cost allowances to electric utilities has exceeded total covered emissions from the power sector through 2024 by over a million MT CO₂e, indicating Ecology has provided more than sufficient mitigation of the potential cost burden imparted by the Program.⁹
- Utilities may only use no-cost allowances for direct compliance, transfer them to an eligible generating facility or FPMA for compliance, or consign them to auction. Under statute (RCW 70A.65.120(4)), all proceeds from consignment must benefit ratepayers, with the first priority the mitigation of any rate impacts to low-income customers.

Use of forecasts (Elec-10)

Comment Number:

O-6 (Puget Sound Energy)

⁹ Through 2024, total emissions from in-state electricity generation and imported power was 28.9 million MT CO₂e. Total no-cost allowances to electric utilities through 2024 was 31.7 million MT CO₂e after accounting for the balancing/EIM adjustment.

Comment:**6. Role of Ecology to adjust Commission-approved forecasts**

PSE reiterates its concerns that the proposed rule language appears to provide Ecology broad discretion to adjust utility forecasts and associated allowance allocations,⁵ even where those forecasts have been reviewed and approved by the Washington Utilities and Transportation Commission (“UTC”) through established regulatory processes. The UTC is the agency charged with regulating investor-owned utility rates, resource planning, forecasting methodologies, and customer cost impacts, and is therefore best positioned to evaluate the reasonableness of utility forecasts and associated assumptions. The CCA statute vests the UTC with the responsibility to approve the forecasts that utilities submit to Ecology for determination of no-cost allowances. Allowing Ecology to make substantive adjustments to UTC-approved forecasts creates the potential for inconsistent regulatory outcomes, duplicative review, and uncertainty for utilities and customers. PSE believes Ecology's role should focus on implementing the statutory allowance allocation framework using forecasts that have been approved through the UTC's established processes, except in limited circumstances where a clear error or statutory compliance issue has been identified.

Ecology Response:

Thank you for your comment. Ecology notes that WAC 173-446-230(2)(c) already establishes how Ecology will rely upon forecasts either approved by the UTC or the governing board of the utility to develop the schedule of no-cost allowances to electric utilities for each compliance period. Ecology did not amend WAC 173-446-230(2)(c) in the proposed or adopted rule or the framework for developing allocation schedules based on utility-specific forecasts.

*Transfer of no-cost allowances to importers (Elec-11)***Comment Numbers:**

O-4 (Western Power Trading Forum); O-17 (TransAlta Energy Marketing)

Comments:

O-4 (Western Power Trading Forum)

Transfer of allowances allocated to electric utilities to generators

We note that Ecology has modified the language that enables electric utility allocated allowances to be transferred to a generating facility. We continue to support this provision and request that Ecology expand it to enable utilities to also transfer allowances to electricity importers (who may not operate generating facilities themselves).

O-17 (TransAlta Energy Marketing)

13. Transfer of no-cost allowances should be extended to include importers/marketers

TEMUS supports the provision in WAC 173-446-425 to transfer no-cost allowances to generating facilities or FPMAs as contracted capacity is treated as the equivalent of utility self-

built generation by the Washington Utility and Transportation Commission (“WUTC”). However, TEMUS recommends that this provision be extended to include electricity purchased from others under contract (i.e. WSPP Contract C). Currently a large volume of electricity is purchased by utilities bilaterally because of transmission constraints and limited ability to develop generation within state. Allowing utilities the flexibility to manage their allowances would ultimately reduce costs for consumers.

Ecology Response:

Thank you for your comment. Ecology would like to emphasize that the regulatory updates to WAC 173-446-425 are intended to be clarifying in nature only or move provisions specific to a FPMA to a new section. The transfer of no-cost allowances from an electric utility to a FPMA is now separately described in WAC 173-446-426 to address updates made in SB 6058.

Pursuant to the original and adopted rules, an electric utility may only transfer no-cost allowances to the compliance account of an electrical generating facility or the compliance account of a federal power marketing administration. The proposed and adopted rules do not change provisions regarding the transfer of no-cost allowances from an electric utility to a qualifying electrical generating facility.

Ecology did not pursue the commenter’s suggestion as this would go beyond the scope of the rulemaking development or the proposed rule, and more consideration and stakeholder engagement would be necessary to explore such an approach.

Indirect electricity costs EITEs (Elec-12)

Comment Number:

O-12 (Western States Petroleum Association)

Comment:

Indirect Electricity Cost Protection for EITEs: WSPA supports the concept indicated by proposed section 173-446-230(8), which recognizes that indirect electricity costs can create leakage risk. WSPA requests clarification regarding the implementation of this section, specifically how utilities will demonstrate that allowance value is returned to EITEs and ensure the benefit is not diluted across the utility’s general customer base.

Ecology Response:

Thank you for your comment. Ecology notes that WAC 173-446-230(8) is not new rule language. It previously existed as WAC 173-446-230(4) and was moved to (8) in the reorganization of WAC 173-446-230.

Adjustment submittal date (Elec-12)

Comment Number:

O-2 (Avista Corporation)

Comment:

Additionally, if the adjustment is awarded, the date for an entity to provide a request for an adjustment to Ecology is August 7th of the calendar year following that emissions year (WAC 173-446-230(4)(d)). However, third-party verification would not be completed until August 10th. We propose Ecology retain the existing language on the allocation schedule. However, if Ecology is not willing to retain the original language, the date of submittal should be adjusted to August 10th to remain consistent with verification requirements.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology modified the deadline in WAC 173-446-230(4)(d) from August 7 to August 15, which is after the verification deadline of August 10.

*Information request timeline (Elec-13)***Comment Number:**

O-9 (Tacoma Power)

Comment:

Required utility response time for forecast questions from Ecology: Proposed WAC 173-446-230(10) requires a utility to provide any information related to a utility's demand forecast or resource supply forecast requested by Ecology within 14 calendar days. Tacoma would appreciate a longer lead time from Ecology – 30 calendar days – to respond to Ecology's questions. A 14-day window can be shorter than the meeting cadence of Tacoma Power's Public Utility Board, the utility's main regulatory body. Requiring the utility to respond to without sufficient time to check in with its regulatory body is inadvisable. The short turnaround is also a burden on utility staff who are balancing many other priorities in this dynamic moment in our sector. The same staff who coordinate the CCA-specific forecasts are involved in day-ahead markets and resource adequacy programs launching soon.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology modified the timeline in WAC 173-446-230(10)] from 14 days to 30 days.

*Rule timeline (Elec-14)***Comment Number:**

O-6 (Puget Sound Energy)

Comment:

Ecology should develop and publish a clear timeline for no-cost allowance process and other key compliance milestones of the rule. PSE further recommends that Ecology develop and publish a comprehensive implementation timeline describing the sequence of key program milestones applicable to electric utilities, including utility forecast submissions, Ecology review periods, no-cost allowance allocation determinations, compliance obligation determinations, consignment exemption and required consignment amounts determinations, auction

schedules, auction registration deadlines, bid guarantee requirements, verification timelines, and other key compliance milestones with Ecology's notice/publications dates and covered entity requirement deadlines. Development of this timeline will help Ecology and stakeholders ensure that the many new elements in these draft rules work together and are practical to implement or identify areas that may need to be revised due to conflicts or complications associated with the timing of various requirements.

Forecast adjustments and finality schedule PSE also recommends that Ecology establish in rule a clear schedule governing forecast adjustments and final allocation determinations. The rule should specify when utilities may request adjustments, when Ecology may independently initiate adjustments, and the deadlines applicable to both. In addition, Ecology should put into rule an explicit deadline for its notice regarding final no-cost allowance allocations that are no longer subject to adjustment, including finality of no-cost allowance allocations, compliance obligations, consignment exemptions, and required consignment amounts.

Ecology Response:

Thank you for your comment. Ecology will continue to work with impacted parties to ensure rule and Cap-and-Invest Program timelines are clearly communicated and implementable.

Ecology notes that

- The timeline for utilities to fulfill consignment requirements is in WAC 173-446-230(6)(d) in the adopted rules. See **Elec-6** and **Elec-7** for further discussion.
- The timeline to fulfill compliance obligations is in WAC 173-446-600 in the original, proposed, and adopted rule.
- The timeline for initiating allocation adjustments is in WAC 173-446-600(4)(d)-(e) in the proposed and adopted rule.
- Ecology has annually published information on implementation of adjustments associated with each calendar year.¹⁰

Adjustment mechanism (Elec-15)

Comment Number:

O-9 (Tacoma Power)

Comment:

No-cost allowance allocation adjustments: Tacoma Power requests more specificity regarding how the utility request mechanism in proposed WAC 173- 446-230(4)(c)(iii) will work in practice. What information should a utility provide to Ecology to support its

¹⁰ Department of Ecology. Information on adjustments to no-cost allowance allocation for electric utilities. Nov 2025. <https://apps.ecology.wa.gov/publications/summarypages/2414085.html>

request? What standards will Ecology use to consider a utility's request, and how will Ecology make its determination? We are concerned about the Cap-and-Invest Program's potential for significant regulatory costs if the utility cannot secure additional no-cost allowances when obligations exceed initial allocations during drought-level water years.

Ecology Response:

Thank you for your comment. The original and adopted rules enable Ecology to adjust a utility's allocation if the amount of allowances provided based on forecasts differs significantly from the cost burden experienced. Under WAC 173-446-230(4)(c)(iii) in the adopted rules, Ecology will consider an allocation adjustment at the request of a utility, including if a utility demonstrates experiencing higher than forecasted cost burden due to poor hydro conditions. Any submission by a utility should demonstrate that the experienced cost burden in the relevant emissions year differed significantly from the number of no-cost allowances provided for the emission year calculated according to forecasts of retail load and resources supporting retail load. Such a submission should include information on actuals for the emissions year, including but not limited to, the actual retail load and resources used to support retail load.

Ecology encourages utilities to reach out to Ecology early with any request to ensure adequate time for review, discussion, and submission of additional materials if needed.

Alternative approaches (Elec-16)

Comment Number:

O-6 (Puget Sound Energy)

Comment:

PSE's comments submitted to Ecology in August and December 2025 recommended that Ecology consider rule amendments for the second compliance period allocation, specifically to explore alternative approaches for setting electric allowances. These alternatives were intended to improve certainty and predictability, strengthen emission reduction incentives, ensure objectivity and fairness, and enhance implementation efficiency, while also aligning with CETA requirements and linkage considerations and serving the best interests of Washington customers.

PSE proposed three alternative options to the current forecast-based rules. However, none of these recommendations were addressed by Ecology at any point in the rulemaking process. The options were not mentioned during the November 13, 2025 workshop, and parties were not given the opportunity to provide feedback or hear perspectives from others. The process for future compliance period allowance allocation warrants further discussion among interested parties, and PSE encourages Ecology to hold an open, public workshop to revisit this issue and consider the options proposed by PSE and others. The current electric allocation process, which Ecology is largely keeping unchanged in the proposed rules, is cumbersome; relies on forecasts that are likely to need continuous updating across a multiyear compliance cycle; and provides little to no predictability from year to year for utility planning purposes. PSE encourages Ecology

to revisit the rules related to the provision of electric no-cost allowances and take more time to explore further improvements.

Ecology Response:

Thank you for your comment. Ecology notes that Ecology has made several updates to improve predictability in the allocation process including

- Incorporating a standardized calculated method for mitigating administrative costs for electric utilities with no additional administrative or bureaucratic burden on utilities or Ecology.
- Specifying the conditions for when Ecology would or would not pursue an allocation adjustment and a timeline for adjustments. These specifications strengthen decarbonization incentives for the utilities by providing certainty that downward allocation adjustments would not be pursued for overachievement of emissions reductions beyond forecasts reflective of the best available information at the time.
- Reducing the potential for utility allocation schedules to be updated annually based on updated forecasts to be updated approximately every two years, depending on the length of the compliance period.

However, Ecology decided to maintain the core framework for providing no-cost allocation to electric utilities through at least 2030, when CETA's GHG neutral standard takes effect. Rules for no-cost allocation to electric utilities must balance certainty, flexibility, ability to mitigate cost burden, alignment with statute, and implementability for a wide range of utilities. Ecology also notes that the CCA statute requires allocation to be informed by forecasts approved by the UTC(RCW 70A.65.120(2)(b)-(d)). Ecology thanks the commenter for suggesting a variety of alternative approaches. As electric utilities become more certain of their post-2030 CETA compliance and decarbonization pathways, Ecology may consider complementary allocation approaches that provide greater long-term certainty.

Imported electricity

Various support (Elec-17)

Comment Number:

O-13 (Public Generating Pool); O-16 (Seattle City Light); O-8 (Natural Resources Defense Council)

Comment:

O-13 (Public Generating Pool)

Federal Power Marketing Administration Provisions: PGP supports the inclusion of provisions in new proposed WAC 173-441-124(2)(d)(xii) identifying the appropriate "electricity importer" in situations where a federal power marketing administration (FPMA) participates in a centralized

electricity market (CEM) but has not opted-in to Washington’s Cap-and-Invest Program. PGP also supports the proposed amendment to the current definition of “deemed market importer” specifying that if an FPMA is the market participant on behalf of non-federal resources, then the resource owner or operator is the deemed market importer.

O-16 (Seattle City Light)

City Light supports and appreciates Ecology’s work to facilitate linkage with California and Québec, and to provide electric power entities with greater clarity regarding our reporting and compliance obligations. These efforts have provided greater certainty, which helps City Light and other utilities to plan for how we can best serve our customers at least cost.

O-8 (Natural Resources Defense Council)

The proposed rules make several updates, in alignment with legislative direction, that will support more accurately account for emissions. As one notable change, the proposed updates formalize the requirement that the coverage threshold for unspecified imports to zero metric tons CO₂-e per year starting in 2025, in alignment with SB 6058 (Senate Ways & Means, 2024).

The preliminary regulatory analysis also considered updates that would mitigate secondary dispatch leakage that could arise from EDAM and regional market participation. The proposed updates do not adopt explicit changes on this issue but state that “Ecology anticipates that it will address leakage at some point in future rulemakings, but...we do not have sufficient data to make the appropriate changes at this time.” We appreciate preliminary improvements made in the proposed update to the treatment of imports and appreciate staff commitment to continuing further evaluation of this important issue, considering additional mechanisms remain to help mitigate secondary emissions leakage.

Ecology Response:

Ecology thanks the commenters for their supportive feedback.

Coverage

Specified imports coverage (Elec-18)

Comment Numbers:

O-10 (Alliance of Western Energy Consumers); O-17 (TransAlta Energy Marketing); B-5 (Georgia-Pacific Consumer Operations)

Comments:

O-10 (Alliance of Western Energy Consumers)

The CCA, by its plain language in RCW 70A.65.080(1)(c), applies separate emissions thresholds to specified electricity imports, unspecified electricity imports, and unspecified energy sources associated with purchases from Section 5(b) of the Northwest Power Act for purposes of determining compliance obligations for covered entities. The legislature’s use of the disjunctive “or” to delineate each of the circumstances listed in RCW 70A.65.080(1)(c)(i) is clear and

unambiguous – each circumstances provides an independent basis for determining a covered entity that Ecology lacks the authority to combine in rule.

Consistent with its prior comments, AWEC continues to object to the proposed rules' imposition of a compliance obligation for specified imports based on an entity's compliance obligation for unspecified imports. AWEC supports the legal analysis and policy considerations included in comments filed by Georgia-Pacific Corporation ("GP"). As demonstrated by GP's comments, the implications of Ecology's error are significant: based on the hypothetical example provided in GP's comments, a facility with associated emissions of 10,000 MT CO₂e from specified sources and 10 MT CO₂e of emissions from unspecified sources could face a compliance obligation that is more than 1000 times greater than it would be under the correct statutory interpretation based on the most recent auction clearing price of \$64.56. Without a basis in law or policy, the proposed rule frustrates affordability, increases leakage risk, conflicts with the CCA's linkage objectives, and results in impermissible discrimination against out-of-state generation. AWEC supports GP's requested relief that the proposed rules be revised to clarify that importers of specified electricity have a compliance obligation for imported specified electricity only if the emissions associated with such imports exceed 25,000 MT/CO₂e annually, independent of the amount of imported unspecified electricity.

Additionally, the same concern and logic applies to the proposed rule's improper combining of the specified imports emissions threshold with unspecified energy sources associated with purchases from Section 5(b) of the Northwest Power Act for purposes of meeting the 25,000 MT/CO₂e threshold. Again, these are separate thresholds under the plain language of the RCW 70A.65.080(1)(c) and should be treated as such under any final rule adopted by Ecology. Again, a final rule adopted by Ecology must preserve statutory distinctions.

O-17 (TransAlta Energy Marketing)

TEMUS continues to recommend that Ecology provide clarity in WAC 173-446-030(1)(c) regarding applicability of the threshold limits as it is unclear how the applicability threshold of 25,000 MT in subsection (i) is applied in conjunction with subsection (ii).

TransAlta recommends that WAC 173-446-030(1)(c) be rewritten to make it unambiguous that the coverage criteria is applied separately under each category (i.e., subsection (i) and (ii)) and is not combined. The western electricity market is complex and transmission paths are often congested. While TEMUS makes best effort to import non-emitting energy, sometimes these day-ahead schedules are cut in real-time due to transmission curtailment and TEMUS must source emitting energy as a substitute. These volumes are relatively small but the first interpretation of the draft rules would create compliance burden disproportionate to the amount of emissions imported.

B-5 (Georgia-Pacific Consumer Operations)

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has updated WAC 173-446-030(1)(c) in the adopted rule, so that the coverage threshold for qualifying unspecified electricity purchases from a FPMA is distinct from the coverage threshold for specified imports.

However, Ecology generally disagrees with commenters' interpretation of RCW 70A.65.080(c)(i). RCW 70A.65.080(c)(i), as amended by SB 6058, specifies coverage thresholds for electricity. As required by statute, the adopted rules specify that an electricity importer will be a covered entity if they report

- Emissions exceeding zero MT CO₂e associated with imports of unspecified electricity;
- Emissions equal to or exceeding 25,000 MT CO₂e associated with imports of specified electricity; or
- Emissions equal to or exceeding 25,000 MT CO₂e associated with imports of qualifying unspecified qualifying unspecified electricity purchases from a FPMA.¹²

Once an electricity importer triggers any of the three coverage thresholds, they become covered as "a first jurisdictional deliverer importing electricity into the state" (RCW 70A.65.080(c)(i)). Therefore, the electricity importer incurs a compliance obligation for all emissions associated with imported electricity, unless those emissions are otherwise exempt from coverage under the Cap-and-Invest Program.¹³

In contrast, commenters argue that covered electricity importers

- should only incur a compliance obligation for specified imports if emissions from specified imports exceed 25,000 MT CO₂e
- should only incur a compliance obligation for unspecified energy associated with electricity purchased from a FPMA if those emissions exceed 25,000 MT CO₂e
- with unspecified electricity imports exceeding zero MT CO₂e should only incur a compliance obligation for unspecified imports.

¹¹ Due to the length and complexity of Georgia-Pacific's comment letter, the full comment is provided via hyperlink rather than reproduced here. Ecology's response addresses the comment in its entirety.

¹² Qualifying unspecified electricity is electricity purchased from a federal power marketing administration pursuant to section 5(b) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, that ecology determines is not from a specified source.

¹³ Emissions exemptions for the Cap-and-Invest Program are specified in WAC 173-446-124(2)(a)(i). For example, under WAC 173-446-124(2)(a)(i) CO₂ emissions from the combustion of biomass or biofuels do not incur a compliance obligation in the Program.

Contrary to the intent of SB 6058, the commenters' alternative would misalign treatment of electricity in Washington and California Cap-and-Invest Programs, weaken coverage of electricity imports, and potentially threaten linkage. Covering emissions from all imported electricity when unspecified imports are greater than zero MT CO₂e, as in the adopted rule, is required by statute and consistent with the current structure for determining covered entities and linkage considerations.

SB 6058, passed in 2024, updated the CCA specifically to enable further alignment of Washington Cap-and-Invest and GHG reporting rules to facilitate linkage. As intended by SB 6058, Ecology's adopted rules align the coverage of electricity imports with the California Cap-and-Invest Program. It is important to note that Georgia Pacific's description of the coverage of electricity imports in the California Cap-and-Invest Program is incorrect. Under California rule, if an electricity importer has any imports from unspecified sources the electricity importer becomes a covered entity and incurs a compliance obligation for all emissions associated with electricity imports unless those emissions are exempt under §95852.2. Therefore, in the California Cap-and-Invest Program, as in the adopted rules, if an electricity importer reports any emissions associated with unspecified imports, the electricity importer incurs a compliance obligation for all emissions associated with unspecified and specified imports.

The commenters' interpretation of RCW 70A.65.080(c)(i) would not only misalign Washington coverage of electricity imports with those of a future linked jurisdiction, it would weaken Washington's coverage of electricity imports relative to the original CCA statute. Under the original statute, an electricity importer incurred a compliance obligation for all imported electricity, whether specified or unspecified, if total reported emissions exceeded 25,000 MT CO₂e. Only electricity importers with less than 25,000 MT CO₂e of emissions were exempt from coverage. However, under the commenters' interpretation of amendments to CCA statute by SB 6058, electricity importers could report larger amounts of emissions and remain partially uncovered. An electricity importer could import an unlimited amount of unspecified imports without resulting in coverage for specified imports or unspecified imports associated with a FPMA. For example, an electricity importer with 100,000 MT CO₂e in unspecified imports and 24,999 MT CO₂e in specified imports, would only incur a compliance obligation for the 100,000 MT CO₂e associated with unspecified imports. 24,999 MT CO₂e of emissions associated with specified imports would remain uncovered.

In passing SB 6058, Ecology does not believe it was the intent of the Legislature to significantly weaken coverage of electricity imports, increasing the risk of emissions leakage and likely threatening linkage. The CCA directs Ecology to "consider opportunities to implement the program in a manner that allows linking the state's program with" other jurisdictions (RCW 70A.65.060(3)). The CCA also emphasizes that "climate policies must be appropriately designed, in order to avoid leakage" (RCW 70A.65.005(6)), and notes that emissions leakage should be evaluated relative to Washington and other linked jurisdictions ((RCW 70A.65.010(44))).

Given the interconnected nature of the western grid, coverage of electricity imports is important to prevent emissions leakage, where decreases in emissions within either state is

offset by an increase in GHG emissions outside the linked jurisdictions. The western grid is an interconnected and liquid market, with electricity flowing across 11 states and two Canadian provinces. Weakening coverage of electricity imports under the CCA increases the risk of electricity imports displacing in-state generation to meet Washington's electricity needs. This is because all emitting generation within Washington is covered by the Cap-and-Invest Program, either directly at the facility or upstream at the fossil fuel supplier. In arguing against Ecology's approach for covering electricity importers, Georgia Pacific incorrectly states that emissions occurring at in-state generators with less than 25,000 MT CO₂e do not incur a compliance obligation under the CCA. For facilities with less than 25,000 MT CO₂e in emissions, emissions from combustion of fossil fuels are covered under the CCA by the fuel supplier.

The plain language of statute supports WAC 173-446-030(1)(c) as adopted. Ecology agrees with AWECC that "each of the circumstances listed in RCW 70A.65.080(1)(c)(i) is clear and unambiguous – each circumstances provides an independent basis for *determining a covered entity* [emphasis added]". Once an electricity importer has exceeded any of three distinct thresholds, the electricity importer is a covered entity, covered as a "first jurisdictional deliverer importing electricity into the state." RCW 70A.65.080(1)(c)(i). Covered reporting entities incur a compliance obligation for all reported emissions consistent with the pre-existing and current structure of rule. WAC 173-446-040(1) specifies that "covered emissions are GHG emissions reported under chapter 173-441 WAC" unless the reported emissions are exempt (WAC 173-446-040(2)), allotted to another covered entity to avoid double counting (WAC 173-446-040(3)), or are administratively adjusted (WAC 173-446-040(4)). Covered electricity importers therefore incur a compliance obligation for all emissions reported in association with their imports, whether from specified or unspecified sources.

Exiting the Program (Elec-19)

Comment Numbers:

O-17 (TransAlta Energy Marketing); O-4 (Western Power Trading Forum)

Comments:

5. Allow importers with no threshold volumes to exit the program

If a covered entity (generator or importer) no longer fulfills the criteria for applicability, it should be relieved of all obligations under WAC 173-441 and 446 since it is not a covered entity. However, under the proposed rules, an importer of unspecified electricity could potentially remain covered entity indefinitely – regardless of its emission impact in Washington state. There is a significant cost for reporting and verification, and it is not reasonable that formerly covered entities are held captive to this burden indefinitely. TEMUS strongly recommends that section WAC 146-070(2)(c) be struck.

O-4 (Western Power Trading Forum)

Exiting the program

The program rule provides that the threshold for unspecified energy is 0 MWh and that any entity that imports unspecified energy during any year of a compliance period will remain a covered entity for the entire compliance period. Ecology's proposed addition suggests that Ecology could continue to consider entities that have previously imported unspecified electricity as covered entities for future compliance periods, even if that entity imports no electricity whatsoever. This outcome would create significant administrative burden on the entity that has to keep reporting to Ecology, with no environmental benefit.

Further, providing discretion to change the rules for individual covered entities based on some subjective and nebulous assessment of 'equity among covered entities' is patently unfair and regulatory overreach. We urge Ecology to delete this provision.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has removed the language in the proposed WAC 173-446-070(2)(c) from the adopted rule.

Additionally, Ecology has also updated WAC 173-446-070(2)(b) for clarity. WAC 173-446-070(2)(b) previously addressed exit conditions for facilities, suppliers, and FJD. Due to the complexity of this topic, WAC 173-446-070(2)(b) has been revised to apply only to facilities and suppliers. Exit conditions for FJDs who are only covered due to emissions are now addressed separately in WAC 173-446-070(2)(c) with more clarifying details. Updates to WAC 173-446-070(2)(b)-(c) are made for clarity but do not change implementation from the original rule.

Linked exports (Elec-20)

Comment Number:

O-4 (Western Power Trading Forum)

Comment:

Ecology has deleted the provision for deferred compliance obligation for electricity exported to linked jurisdiction, but has added language saying annual retirement doesn't apply. Given that we are in the last year of the first compliance period, we do not object to this change. However, Ecology should provide clarity regarding the final compliance obligation. As we have stated previously, emissions associated with these exports should be subject to a compliance obligation in Washington but should not have an additional compliance obligation in California. Further, we urge Ecology to include an explicit provision that exempts electricity imported to Washington from California from a compliance obligation (other than reporting) in Washington.

Ecology Response:

Thank you for your comment. Ecology notes that, WAC 173-446-400(11), a provision relating to deferred compliance obligation for electricity exports, has been moved to WAC 173-446-600(4). The provision has not been removed from rule and remains unchanged. WAC 173-446-600 is a section specific to compliance obligations. Ecology emphasizes that Cap-and-Invest

Program rules can only address compliance obligations incurred for Washington State. The state of California determines rules for compliance obligations incurred for California.

Ecology rules already explicitly ensure that electricity imports from linked jurisdictions do not incur a compliance obligation. Pursuant to the “imported electricity definition” in WAC 173-441-124(2): “(ii) “Imported electricity” includes imports from linked jurisdictions, but such imports shall be construed as having no emissions.” California has similar rules, where reported imports from a linked jurisdiction do not incur a compliance obligation pursuant to CCR §95111(b)(4).

Exports of in-state generation (Elec-21)

Comment Number:

O-17 (TransAlta Energy Marketing)

Comment:

Clarity regarding exports dispatched by centralized markets. If a generator located within Washington state is dispatched by a centralized market to serve load outside of Washington state, it should not incur an emission obligation, regardless of whether the load is located in a linked jurisdiction.

Ecology Response:

Thank you for your comment. As specified in RCW 70A.65.080, Washington law requires that all in-state facilities with emissions equal or exceeding 25,000 MT CO₂e are covered by the Cap-and-Invest Program. Ecology may not exempt emissions from in-state facilities because they export electricity to an unlinked jurisdiction, either through bilateral transactions or via a centralized electricity market.

Ecology further emphasizes that under linkage, any emitting generation in California of Washington will incur a compliance obligation in the state it is located. Imported electricity Importing electricity from linked jurisdictions, however, does not incur a compliance obligation. This is consistent with the first jurisdictional approach, which is a foundational principle in both CA and WA for establishing the point of regulation for electricity.

Unspecified imports from linked jurisdictions (Elec-22)

Comment Number:

O-5 (Wester Power Trading Forum)

Comment:

We are concerned that the proposed amendments do not completely address the treatment of electricity imports sourced from California. While the imported electricity definition states that imports from linked jurisdictions will be construed as having no emissions and paragraph (3)(a)(iii)(A) 173-441-124 provides for identification of unspecified electricity imported from a first Point of Receipt (POR) located in California, there is no corresponding adjustment to the unspecified imports emissions calculation in paragraph 3(b)(i). We recommend that staff

include a term in the emission calculation in paragraph (3)(b)(i) to assign an emission factor of zero to unspecified imports from California. This should also be reflected in the updated reporting tables.

Ecology Response:

Thank you for your comment. Ecology declines to incorporate this clarification. Ecology emphasizes that according to statute, RCW 70A.65.010(43)(b), and rule under WAC 173-441-124(2)(q)(ii), "'imported electricity' includes imports from linked jurisdictions, but such imports shall be construed [emphasis added] as having no emissions."

Consistent with this requirement, the reporting workbooks will be updated so that imports from linked jurisdictions will not contribute to a reporter's covered emissions. To clarify that this requirement is equally applicable to both specified and unspecified imports, the requirement that electricity importers report whether the first point of receipt is located in a linked jurisdiction, previously in WAC 173-441-124(3)(a)(iii)(A), has been moved to WAC 173-441-124(3)(ii), which applies to all reported imports.

Point-of regulation

Deemed market importer (Elec-23)

Comment Number:

O-17 (TransAlta Energy Marketing)

Comment:

Presumably Ecology intends the "deemed importer" to be the entity authorized to interface with the centralized market and receive settlements. In the markets that the CAISO operates, including the Western Energy Imbalance Market ("EIM") and the Extended Day-ahead Market ("EDAM"), the scheduling coordinator ("SC") acts on behalf of resources (EIM) or market participants (EDAM). The equivalent term in Markets+ is "Market Participant". In either case, the authorized entity could be interfacing with the market on behalf of owned assets, or acting as a third-party on behalf of other entities embedded in the market footprint. This third-party actor may or may not be contracted. The definition of "deemed market importer" in 173-441-124(2)(b) determines which entity legally holds the carbon obligation for energy imported from a centralized market. The currently proposed definition assigns that obligation to the Scheduling Coordinator. TEMUS reiterates its previously submitted comments regarding this definition: in cases where the SC is acting on behalf of another entity, the proposed definition legally assigns the carbon obligation to a third-party instead of to the actual source of the emission. In addition, TEMUS supports the omission of rules regarding balancing energy from centralized markets given that the impact is expected to be de minimis.

Ecology Response:

Thank you for your comment. Ecology disagrees with TransAlta's suggestion to re-define the point-of-regulation of reporting and compliance obligations for electricity imports from centralized electricity markets. Doing so would likely break with the first jurisdictional approach upon which the electricity imports reporting framework is based.

TransAlta’s comment proposes to fundamentally change the deemed market importer framework as adopted in the Electricity Markets rulemaking in December 2024. This framework was adopted after a year and half of stakeholder engagement. It is aligned with the framework for addressing electricity imports from centralized electricity markets in California’s Cap-and-Invest Program. It has also been integrated into planned in-market operations by both CAISO and SPP.

Ecology has not discussed breaking with the existing deemed market importer framework in this rulemaking, and more consideration and stakeholder engagement would be necessary to explore such an approach.

Electricity importer (Elec-24)

Comment Number:

O-17 (TransAlta Energy Marketing)

Comment:

Allow commercial assignment of electricity importer obligation. The above recommendation to extend the transfer of no-cost allowance to marketers is vital since the definition of “electricity importer” in WAC 173-441-124(2)(f)(xi) does not recognize the widespread use of bilateral commercial contracts and the transfer of legal custody of the electricity, which would have increased market efficiency, price formation, and optimization of no-cost allowances. If the definition of electricity importer was amended to allow the identification of the importer as reflected by commercial contract, this would widen the pool of potential suppliers who would otherwise trigger substantial administrative and other costs under WAC 441/446.

Ecology Response:

Thank you for your comment. TransAlta appears to correctly understand the framework for identifying the entity responsible for reporting and compliance obligations associated with electricity imports, as well as the definition of “electricity importer” in WAC 173-446-124.

However, TransAlta’s comment proposes a fundamental change that would redefine the point-of-regulation of reporting and compliance obligations for electricity imports. This proposal would likely break with the first jurisdictional approach upon which the electricity imports reporting framework is based. The framework for identifying the electricity importer, in non-CEMs transactions, was adopted in the WAC 173-441 rulemaking that was adopted in February 2022. This framework is aligned with the framework for addressing electricity imports in the CA Cap-and-Invest Program.

Ecology has not discussed reevaluating the base framework for identifying the electricity importer in this rulemaking, and more consideration and stakeholder engagement would be necessary to explore such an approach.

FPMA power

Unspecified FPMA power (Elec-25)

Comment Numbers:

O-5 (Western Power Trading Forum); O-6 (Puget Sound Energy); O-10 (Alliance of Western Energy Consumers); A-2 (Bonneville Power Association);

Comments:

O-5 (Western Power Trading Forum)

When Washington utilities, or their counterparties purchase electricity for serving load in Washington through a broker or on ICE at MID-C, these purchases do not normally result in a compliance obligation for the importer. The lone exception is when the energy ends up being sourced from BPA, because BPA has not elected to be a covered entity under the cap-and invest program. In this situation, the next entity on the physical path incurs the compliance obligation calculated using the default emission factor for unspecified power. WPTF is concerned that until and unless BPA elects to be a covered entity under the program, Washington ratepayers will bear unnecessary costs due to the requirement for downstream entities to use the default emission factor for BPA purchases at Mid-C.

We recognize that both BPA's unique status under the CCA and the responsible importer if BPA has not elected to be a covered entity is inscribed in statute and Ecology has no ability to modify these provisions in its regulations. However, we believe that Ecology does have discretion to enable entities that receive energy sourced from BPA and sink that power in Washington to use BPA's Asset Controlling Supplier (ACS) emission factor.

BPA's ACS emission factor is currently nearly nine times lower than the default emission factor for unspecified power. Requiring entities that receive BPA power to report these purchases as unspecified results in much higher compliance costs for those entities that will be passed on to Washington ratepayers.

WPTF understands that Washington modeled both the ACS provisions and the seller warranty requirement for specified source power off of California's program. However, the California rules were designed to ensure that an entity could not purchase electricity off an exchange at a trading hub outside the state, get matched with clean resource or ACS system, then turn around an import that electricity into California as specified. In the case of power purchased at MID-C, the power has already been imported into the state (ICE requires entities that offer at MID-C to deliver to one of the MID-C scheduling points and, consistent with the Electricity Imports White Paper, these points are considered to be within Washington). Pricing at Mid-C therefore already reflects the embedded cost of carbon.

Similarly, BPA sourced power that is scheduled to adjacencies with a Washington utility or a scheduling point of a discrete load within Washington inside BPA's BAA is also considered to be imported to Washington at those points (per the Electricity Imports White Paper). Because BPA

is a generating providing entity offering electricity from its system, the power would be specified source upon import to the state.

Given that this situation is fundamentally different than the concerns that drove the California Air Resources Board to develop the seller warranty requirement, WPTF believes that it would be appropriate for Ecology to enable utility purchasers, or their intermediaries, that transact at MID-C and end up with energy sourced from BPA to be allowed to report those purchases using the ACS emission factor. This would not cause emission leakage, since the source of the electricity and the emission factor is known. It would also not enable a buyer that ends up with energy sourced from BPA to sell the electricity out of state as specified. Nor would this change financially harm BPA; BPA would still bear no compliance obligation for its electricity imports to Washington, and would still capture any carbon costs baked into the Mid-C electricity prices

O-6 (Puget Sound Energy)

PSE incorporates by reference the concerns and recommendations included in its February 20, 2026,¹⁰ and May 20, 2026,¹¹ comments regarding the treatment of electricity sourced at BPA and sunk in Washington by a backstop importer. Ecology's backstop compliance entity rules in its Electricity Importer¹² definition overstate Washington program emissions and create a significant new financial exposure for PSE or other entities purchasing electricity at Mid-Columbia ("MIDC"). PSE offers a recommendation in these comments for Ecology to address these unintended consequences in interim guidance until such time as affected parties can collaboratively develop solutions or until BPA elects to comply with the CCA.

Not doing so has the following negative consequences:

- Incentivizes thermal dispatches that would be displaced by lower carbon intensity market purchases if assigned an accurate emissions factor;
- Results in overstated program emissions;
- Exacerbates affordability concerns with the program; and
- Results in higher costs for customers.

BPA's system is modeled outside the state for the purposes of the CCA, and therefore its sales at MIDC are considered imports into the state. Unless BPA opts to comply with the CCA, PSE and other MIDC purchasers that sink electricity in Washington become the "next-in-the-chain" compliance entity for imports into Washington sourced from BPA. When PSE purchases electricity directly from BPA – an Asset Controlling Supplier – that electricity is assigned BPA's Asset Controlling Supplier ("ACS") rate. But PSE must also make short-term purchases at MIDC on an exchange ("ICE"), or from a broker when it is balancing its system or when such a purchase is a more economic short-term decision than dispatching its emitting resources. In these cases, PSE will not know until after-the-fact that it has been matched with a BPA source.

The most problematic case is when a financial intermediary has purchased and resold the electricity at MIDC. In this transaction, the financial intermediary is on the contract path of the e-tag, and avoids the import obligation, which is then transferred to the entity on the physical path of the etag – presumably the utility sinking the electricity in Washington.

Even though the electricity is sourced from BPA's system, the backstop importer is not able to claim the ACS emissions factor of BPA's system because it did not transact directly with BPA and is instead assigned an unspecified emissions factor at ten –to twenty times the ACS obligation, even though the characteristics of that BPA-sourced electricity have not changed. This leaves backstop importers serving load in Washington with a much higher obligation that they cannot anticipate, avoid, or fully mitigate, and overstates Washington program emissions by the same factor.

PSE is only one entity impacted by this issue. Estimates suggest 80-90% of short-term trading at MIDC may be implicated by this overstated emissions rate. PSE acknowledges Ecology rules regarding the backstop importer and the physical path of the etag draw on statute¹³. But PSE recommends Ecology publish interim guidance in its Electric Power Entity Reporting Guidance¹⁴ to mitigate this issue, recognizing there are different pathways for transacting electricity that is sourced at BPA. All three of these approaches are consistent with the statutory assignment of the backstop Electricity Importer and assign an accurate emissions factor to the electricity and a more accurate compliance obligation to the importer.

1. Apply an ACS designation to all short-term transactions. Amend language to reflect a specified source designation for all three categories – 1) electricity that is transacted with BPA, or 2) with an intermediate seller, or 3) with an exchange or Broker when that electricity can be demonstrated via the e-tag to be sourced as 'BPA Power' or 'BPA Slice'.

2. Apply an ACS designation to non-exchange transactions. Amend language to reflect a specified source designation for 1) electricity that is transacted with BPA, or 2) with an intermediate seller, or 3) with a Broker when that electricity can be demonstrated via the e-tag to be sourced as 'BPA Power' or 'BPA Slice'. Apply an unspecified source designation to electricity transacted over an exchange (Intercontinental Exchange/ICE).

3. Modify seller warranty requirements. Amend the BPA specified source evidence requirement for intermediate seller or broker transactions to require a seller warranty or BPA ACS notation in either the Contract field or Misc. Info field of an eTag for a valid ACS claim and drop reference to seller warranty requirements. This approach utilizes the information available in an e-tag to identify electricity that is sourced from BPA's system.

PSE encourages Ecology to continue working with utilities, BPA, marketers, and other stakeholders to identify potential regulatory, market, and legislative solutions, but in the interim Ecology should consider alternatives it could implement in EPE reporting guidance, within the constraints of statute, to mitigate this issue.

O-10 (Alliance of Western Energy Consumers)

WAC 173-441-124 – Bonneville Power Administration Backstop Importer

AWEC understands Ecology's proposed amendments to the backstop compliance entity rules to overstate Washington Cap-and-Invest Program emissions and increase cost exposure for utilities that purchase electricity at Mid-Columbia ("Mid-C"). Those costs would be recovered from end-use consumers and would unnecessarily exacerbate affordability concerns.

Specifically, AWEC is concerned that non-bilateral transactions, including short-term balancing purchases and transactions with a broker via the Intercontinental Exchange ("ICE"), may be assigned the unspecified resource rate, rather than BPA's Asset Controlling Supplier ("ACS") emissions rate. As a result, even purchases of BPA power may not use BPA's ACS rate to determine compliance obligations. Given the significant difference between the unspecified emissions rate and BPA's ACS rate, the potential compliance obligation could be ten to twenty times greater, even though the emissions associated with the imported electricity have not changed.

AWEC understands that Ecology may be attempting to address a specific concern or perceived loophole. However, any remedy must be consistent with the CCA and narrowly tailored so the vast majority of short-term trading at Mid-C is not assigned an emissions rate that far exceeds actual emissions. To avoid unnecessary utility cost exposure that will be borne by end-use consumers, AWEC encourages Ecology to continue working with stakeholders, including utilities, BPA, marketers, and other interested parties, to identify appropriately tailored solutions.

A-2 (Bonneville Power Association)

BPA is aware that some parties, including the WPTF (WPTF) and Puget Sound Energy (PSE) (collectively referred to as the commentors), are commenting in this rulemaking to request that Ecology allow utility purchasers, or their intermediaries, that buy unspecified power at Mid-C that is sourced from the federal system to report these purchases using BPA's ACS emission factor. BPA strongly opposes use of BPA's ACS emission factor under these circumstances for the reasons discussed below.

First, use of BPA's ACS emission factor in these circumstances is inconsistent with the Climate Commitment Act and existing program rules. Purchases on the Intercontinental Exchange (ICE) and often through a financial intermediary are not specified source because there is not "a written power contract to procure electricity generated by that facility or unit or from an asset controlling supplier at the time of entry into the transaction to procure electricity" per RCW 70A.65.010 (64). WAC 173-441-124 (3)(vi)(B) further provides that ACS power that is not acquired as specified source must be reported as unspecified power. At the same time, the Climate Commitment Act also envisioned that BPA as a federal PMA may not voluntarily elect to be the electricity importer under the program.

Second, this request is being made by the commentors during the formal CR-102 phase of Ecology's rulemaking. Changes to existing rules at this stage in the process would not provide all stakeholders with notice and an opportunity to provide comment.

Third, WPTF's proposal as written provides an advantage to marketers that may be in the middle of the transaction chain. Under the proposal, a marketer could buy unspecified power from BPA at market index prices and turn around and market it as specified source power to a Washington utility at a premium price. Indeed, of the specific scenarios that have been shared with BPA mentioned by PSE, they have all involved an intermediary marketer. A change in rules as proposed by commentors would fail to adequately compensate BPA— and its ratepayers who pay for the cost of the federal system—for the low-carbon attributes of the federal system while financially benefiting intermediary marketers who could derive value for federal attributes that they did not pay for and were not an intended part of the power transaction.

Fourth, the commentor's proposal risks convoluting double counting provisions in Washington's Clean Energy Transformation Act (CETA) related to BPA ACS sales. Without additional time to discuss this with Washington state agencies and BPA customers, it is unclear to BPA whether this would cause issues with identifying double counting of attributes under CETA and thus have inadvertent impacts to Washington utilities' ability to use Renewable Energy Credits from the federal system to demonstrate compliance with CETA.

Finally, BPA notes that Washington utilities have tools to mitigate against buying unspecified source power that ends up being sourced from BPA. Foremost, BPA strongly encourages Washington utilities to buy directly from BPA, which ensures the utility can report the purchase at BPA's ACS emission factor and can include other benefits such as potentially using the purchase for Western Resource Adequacy Program compliance. Utilities can also elect to turn off BPA as a potential counterparty when transacting over ICE. In fact, a few utilities have made this decision. Additionally, utilities could take steps to ensure the power they are buying from financial intermediaries is not sourced from BPA. BPA also believes this issue will be eliminated or minimized once utilities largely replace forward transactions with participation in a day-ahead market. BPA is willing to have discussions with utilities on additional solutions for mitigating this issue and encourages utilities to reach out to BPA directly.

Ecology Response:

Thank you for your comment. Commenters discuss how power supplied by BPA is reported under both existing rules and under proposed rules. Some commenters are concerned that some power sold by BPA is inappropriately or unnecessarily reported as unspecified power rather than specified power using BPA's ACS emission factor. In contrast, BPA generally disagrees and states it is not appropriate for power sold by BPA to be reported as unspecified in the instances cited by the other commenters. Commenters appeared to primarily focus on the impact of the existing reporting rule. However, some commenters noted these impacts could be unintentionally exacerbated under proposed rules.

Relevant to the existing reporting rule, Ecology agrees that this is an impactful and complex topic. Ecology also notes there is significant disagreement amongst parties on this topic.

Ecology did not adopt rules further modifying how power sold by BPA is reported. Such modifications would be a significant change from the proposed rule and require further input from interested parties. Ecology is committed to enabling appropriate accounting of low-emissions energy serving Washington. Ecology looks forward to continuing to work with utilities, BPA, marketers, and other parties to better understand and address this complex topic.

Relevant to the proposed rule, some commenters note that modifications to the “electricity importer” definition may result in imports previously reported as specified BPA power being reported as unspecified. Modifications in the proposed rules were intended to improve clarity (WAC 173-441-124(f)(v), (vi), (viii)) and address potential gaps in reporting coverage (WAC 173-441-124(f)(xi)). These modifications were not intended to result in BPA power supplied to BPA’s preference customers being reported as unspecified.

The adopted rules remove the clarifying edits to WAC 173-441-124(f)(v), (vi), (viii) and return these provisions to the original rule. The adopted rule also revises the proposed version of WAC 173-441-124(f)(xi). WAC 173-441-124(f)(xi) was added in the proposed rule to specify the electricity importer when an import sinks to load within a Balancing Authority Area (BAA) operated by a Multijurisdictional Retail Providers (MJRP), but the load is not served by the MJRP system. The adopted rule specifies that WAC 173-441-124(f)(xi) does not apply to BPA power supplied to BPA preference customers as specified in WAC 173-441-124(f)(vi) and (vii). Ecology also notes that imports to a FPMA multistate-BAA applicable under WAC 173-441-124(f)(viii) are distinct from imports applicable under WAC 173-441-124(f)(i), (ii), or (v) which are specific to imports sunk to a BAA entirely within Washington.

Ecology will work with reporting entities to develop additional guidance if necessary to ensure consistent implementation of the “electricity importer” definition.

FPMA “qualifying unspecified electricity” (Elec-26)

Comment Number:

O-17 (TransAlta Energy Marketing)

Comment:

Clarity regarding determination of FPMA “qualifying unspecified electricity” TEMUS recommends that Ecology provide clarity in WAC 173-446-030(1)(c)(i) regarding the classification of imported power from federal power marketing administrations (“FPMA”). The draft rules infer that at some future date Ecology will delineate electricity sourced from a FPMA into specified or unspecified, and which emission factor would apply - default or Asset Controlling Supplier (“ACS”) - in each instance. Because this affects compliance obligations, it is important for Ecology to make clear how this delineation process would occur, and when. While TEMUS appreciates that Ecology cannot anticipate all possible market situations, the worst outcome for a market participant is to have an import that they believed to be specified deemed as unspecified months after the transaction. As a FPMA, the Bonneville Power Administration (“BPA”) provides a significant amount of electricity to Washington, and

clarity regarding how Ecology will classify this energy is essential for continued resource adequacy.

Ecology Response:

Thank you for your comment. Ecology recognizes that most BPA system power imported to Washington is reported as specified power under the asset controlling supplier framework. However, as discussed by commenters in **Elec-25**, it is already possible for power supplied by BPA to be reported as unspecified under existing paradigms. Ecology also notes that the reference to “qualifying unspecified electricity” in WAC 173-446-030(1)(c)(i) in the proposed rules was moved to WAC 173-446-030(1)(c)(iv) in the adopted rules.

The rule language regarding “qualifying unspecified electricity” is necessary to reflect statute. RCW 70A.65.080(1)(c)(i)(C) addresses “electricity purchased from a federal power marketing administration pursuant to section 5(b) of the Pacific Northwest electric power planning and conservation act of 1980, P.L. 96-501.” The statute identifies that, if “the department determines such electricity is not from a specified source,” it is subject to a 25,000 MT CO₂e coverage threshold, rather than the zero MT CO₂e threshold for emissions from other unspecified source electricity.

Similarly, in WAC 173-446-030(1)(c)(iv), “qualifying unspecified electricity” is used to succinctly refer to “electricity purchased from a federal power marketing administration pursuant to section 5(b) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, that ecology determines is not from a specified source,” which mirrors the statute.

This language in WAC 173-446-030(1)(c)(iv) is not intended to signal intent to modify how BPA system power is reported under WAC 173-441-124. Instead, the language is intended to implement the statutory coverage threshold that would apply if BPA system power purchased pursuant to section 5(b) of the Northwest Power Act was determined to be unspecified.

[Wheel-throughs](#)

[Linked jurisdictions \(Elec-27\)](#)

Comment Numbers:

O-17 (TransAlta Energy Marketing); O-5 (Western Power Trading Forum)

Comments:

O-17 (TransAlta Energy Marketing)

The Climate Commitment Act (“CCA”) unambiguously intended to exempt electricity wheeled through Washington state from emission obligations, and TEMUS appreciates Ecology’s efforts to provide this clarity in the proposed rules. However, the obligation to report wheel-through is muddled by whether the linked jurisdiction (presumably where the wheel is sunk) has adopted rules to account for these wheels. This modifying clause leaves importers to puzzle over Ecology’s determination of the validity of the rules of the linked jurisdiction. TEMUS recommends that this modifier be struck in the adopted rules.

O-5 (Western Power Trading Forum)

WPTF supports the inclusion of a definition and provisions to address reporting of wheel-throughs, with the exception of the phrase “unless the linked jurisdiction has adopted rules accounting for electricity imports wheeled into and out of Washington on separate e-tags.” As we stated previously, we oppose the inclusion of this language for two reasons. First, we do not read SB6058 as providing Ecology with discretion to ignore this provision.

Second, while we recognize that exclusion of wheel-throughs on separate e-tags from the definition of imported electricity could inadvertently result in missed emissions if the export leg sinks in California, we do not believe that nullification of the wheel is the appropriate solution. The concern arises if an entity imports unspecified electricity to Washington, and exports unspecified electricity to California in the same hour. Under an approach whereby California, once linked, does not assign an emissions obligation to any electricity imported from Washington, the emissions associated with the original transaction would be missed. This is obvious in comparison to a scenario where instead of wheeling through Washington to California, the entity simply imports unspecified energy to California.

In WPTF’s view, the correct way to ensure that emissions associated with electricity wheeled through Washington on separate e-tags and sunk in California would be for California to require importers to report any electricity that originated in Washington and to identify any electricity imports associated with a wheel-through in Washington. This would enable California to assign a carbon obligation to those imports and would ensure that those costs are appropriately borne by California load, not Washington.

Ecology Response:

Thank you for your comment. Ecology declines to incorporate this change. The adopted rules maintain the specification that exports from Washington to California may not be incorporated into the calculation of wheel-throughs on different e-tags. As explained below, this approach is necessary to support linkage and avoid emissions leakage, is aligned with the first jurisdictional framework, and is consistent with statute.

The western grid is an interconnected and liquid market, with electricity flowing across 11 states and two Canadian provinces. Entities transacting electricity frequently engage in business across the western interconnection, including both California and Washington. Given the interconnected nature of the western grid, it is important that, under linkage, California and Washington’s treatment of electricity sector emissions are aligned to ensure consistent coverage. These rules must be aligned to prevent double counting of compliance obligations but also to ensure complete coverage and prevent emissions leakage, where decreases in emissions within either state is offset by an increase in GHG emissions outside the linked jurisdictions. It is also important to have consistent rules to avoid unexpected outcomes caused by attempts to exploit differences between Washington and California accounting approaches.

The CCA emphasizes that “climate policies must be appropriately designed, in order to avoid leakage” (RCW 70A.65.005(6)), and notes that emissions leakage should be evaluated relative

to Washington State and other linked jurisdictions (RCW 70A.65.010(44)). The CCA also directs Ecology to “consider opportunities to implement the program in a manner that allows linking the state's program with” other jurisdictions (RCW 70A.65.060(3)).

SB 6058, passed in 2024, updated the CCA specifically to enable further alignment of Washington Cap-and-Invest and GHG reporting rules to facilitate linkage. Before SB 6058, Washington statute (RCW 70A.65.010(43(b)) and both Washington and California reporting rules had already established that imports from linked jurisdictions would not incur a compliance obligation (WAC 173-441-124(2)(q)(ii); CCR §95111(b)(4)). This structure follows the first jurisdictional approach, which underpins how both Washington and California account for imported electricity. Under the first jurisdictional approach, the electricity importer is the entity that first places electricity onto the grid of the state or a linked jurisdiction. Compliance obligations are incurred by in-state generation or initial imports to either state. Transactions between linked jurisdictions do not incur further compliance obligations.

Under Washington and California rules, reducing a Washington reporter’s compliance obligation for exports to California, as suggested by the commenters, would be contrary to the first jurisdictional approach and would likely cause emissions leakage. Importers would be motivated to split imports to California into two transactions, first initially delivering imports to a Washington point-of-delivery before exporting the energy to California on a separate e-tag. Then, neither delivery would incur a compliance obligation. Commenters suggest that California could modify their reporting rules to prevent this outcome. Ecology does not believe it is feasible at this time to develop such a verifiable reporting approach that protects the integrity and realizes the benefits of the linked market. For example, an entity reducing their compliance obligation in the Washington Cap-and-Invest Program by reporting exports to California may be distinct from the entity reporting a “wheeled” import into California under California’s reporting rules. Additionally, rather than exempting all Washington imports from a compliance obligation in the California program, the suggested approach would require the California program to investigate every import of unspecified power from Washington to ensure it had not been used by any Washington entity to reduce their compliance obligation. This would potentially reduce the value and liquidity of Washington exports. In keeping with past practice, Ecology will continue to monitor developments in electricity markets and would act in partnership with California following linkage to address unintended consequences for electricity markets should they arise.

Given the stated intent of SB 6058 to facilitate linkage and direction in the CCA to avoid emissions leakage, Ecology believes it is appropriate and necessary to prohibit exports from Washington from being considered in the calculation of electricity wheeled through the state. Ecology does not believe it was intent of the legislature in passing SB 6058 for Ecology to enable an accounting mechanism that would clearly invite emissions leakage in the electricity sector and in doing so threaten linkage with California.

Ecology also believes that WPTF’s concerns regarding the cost burden on Washington customers is misplaced. WPTF’s comments imply that Washington customers will bear the cost

burden of electricity eventually exported from Washington to serve California load. Ecology disagrees with this assessment. The electricity sector is covered upstream either at the in-state point of generation or at the point of import into the state. Costs incurred upstream are passed onto downstream entities and then end-users that eventually purchase the electricity, even for transactions that occur through multiple steps. If electricity is eventually exported to serve California, California end-users will bear any cost burden imparted by upstream coverage of that electricity in the Washington Cap-and-Invest Program.

Specified wheel-throughs (Elec-28)

Comment Number:

O-17 (TransAlta Energy Marketing)

Comment:

The design of Day-ahead Markets (“DAM”) as well as the fragmented geographic footprints of the various centralized markets will also make it much more difficult to “wheel” energy through Washington state – and to identify and track these transactions via e-Tags.

As TEMUS has progressed through EDAM implementation, it has become very clear that the self-schedule option heavily used in EIM will be much more restricted in DAMs. Because of this, the centralized optimization of flows means that it is more likely that a specified import could be cut or reduced and need to be replaced by an unspecified export, such as spot energy purchased at MIDC.

In past stakeholder meetings, Ecology voiced concerns that the netting of wheelthroughs could allow for the “gaming” of emissions with higher-emitting exports than imports. This scenario may have been possible in the past bi-lateral market with excess transmission capacity. However, adjusting for modified schedules is increasingly the norm as the scarcity of transmission capacity increases with the implementation of competing DAMs and market fragmentation. TEMUS, like most other market participants, employs a team of schedulers who react to transmission curtailments and optimize awarded schedules in real-time.

TEMUS recommends that all hourly wheel-throughs, whether specified or unspecified, be netted for simplicity because of this lack of direct control by market participants, as recommended in the industry white paper submitted in 2023 to Ecology. This approach would also reduce the complexity of compliance tracking and verification, which is already becoming very complicated.

Ecology Response:

Thank you for your comment. Ecology has not adopted commenter’s substantial suggestion to enable wheel-throughs of both specified and unspecified imports. Doing so could expose Washington to significant emissions leakage. Emissions leakage would occur if entities reduced their compliance obligations associated with unspecified or emitting imports by reporting exports of low-emissions or non-emitting resources. Ecology believes it is appropriate and necessary to implement wheel-throughs on separate e-tags in a way that minimizes the risk

of emissions leakage. Doing otherwise would threaten linkage and be contrary to the intent of SB 6058 and direction in the CCA. Ecology notes that only one Washington entity is planning to participate in a centralized day-ahead market through 2027, with a larger number of Washington entities planning to begin participation in the fall of 2028. Ecology will continue to monitor developments in electricity markets and engage with interested parties to inform Program implementation and development. Please see more detailed discussion in **Elec-27**.

However, Ecology recognizes the potential complexity of reporting wheel-throughs and composite source accounting. To reduce administrative complexity while still enabling these frameworks for interested electricity importers, Ecology has modified WAC 173-441-123(3)(a)(iii), to clarify that reporting of wheel-throughs and composite source accounting is optional. This enables these accounting frameworks for entities who have determined they are adequately beneficial, while allowing other entities to follow a simpler approach. This approach is aligned with the spirit of RCW 70A.15.2200(5)(a) to minimize the administrative burden for smaller electricity importers.

Reporting detail (Elec-29)

Comment Number:

O-9 (Tacoma Power)

Comment:

Tacoma Power requests clarity and perhaps additional discussion regarding proposed WAC 173-441-124(3)(a)(iii)(E). Ecology's implementation of its current intra-hour netting policy is a single tab in its reporting template. Ecology will update its reporting template to accommodate the changes to this rule language. To the extent that these changes would result in EPEs reporting gross and net annual MWh for each first POR, such an outcome would be unduly burdensome. It is also unclear what value there is in this level of granularity. For electricity wheeled through the state on separate e-tags, the focus of reporting for Ecology and for the EPE should not be the first POR but rather the "common point or trading hub" that 'connects' import e-tags and export e-tags. Tacoma Power suggests that Ecology work with EPEs to update its reporting template for its finalized rules.

Ecology Response:

Thank you for your comment. The reporting framework for both specified and unspecified imports is based on reporting imported electricity by the first POR, and Ecology is not revising this approach in the adopted rule. However, Ecology appreciates commenter's note that reporting of wheel-throughs on separate e-tags should depend on the "common point or trading hub". Informed by this feedback, the adopted rule requires reporters to report the "final point of delivery" for electricity that is wheeled-through on separate e-tags.

Ecology intends to work with reporters to update its reporting template to enable efficient reporting of wheel-throughs in a manner that enables adequate transparency and verification. Ecology also emphasizes that reporting wheel-throughs on separate e-tags according to WAC 173-441-124(3)(a)(iii)(B) is voluntary

Common point (Elec-30)

Comment Numbers:

O-2 (Avista Corporation); O-17 (TransAlta Energy Marketing); A-2 (Bonneville Power Association)

Comments:

O-2 (Avista Corporation)

As it pertains to the definition of “Imported electricity”, the language as drafted is problematic for Avista due to the definition of “Common Point”, as described below. More specifically, this new definition should be amended to acknowledge an outside Washington common point. If this is not included, we request Ecology retain the original language as earlier drafted.

Ecology’s proposed definition of “Common Point” presents several concerns for multi-jurisdictional utilities such as Avista. First, the definition relies on the term “common system power pool”, which is not defined elsewhere in the rule. Without a clear definition, regulated entities are left to interpret the term independently, creating the potential for inconsistent application and compliance uncertainty. To avoid ambiguity, Ecology should either define the term or remove it from the proposed language. Doing so would also help distinguish Washington-specific regulatory concepts from terminology that may be familiar in other jurisdictions, such as California, but is not currently established within Washington’s regulatory framework.

In addition, the proposed definition of “Common Point” does not adequately account for the operational realities of multi-jurisdictional utilities. Specifically, the definition does not address common points that are located entirely outside Washington state. To address this gap, Avista recommends adding a new subsection (iii) stating: “isolated fully outside of Washington where the final Point of Delivery (POD) or first Point of Receipt (POR) is located entirely outside of Washington.” As drafted, the existing subsections do not contemplate common points outside state boundaries and therefore fail to provide a complete or accurate framework for identifying common points associated with interstate electricity transactions.

Avista has previously raised these concerns and has consistently provided recommended language to Ecology to establish a practical and workable definition. Written comments submitted on July 30, 2025, February 20, 2026, and May 20, 2026, included proposed revisions intended to improve regulatory clarity, accurately reflect utility operations, and ensure consistent implementation of the rule.

We encourage Ecology to consider this previously submitted language as a reasonable approach for defining “Common Point” in a manner that is both administratively workable and reflective of multi-jurisdictional utility operations: “For purposes of identifying electricity wheeled through the state by a BAA and MJRP: (a) the combined PORs and PODs located within the state, or (b) the combined PORs and PODs located outside the state.”

O-17 (TransAlta Energy Marketing)

Clarify whether a “composite source” can also be a “common point”. TEMUS supports the addition of a definition of a “composite source” in the proposed rules but recommends that clarity be provided as to whether a composite source could also be a common point. This could be possible in instances where a large generating facility is also a generation-only balancing area. If a composite source may also be a common point, then wheeling through a composite source would also not be classified as an import.

A-2 (Bonneville Power Association)

First, under WAC 173-441-124(2)(nn)(ii), "common point" includes “[a] final POD and corresponding first POR that is both located fully within Washington state and a multistate balancing authority area, but is not associated with the multi-state balancing authority area's common system power pool.” It is not clear to BPA whether this definition is intended to apply to PORs and PODs in BPA’s Balancing Authority Area and, if so, how requisite reporting should be done. For example, it is unclear whether electricity bought and sold at the “NWHub” scheduling point within BPA's balancing authority area would be considered a common point for purposes of identifying electricity wheeled through the state, and, if so, whether BPA should net transactions made at the “NWHub.”

Ecology Response:

Thank you for your comment. Ecology has not modified the definition of “common point” in response to this feedback. Ecology offers clarifying responses to commenters below.

A composite-source POR by definition is a POR outside of WA. A common point is a point where electricity is wheeled into and out of Washington on separate e-tags, meaning a common point is considered within WA. For this reason, Ecology believes a composite-source POR cannot also be a common point.

Because common point is used to effectuate “wheels into and out of Washington” there are barriers to applying this framework to electricity that never sinks or does not originate from Washington and to electricity imports reported using system power frameworks. Ecology has published guidance on calculating system emission factors when the system operator wheels electricity through an out-of-state system.¹⁴ Ecology is committed to enabling appropriate accounting of low-emissions energy serving Washington. Ecology looks forward to continuing to work with utilities, BPA, marketers, and other parties to enable consistent reporting of this requirement for emissions year 2027.

¹⁴ Ecology advises EPEs reporting system emission factors review the “path-out” structure in: Ecology. Interim Guidance for Electric Power Entity Reporting. August 2023. <https://apps.ecology.wa.gov/publications/UIPages/SummaryPages/2302090.html>

Centralized electricity markets

Emissions leakage (Elec-31)

Comment Number:

O-5 (Western Power Trading Forum)

Comment:

As WPTF has previously commented, it is important for Ecology to include provisions in its reporting regulation to give legal effect to the approaches adopted by the market operators for Extended Day Ahead Market (EDAM) and Markets+. This is important both to provide a regulatory basis for the market operators, and to give the Department of Ecology the basis for enforcing the market designs.

Both the EDAM and Markets+ designs to accommodate the two Cap-and-Invest Programs rely in part on the concept of energy that is committed to load within those states to minimize emissions leakage. Markets+ additionally uses the concept of ‘surplus’ electricity in its design and allows an entity that offers surplus electricity (Type 2) to self-indicate its ‘surplus threshold’ MW. These provisions place restrictions on the attribution of clean energy to Washington, and potentially the dispatch of resources within the market that would otherwise occur. It is thus important that centralized market approaches are grounded in state regulatory requirements so that the market operators cannot be accused of discriminating against different market participants. In response to this concern, the recently adopted amendments to California reporting rule add a new definition of ‘committed capacity’ to provide the legal basis for the EDAM design features.

Further, failure to include definitions of committed capacity and surplus would undermine Ecology’s ability to enforce these rules. Although the Markets+ tariff requires that the load verify the existence of a contract for ‘Type 1A’ imports (those that must be attributed to Washington), neither market tariff requires documentation or verification of contracts as a condition for attribution of other specified imports. With respect to surplus, an entity could simply indicate in its market offer that it has a contract with Washington load, or for “Type 2” energy in Markets+ that all of the offered specified energy was surplus, and the market would attribute that energy to Washington if it is economic to do so. Without Ecology oversight, this could result in the same emissions leakage that the market design features are intended to minimize. Ecology should therefore adopt provisions to give effect to the ‘committed capacity’ and ‘surplus electricity’ concepts used in the market designs, prior to Washington retail providers joining the day-ahead markets

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has added definitions of “committed capacity” and “surplus” to WAC 173-441-124 in the adopted rule. In response to this comment, Ecology also added a requirement in the adopted rule (WAC 173-441-124(3)(a)(v)(E)) for deemed market importers to report, to the extent feasible, the amount of imported electricity that is either committed capacity, surplus, or neither. The adopted rule also

enables a market operator to report this information, if feasible, instead of the deemed market importer.

Ecology emphasizes that this requirement will go into effect for emissions year 2027, which is reported in calendar year 2028. Ecology will work closely with market operators and reporting entities to develop guidance to enable feasible reporting based on information available to deemed market importers.

Data reported under WAC 173-441-124(3)(a)(v)(E) will not impact reported or covered emissions but is key for Ecology to assess the risk of emissions leakage for CEMs operating in Washington and inform potential additional rules. Electricity imports enabled via CEMs that are neither surplus nor committed capacity are the most likely to result in emissions leakage. Emissions leakage risk will be dependent on overall market dynamics including market footprints, general market designs, and GHG-specific market frameworks. Accounting for emissions leakage risk is important when considering the environmental integrity of the Cap-and-Invest Program, and an area Ecology is invested in analyzing and developing.

FPMA-specified CEMs backstop (Elec-32)

Comment Number:

O-6 (Puget Sound Energy)

Comment:

In addition, PSE urges Ecology to restore subsection (2)(f)(xii)(C), which Ecology included in its June 2025 workshop proposal but removed from the CR-102 draft rule language. That provision would clarify that electricity provided by a Federal Power Marketing Administration (“FPMA”) in a centralized electricity market is treated as a specified source, providing greater certainty for emissions reporting and the development of pro-rata allocation methodologies.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology added language clarifying that WAC 173-441-124(2)(f)(xii) applies to electricity from a specified resource or system. WAC 173-441-124(2)(f)(xii) establishes a backstop when a FPMA, that has not opted into the Cap-and-Invest Program, is identified as the deemed market importer under WAC 173-441-124(2)(f)(iii). The adopted rules further clarify that WAC 173-441-124(2)(f)(iii) applies when a CEM market operator deems or attributes “a resource or system” to Washington. In contrast, WAC 173-441-124(2)(f)(xiii) applies when a CEM market operator deems or attributes “bulk unspecified electricity” to Washington.

“Market purchaser” provisions (Elec-33)

Comment Number:

A-2 (Bonneville Power Association); O-13 (Public Generating Pool); O-2 (Avista Corporation)

Comments:

A-2 (Bonneville Power Association)

However, BPA must reiterate its concerns from May 20, 2026, regarding the "Market Purchaser" language in WAC 173-441-124(2)(ss) and (3)(g). These requirements remain highly ambiguous, present technical feasibility challenges, and do not serve a clear program purpose. BPA strongly encourages Ecology to re-evaluate the specific compliance outcomes it needs to determine, and identify the exact, reportable data points necessary to make those determinations before finalizing these reporting requirements.

O-13 (Public Generating Pool)

Proposed Market Purchaser Framework: PGP continues to have concerns with the new "market purchaser" definition and reporting requirements in proposed WAC 173-441- 124(2)(pp) and WAC 173-441-124(3)(g). It is unclear how this proposed framework would align with the current "deemed market importer" framework and whether EPEs would be able to provide the requested information. The proposed rules also use terminology that are not current defined in Ch. 173-441 WAC.

O-2 (Avista)

WAC 173-441-124(2)(ss) Definitions for Electric Power Entities; Market Purchaser: As currently drafted under the definition of "Market Purchaser", language related to purchased electricity through a centralized electricity market includes mention of a "five-minute interval". As power market transactions utilize an industry standard of one-hour intervals, we strongly suggest staff retain original intervals relating to one-hour instead of the proposed language. This would allow definitions and programmatic language to remain consistent across all administrative code sections.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has removed the market purchaser definition and reporting requirements in the adopted rules. Ecology notes that the proposed market purchaser language was a preliminary step to inform Ecology development of pro rata calculations in WAC 173-441-124(2)(f)(xii) and (xiii). The proposed reporting requirements for market purchasers were similar to existing requirements for reporters to report total annual purchases of energy from the WEIM. Reporters had complied with these existing requirements for 2023 through 2025 emission years. As indicated previously, given the complexity of CEMs, Ecology will clarify the method for determining the pro rata calculations after consultation with market participants, market operators, and interested parties

Add "market purchaser" to electricity importer definition (Elec-34)

Comment Number:

O-5 (Western Power Trading Forum)

Comment:

"Electricity Importer" definition Ecology has added to subparagraphs to determine the entity that will be the responsible importer for imports of energy from BPA system that is not

contracted to a Washington entity and bulk unspecified imports. Rather than refer to ‘retail provider’ in these paragraphs, we suggest Ecology use the term “Market purchaser” to align that new definition and avoid confusion. (We also suggest that retail end users be added to that definition.)

Ecology Response:

Thank you for your comment. Informed by other comments, Ecology has removed “market purchaser” provisions in the adopted rule. Please see further discussion in **Elec-33**.

CEMs and exports (Elec-35)

Comment Number:

O-5 (Western Power Trading Forum)

Comment:

WPTF notes that Markets+ is developing market rules to ensure that electricity from Washington resources that is committed to load outside the state is not included in the volume of electricity considered to serve Washington load. This will ensure that the quantity of electricity attributed to Washington, and the market’s marginal GHG price is accurate. WPTF recommends that Ecology expand the definition of exported electricity to include this electricity so that reporting of exported electricity aligns with the centralized market allocations. This change should be made prior to any Washington BAs participating in those markets.

Ecology Response:

Thank you for your comment. Due to the complexity of the reporting rule and potential substantial or unintended impact, Ecology will not change the definition of “exported electricity” without additional discussion from interested parties. Ecology emphasizes that the definition of “exported electricity” is “electricity generated inside Washington state and delivered to serve load located outside Washington state” followed by non-exhaustive examples of exported electricity and some specific exclusions from exported electricity. Ecology also emphasizes that even in a linked market, emitting generation within Washington state will incur a compliance obligation under the WA Cap-and-Invest Program, as required by statute. See **Elec-21** for further discussion.

Consistent reporting and verification

POR/POD mapping (Elec-36)

Comment Numbers:

O-17 (Transalta); O-5 (Western Power Trading Forum)

Comment Summary:

Multiple commenters emphasize the request for Ecology to develop, publish and maintain accurate mapping of PORs/PODs. They express that this would provide clarity about which scheduling points are inside or outside Washington and help determine what transactions are

imports and exports and which entities are the responsible importers and exporters. One commenter expresses that this would also provide clarity on trading hubs such as MID-C.

A commenter requests Ecology purchase the OATI Point-State Mapping Report and make it available to electric power entities. They note that use of this report to identify all POR/PODs within Washington state is necessary for entities to comply with WAC-441 verification of e-tags for accurate compliance. They note that the report is not publicly available but can be purchased at the cost of approximately \$10,000 per year per state, which is a non-trivial cost for market participants. They recommend including the cost in Ecology's annual fee structure rather than requiring individual entities to pay the ~\$10,000 per-state fee.

Ecology Response:

Thank you for your comment. Ecology understands the importance of mapping PORs/PODs for accurate reporting and verification and is actively pursuing options to develop it. Ecology will also explore options related to OATI's Point State Mapping Report but notes that it may not be possible to publicly release another organization's publication without their permission.

Balancing authority data (Elec-37)

Comment Numbers:

O-5 (Western Power Trading Forum); B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); A-2 (Bonneville Power Administration)

Comment Summary:

Multiple commenters expressed concern that the proposed data sharing requirement is overly broad and express uncertainty around what information Ecology is requesting. They request Ecology revise the provision to narrow the scope and request clear, minimal, specific data requirements that are limited strictly to information needed for emissions verification and POR/POD mapping. One commenter recommends restricting BA data to tagged import transactions, responsible importers, and Washington POR/POD information. Another commenter recommends Ecology explicitly limit data categories to total imports, exports, and wheel-throughs.

A commenter requests Ecology clarify who must participate in the data sharing agreements as there is uncertainty if the agreement would be between Ecology and BAs or require participation from third-party data platforms like OATI.

A commenter expresses concern that market transaction data can reveal trading strategies and must be handled carefully. They request Ecology revise the rule to have stronger confidentiality and commercial sensitivity protection. They propose Ecology add protective language: "This data-sharing authorization shall include protections for confidential or commercially sensitive information." They also urge Ecology to work with stakeholders and legal counsel to balance regulatory oversight with confidentiality protection.

Multiple commenters recommend Ecology use publicly available or existing data sources before requesting new datasets in order to minimize administrative burden. Another commenter recommends Ecology contract with OATI instead of BAs to more efficiently provide data needed for bilateral transaction verification and POR/POD mapping. One commenter suggests that retail providers may already hold the data Ecology is requesting.

A commenter states that balancing authorities are not electric power entities subject to reporting requirements under WAC 173-441-124.

A commenter recommends that Ecology engage with experts familiar with California's Cap-and-Invest Program, where similar market data is obtained through established processes, to help develop a common understanding of what data is needed, how it is sourced, and how it can be securely managed and shared.

Ecology Response:

Thank you for your comment. Ecology amended the provision to add language narrowing the scope of data being shared and to clarify parties that would be involved in the agreement: "This agreement will authorize the e-Tag Authority to share data with Ecology aggregated by entity and statewide on total imports, total exports, and total wheel-throughs." Ecology clarifies that the data will be used to verify reported emissions and Ecology may also investigate options to publish a list of Washington Point of Receipt/Point of Delivery's (POR/PODs).

Ecology acknowledges the concern of data confidentiality with the proposed broad language. By revising the language to narrow the scope of the data shared, Ecology intends to address the concerns of data confidentiality because the data does not include confidential business information or market transaction data, only aggregated totals by entity and statewide. Therefore, Ecology did not incorporate additional confidentiality protections in the amended provision as it is addressed by the narrowed scope.

Ecology intends for this provision to minimize administrative burden for reporters and Ecology staff as it provides a secondary data source to verify the total reported emissions. This process does not require additional work by reporters or balancing authorities, outside of balancing authorities signing the data sharing authorization agreement.

Ecology clarifies that there are balancing authorities who are also electric power entities subject to reporting requirements under WAC 173-441-124.

[Other reporting](#)

[Energy storage systems \(Elec-38\)](#)

Comment Number:

O-13 (Public Generating Pool); O-5 (Western Power Trading Forum); O-17 (TransAlta Energy Marketing)

Comments:**O-13 (Public Generating Pool)**

Electricity Storage Systems: The topic of reporting requirements for electricity storage systems (ESS) warrants more deliberative discussion among stakeholders. However, PGP does have some concern with an outcome where electricity imports would be treated as unspecified in the absence of a specific rule addressing these imports. For the present rulemaking, PGP recommends that Ecology clarify that imports from ESS can be treated as unspecified or specified in order to enable an EPE to demonstrate a reasonable approach for specified treatment in the absence of the adoption of a detailed methodology.

O-5 (Western Power Trading Forum)

WPTF continues to believe that growing demand for clean energy, not only from retail providers who are preparing to meet Clean Energy Transformation Act targets, but also from large energy users, such as data center operators, who are looking to meet their own clean energy targets in Washington will drive electricity imports that flow through storage resources in the next few years. Failure to provide a mechanism to enable these imports to be assigned an emission factor that accurately reflects the energy used to charge the storage, and instead to assign the default emission factor, would provide a strong disincentive for investments in storage and increase costs for ratepayers. Alternatively, exempting imports from storage from an emission obligation will result in emissions leakage. We therefore urge Ecology to address these imports as soon as possible. We understand the position of some stakeholders who are supportive of including provisions to address imports from energy storage systems, but are reluctant for Ecology to adopt the provisions adopted by California without an opportunity for discussion. While we believe that the proposal by CARB for registration of energy storage resources and assignment of a specified emission factor is a reasonable and flexible approach, we support a further stakeholder process. We therefore suggest that in the short term, Ecology include a simplified definition of energy storage systems that establishes the principle that imports from storage may be considered specified, provided that those imports comply with Ecology rules to be developed. Once the current rulemaking is finished, Ecology should convene a stakeholder process to consider imports from energy storage, with the goal of developing rules to go into effect by January 2028.

O-17 (TransAlta Energy Marketing)

Commenter supports Ecology's intention to draft rules regarding energy storage in 2027.

Ecology Response:

Thank you for your comment. Ecology agrees that energy storage systems will play an increasingly significant role in the Pacific Northwest. Ecology is committed to enabling appropriate accounting of low-emissions energy serving Washington and intends to work with stakeholders to develop new rules or guidance on reporting imports supported by energy storage systems. Ecology encourages reporters to contact the Greenhouse Gas Reporting and

Verification team early to learn more about potential pathways for reporting specified and unspecified power supported by ESS under the current reporting rules.

Composite source accounting (Elec-39)

Comment Numbers:

O-2 (Avista Corporation); O-5 (Wester Power Trading Forum); A-2 (Bonneville Power Administration)

Comments:

O-2 (Avista Corporation)

WAC 173-441-124(3)(xiii)(F) Definitions for Electric Power Entities; Composite Source Accounting

Where the subsection requires a reported composite source POR to provide additional information as specified in the draft language, it is unclear what Ecology means by “different balancing authority areas” in subsection (I), particularly in the context of composite source accounting. Ecology should provide further clarification in subsection (F) regarding these new reporting requirements, including how the term is intended to apply and what information must be reported to demonstrate compliance

O-5 (Wester Power Trading Forum)

WPTF supports the new section on composite source accounting, as it generally aligns with the approach laid out in the Electricity Imports White Paper and recent WPTF comments. However, we oppose the requirement that the reporting entity be able to claim the generation source as a specified source of electricity.

We believe that the intent of this paragraph is to meet the standard in subparagraph (A) regarding the portion of electricity deliver that is “unambiguously shown to be supported by Washington generation sources”. Requiring the importer to have a specified source claim to the resource(s) would certainly meet that standard. However, that requirement is too narrow.

Because specified electricity transacts at a premium, market participants typically do not contract for specified electricity unless they have need for the associated attributes or the emission factor of the underlying resource. If the market participant simply needs energy to meet its load obligations, it will contract for unspecified energy. Even electricity contracted under ‘hubbing’ arrangements with the Mid-C Public Utility Districts may provide unspecified energy from the Washington utility’s generating system, rather than a particular resource. The entity doing composite source accounting should still be expected to demonstrate unambiguously that the electricity was supported by Washington generation sources, but this can be achieved through showing of a contract for energy from a Washington utility system, and the e-tags.

Further, allowing an entity to deduct energy generated from an instate resource through composite source accounting is no different than a scenario where electricity from a resource located within Washington but inside a multistate BAA is delivered to a BAA located fully within Washington. Normally an electricity transaction originating from a multistate BAA and sinking in Washington would be considered an import. The exception is if the energy can be clearly identified as being sourced from a Washington resource. As long as the reporting entity can show via tags, and if necessary meter data, that energy is considered to have originated in Washington and would not be considered an import – there is no requirement that the resource be under specified contract to the importer. Ecology’s proposal to require a specified contract for entities to do use composite source accounting would be unfair to those entities. For this reason, WPTF requests that eliminate the requirement that Washington resources must be under specified contract to the reporting entity throughout the document.

A-2 (Bonneville Power Administration)

The composite source provisions under WAC 173-441-124(xiii) are another example of where Ecology proposes to provide opportunities for reporting entities to net electricity without providing comparable treatment for an ACS. Further, this section is difficult to comprehend and could create confusion for reporting entities. For example, it could be interpreted in ways that impact ACS reporting. If Ecology allows specified sources to be accounted for in a composite source POD, then BPA requests Ecology add language that provides that where the source is specified source ACS power then the ACS emission factor should be used for composite source reporting and such use does not impact the reporting provided by the ACS.

Ecology Response:

Thank you for your comment. Ecology has not significantly modified the composite-source accounting framework in response to this feedback. Ecology offers clarifying responses to commenters below.

Ecology believes that the reporting requirements within WAC 173-441-124(3)(a)(xiii), including the specified source requirement, are necessary to protect against duplicative claims on in-state resources, ensure consistent verification outcomes, and overall protect the environmental integrity of the Cap-and-Invest Program. As detailed in Ecology guidance¹⁵ and consistent with rule, Ecology notes that reporters claiming specified sources must have ownership rights or a power contract for the delivered electricity. Ecology encourages reporters seeking to understand whether they may report under the composite source accounting framework to contact emissions reporting and verification staff.

Ecology respectfully disagrees with WPTF’s characterization that *“allowing an entity to deduct energy generated from an instate resource through composite source accounting is no different*

¹⁵ Department of Ecology. Interim Guidance for Electric Power Entity Reporting. 2023. <https://apps.ecology.wa.gov/publications/UIPages/documents/2302090.pdf>

than a scenario where electricity from a resource located within Washington but inside a multistate BAA is delivered to a BAA located fully within Washington.” Ecology agrees that, when an e-tag identifies the first point of receipt as a specific in-state generating resource located within a multistate BAA, rather than the multistate BAA’s system, that transaction is not an import and it is appropriate that further documentation is not needed. However, showing electricity was generated within Washington is distinct from reducing an electricity importer’s covered emissions from known tagged imports of unspecified electricity by proving that the electricity is unambiguously supported by a Washington generation source via the composite source framework.

In response to BPA’s comment, Ecology notes composite source accounting does not impact the calculation of MWh or emissions associated with specified imports reported according to WAC 173-441-124(3)(a)(iv)-(vi). Ecology notes composite source accounting also does not impact the calculation of any emission factor for a specified resource including an ACS system emission factor.

In response to Avista’s comment, “different balancing authority areas” in WAC 173-441-124(3)(xiii)(F), refers to the balancing authority area that the Washington generation resource is located in and the balancing authority area associated with the composite source POR. If the composite source POR and the Washington generation resource are located in different balancing authority areas, the amount of electricity from the Washington generation resource sinking to the composite source POR must be documented via e-tags.

Aggregate zero-emissions generation sources (Elec-40)

Comment Number:

A-2 (Bonneville Power Administration)

Comment:

Third, regarding aggregate zero-emissions generation sources under WAC 173-441-124(3)(a)(xii), BPA is unclear whether this provision is intended to exclude sources already accounted for in an ACS report. For context, BPA currently participates in the Western Energy Imbalance Market (WEIM) using three aggregations of hydroelectric resources. These resources are offered in WEIM at BPA’s applicable ACS emission factor and individually reported in the ACS workbook format. BPA does not believe that aggregate source hydro rules should apply to generation that is otherwise already accounted for in an ACS emission factor and requests Ecology clarify this.

Additionally, BPA does not believe that the physical limitations requisite for aggregated sources are necessary, such as the requirement in WAC 173-441-124(3)(a)(xii)(A) that “all aggregated sources share a need to be aggregated due to interdependent water flows or other physical limitations” and the requirement in WAC 173-441-124(3)(a)(xii)(C) that “the output of any source... cannot be individually supplied to serve load independent of the aggregated sources configuration.” In a situation such as BPA’s—were it not for BPA’s ACS reporting—this could disallow aggregated hydro sources.

Ecology Response:

Thank you for your comment. Ecology confirms that the requirements for aggregated zero-emissions generation sources do not apply to generation that is otherwise already accounted for in an ACS emission factor.

Ecology understands that some reporters may view the requirements to be able to report as an “aggregated zero-emissions generation source” as restrictive. Ecology emphasizes that reporting zero-emission generation sources in aggregate pursuant to WAC 163-441-124(3)(a)(xii), rather than individually, is a voluntary option. Zero-emission generation sources can continue to be reported under preexisting specified source reporting requirements. Ecology made a minor update to WAC 163-441-124(3)(a)(xii) to emphasize the voluntary nature of this reporting framework: “aggregated...generation sources can be voluntarily collectively claimed...”.

Ecology also amended a deadline in WAC 163-441-124(3)(a)(xii)(E) from February 1st to May 1st to align with existing reporting requirements and minimize administrative burden.

“Discrete Washington load” (Elec-41)

Comment Number:

O-2 (Avista Corporation)

Comment:

WAC 173-441-124(2)(f)(xi) Definitions for Electric Power Entities; Electricity Importer

Under the definition of Electricity Importer, the term “discrete Washington load” is used to describe electricity scheduled through an e-tag by a multi-jurisdictional electric company. However, this term is not currently defined in the rule, nor does the proposed language provide sufficient explanation regarding its meaning or application. The absence of a definition creates ambiguity and may lead to inconsistent interpretation and implementation by regulated entities. If Ecology believes that the term is necessary for administering the program, a clear definition should be included to ensure regulatory certainty and consistent compliance obligations. Otherwise, the term should be removed from the draft rule to avoid confusion and potential reporting disputes.

Ecology Response:

Thank you for your comment. Informed by this feedback, Ecology has revised WAC 173-441-124(2)(f)(xi) to replace “discrete Washington load” with “final point of delivery in Washington”. “Final point of delivery” is defined and references to points of receipt and points of delivery “in Washington” are used throughout WAC 173-441-124.

Emissions Reporting and Verification

Agricultural fuels

Comment Number:

O-12 (Western States Petroleum Association)

Comment Summary:

The commenter requests confirmation that the current approach of providing attestations to fuel suppliers for covered exempt uses will continue to meet the requirements of the amended WAC 173-441-120(5)(d)(xi)(C).

Ecology Response:

Thank you for your comment. The proposed changes to the rule extend the agricultural fuel exemption provision specific to the transportation of agricultural products to December 31, 2029. All other language relating to the exemption remains the same, including the method used to demonstrate to Ecology that the fuel meets the requirements of the exemption. Ecology confirms that providing attestations or other acceptable documentation to fuel suppliers for covered exempt uses will continue to meet the requirements of the section.

Comment Number:

O-14 (This Land/Friends of Toppenish Creek)

Comment Summary:

The commenter requests that Ecology apply the exclusions in WAC 173-446-040 only to “the fuels, users, purposes, and time periods expressly authorized by statute and rule and should maintain adequate documentation and verification requirements to prevent their application to nonqualifying fuel uses.” They request Ecology to not interpret or administer exemptions more broadly than the Legislature expressly authorizes. They request Ecology to evaluate whether these exclusions “create unintended incentives for increased fossil-fuel consumption or expansion of highly polluting industrial agricultural operations.” They also request Ecology to publicly report emissions associated with exempt agricultural fuel.

Ecology Response:

Thank you for your comment. Ecology will implement the exemptions as required by statute. Any changes to the rule regarding fuel exemptions are a result of changes passed by the Legislature during legislative session. The documentation required to claim the exemption, similarly, was established in statute and further detailed by a 2023 fuel exemptions workgroup with interested parties. Ecology will continue to assess reporting related to exemptions and investigate options to evaluate whether these fuels are used for the intended purposes. The fuel exemptions will narrow starting in January 2030 when it will no longer cover transport of agricultural products on public highways. Ecology does not directly publish the emissions associated with exempt agricultural fuel; however, Ecology notes that the [GHG Reporting](#)

[Program Publication](#) includes total reported emissions, total covered emissions, and biogenic emissions. In future years, Ecology will report total exempt volumes of fuel reported for agriculture uses, marine vessels, and aviation.

Substantive Error

Comment Numbers:

O-12 (Western States Petroleum Association); O-2 (Avista Corporation); B-10 (HF Sinclair); B-4 (PacifiCorp)

Comment Summary:

Multiple commenters express concern that the proposed substantive error thresholds and correction periods may significantly increase administrative burden and costs associated with verification and compliance, without meaningful benefit in improving data quality.

Multiple commenters express concern that the 500 MT CO₂e substantive error threshold does not account for the differences in emissions volume and facility size for reporters and request Ecology explain the analytical basis in selecting the fixed threshold. They express concern that the 500 MT CO₂e is one hundredth of a percent of total emissions for some large emitters and would require revisions for minor errors that are insignificant in relation to their total reported emissions. Multiple commenters request a 5% substantive error threshold for all reporters as it aligns with established verification norms and scales proportionally.

Multiple commenters question why Ecology is establishing the substantive error concept when the 5% threshold for material misstatement in the verification framework already exists. They request Ecology explain the purpose of the separate frameworks and how it enhances the effectiveness of the verification process. Multiple commenters recommend Ecology remove the substantive error concept entirely due to the existing verification framework.

One commenter notes that that proposed substantive error concept does not have a direct counterpart with CARB's mandatory reporting regulation.

One commenter notes that the definition of an annual revision was intended to address the requirements of HB 2215 in the 2026 Legislative Session which was directed towards specific fuels, namely gasoline, diesel, biodiesel and propane. They propose maintaining the 10,000 MT CO₂e reporting threshold and 5% substantive error threshold and only applying the 500 MT CO₂e substantive error threshold to the categories of fuel addressed in HB 2215.

One commenter requests Ecology explain the rationale for the asymmetric treatment between underreported emissions requiring correction for seven years and overreported emissions limited corrections to one year, noting potential compliance, cost or allowance implications. They recommend aligning substantial error correction deadlines to CCA allowance retirement periods for consistency.

Ecology Response:

Thank you for your comment. Ecology clarifies that the existing rule language requires revisions for any substantive error greater than zero MT CO₂e that is discovered within 10 years of reporting. Ecology intends for the proposed substantive error thresholds and time ranges to reduce the administrative burden associated with smaller substantive errors, while ensuring that reporting is accurate, complete, and timely.

Ecology clarifies that the annual greenhouse gas report revisions for substantive error are separate from the third-party verification process where any discrepancy, omission, or misreporting that combines to be greater than or equal to 5% of total reported emissions will result in a material misstatement or adverse verification statement. The substantive error provision applies when the reporter or Ecology discovers an error in an annual greenhouse gas report that the person previously submitted and is required to revise their report if it meets the threshold and time range for corrections. Substantive error and report revisions apply to all reporters, not only the ones that require third-party verification. When a greenhouse gas report is revised and resubmitted, the reporter must get reverified if they meet the requirements for third-party verification.

Ecology notes that CARB's MRR refers to 40 CFR §98.3(h), which sets out requirements for annual greenhouse gas report revisions and substantive errors, was the basis for the existing language in WAC 173-441. Ecology's proposed amendment to specify distinct thresholds and correction periods was modeled after Québec's approach in section 46.1 of the Environment Quality Act (chapter Q-2) to reduce administrative burden for smaller errors.

Ecology revised the rule language to clarify the distinction between the substantive error threshold applicability in WAC 173-441-050(7)(c)(ii)(A):

- (I) 5 percent or more of total reported GHG emissions if total reported GHG emissions are less than 10,000 MT CO₂e.
- (II) 500 MT CO₂e or more if total reported GHG emissions are greater than or equal to 10,000 MT CO₂e.

Ecology clarifies that the 500 MT CO₂e threshold was chosen because it is 5 percent of 10,000 MT CO₂e and is significant in maintaining accurate and complete reporting for the program. If there were a blanket 5% threshold for substantive error, then there could be errors as large as hundreds of thousands of metric tons of CO₂e from large emitters that would not be corrected. The 5 percent substantive error threshold applies to smaller reporters to maintain accurate reports, especially because the reporting thresholds for electricity importers (EPEs) and some fuel suppliers lowered from the existing 10,000 MT CO₂e.

Ecology revised the rule language to extend the time range for requiring revisions for over-reporting to two years instead of one year. The correction period is longer for underreporting

to further the statutory goal of ensuring that emissions are accounted for and covered by the program. With over-reporting, there is no similar concern that emissions will go uncovered, so the correction period is shorter to reduce administrative burden, while still maintaining accurate and complete reports.

Ecology clarifies that the Reporting of Emissions of Greenhouse Gases rule WAC 173-441 is separate from the Climate Commitment Act Program rule WAC 173-446 and therefore did not link substantive error correction periods with the compliance period timelines. Furthermore, if the correction period were set to the end of the compliance period, then the final reporting year in a compliance period would only have a correction window of a few months and would not capture substantive errors discovered after the end of the compliance period. Ecology chose the set time periods in the proposed rule to ensure accurate, complete, and timely reports, regardless of when in the compliance period the substantive error is discovered.

Missing-data methods

Comment Numbers:

O-12 (WSPA); B-10 (HF Sinclair)

Comment Summary:

Multiple commenters express concern that the conservative missing data substitution method in WAC 173-441-050(8)(h) may produce values that are not accurate or representative of actual emissions. One commenter notes that the revised provision does not incorporate the same flexibility as CA's MRR which generally allows engineering estimates and representative historical values before resorting to conservative substitution methods. Multiple commenters suggest Ecology permit reporters to reconstruct the missing period using appropriate engineering estimates and representative historical values from genuinely comparable operating periods, subject to review by the accredited verifier, and resort to using highest-value substitution as a backstop when reasonable reconstruction isn't possible. One commenter requests Ecology provide technical justification for WA's more conservative approach

Ecology Response:

Thank you for your comment. Ecology clarifies that primary method when substituting for missing data is complying with 40 C.F.R. Part 98, with the more conservative data substitution methods being required when data is not covered in 40 C.F.R. Part 98 and the data capture rate is less than 90 percent for the data year. Many missing data substitution cases would use methods from 40 C.F.R. Part 98, which has different missing data procedures for each subpart, and Ecology intends to make the procedure more conservative for substitute data required under this section that is not covered in 40 C.F.R. Part 98. These amendments were made to align with California's rule language which has a similar missing data substitution procedures for certain sections of their rule. The amended rule still has flexibility to use the best available estimate if the data capture rate is at least 90 percent and not covered in 40 C.F.R. Part 98. The

more conservative method of using historical data for missing data substitution is used when the data capture rate is less than 90 percent and is intended to be more conservative to ensure all emissions are captured by reporting.

Non-conformance

Comment Numbers:

O-2 (Avista Corporation)

Comment Summary:

The commenter expresses concern that “[L]imiting the definition [of nonconformance] to a single method of determination may inadvertently exclude other technically valid approaches used to quantify emissions and demonstrate compliance.” They propose the incorporation of “or an approved alternative method” in the definition of nonconformance.

Ecology Response:

Thank you for your comment. Ecology clarifies that the definition of nonconformance is not limited to a single method of determination, rather it refers to “methods or emission factors specified by chapter 173-441 WAC.” The chapter specifies approved alternative methods where applicable, and the use of those methods would not result in nonconformance because it is specified by the chapter. For example, WAC 173-441-140 details how an owner or operator may petition ecology to use an alternative calculation method to calculate greenhouse gas emissions.

Biofuels

Comment Numbers:

B-10 (HF Sinclair); B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy); O-12 (Western States Petroleum Association)

Comment Summary:

Multiple commenters generally support the revised definitions to clarify fuel terminology and implement applicable statutory changes, but express concern around the administrative burden, implementation barriers, and additional analysis that may result from the proposed greenhouse gas emissions reduction reporting requirements for biomass-derived fuels in WAC 173-441-122(6).

One commenter expresses concern that the new provision “proposes an untested structure that would impose new data, systems, and verification obligations on fuel suppliers.” They also express concern that the reporting framework was not meaningfully developed with affected stakeholders during an informal rulemaking process and introducing it in CR-102 did not provide affected suppliers with a meaningful opportunity to evaluate their operational feasibility or assist Ecology in developing a workable alternative before formal proposal.

A commenter notes that the SB 6058 definition's 30% lower greenhouse gas emissions requirement is not applicable to renewable natural gas (RNG) that replaces fossil natural gas in Utility pipeline systems. They oppose applying petroleum-fuels lifecycle comparison to utility-procured RNG.

A commenter expresses concern that the requirements for determining carbon intensity values will add significant costs and substantial analysis for reporting. They encourage Ecology to develop and publish default carbon intensity values for common RNG pathways to reduce administrative burden.

A commenter questions the value of this separate pathway-specific reporting requirement noting that Clean Fuel Standard programs have driven decline in ethanol carbon intensity and are expected to continue to do so. They express concern that the requirement to report carbon intensity and applicable pathway code for individual biomass-derived fuels establishes a new process that differs substantially from the Washington Clean Fuel Standard (CFS) and presents significant implementation barriers.

A commenter notes that the CFS allows fuel suppliers to use a substitute pathway code for certain transaction types when they do not possess information regarding the actual carbon intensity of the fuel supplied. They express that flexibility is necessary because fuels with different carbon intensities may be commingled within the bulk terminal system and suppliers may mass balance transfers out of commingled storage in accordance with WAC 173-424-420(6)(d), so the same fuel pathway code may not always accompany each subsequent fuel transaction in the supply chain. The CFS allows downstream transactions where credits do not transfer to use the substitute pathway, which may limit the pathway-specific information available to downstream entities.

Multiple commenters express interest in Ecology implementing the linked-jurisdiction alternative authorized by SB 6058, instead of the proposed fuel-specific reporting framework.

Ecology Response:

Thank you for your comment. Ecology recognizes commenters' concerns of the increased administrative burden, implementation barriers, and additional analysis required to comply with the reporting requirements. Ecology plans to release additional guidance to minimize administrative burden in implementing this provision. Ecology is implementing this provision, as required by the SB 6058 requirement, that fuel products that cannot demonstrate to Ecology's satisfaction as meeting the 30% reduction requirement will not be considered exempt as biofuels in the Cap-and-Invest Program. Ecology may consider the linked-jurisdiction alternative in the future.

Ecology acknowledges commenters' concerns regarding an increased administrative burden. By utilizing an established Ecology methodology for life-cycle analysis and emissions

determination, Ecology aims to minimize the administrative burden to both program participants and the agency. Ecology will investigate developing and publishing carbon intensity values for common RNG pathways.

Ecology plans to provide initial guidance regarding commingled fuels, default carbon intensity values, and pathway processes prior to the next reporting deadline.

Ecology revised the provision to include “or biogas” in addition to “biomass-derived fuels” and replaced “petroleum” with “fossil fuel” to address concerns that the existing petroleum-based fuels lifecycle comparison was not applicable to RNG. This revision will allow biomass-derived fuels and biogas to be compared to the relevant fossil fuel.

3rd Party Verification

Comment Number:

B-4 (PacifiCorp)

Comment Summary:

The commenter requests clarity on the difference between the proposed language of “high level of confidence” and the current rule language of “reasonable level of assurance” in the verification services standard in WAC 173-441-085(4). They express concern that if the proposed revision elevates the verification services standard, then administrative costs will increase.

Ecology Response:

Thank you for your comment. Ecology revised the language to make the terminology more consistent and to align language with other jurisdictions. Ecology does not intend for the change in language to change the verification services standard.

Comment Number:

B-6 (Joint Utilities: Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy)

Comment Summary:

The commenter requests clarity on the third-party verification requirements in the linked compliance period scenario with shorter compliance periods. The commenter expresses concern that reporters would be unable to benefit from the reduced-verification option before entering a new compliance cycle or facing updated reporting and compliance requirements. The commenter suggests maintaining 4-year compliance periods.

Ecology Response:

Thank you for your comment. Ecology clarifies that the third-party verification timeline is not changing. The emissions reporting and verification processes are separate from auctions and market processes by design. Reporters are still eligible to obtain less intensive verification

services for the two years following a full verification if they meet the requirements in accordance with WAC 173-441-085(4). The linked compliance period scenario does not impact the third-party verification timeline.

Offsets

Livestock and manure management offset credits

Offset Credits for Compliance Public Info

Comment Number:

O-14 (This Land/Friends of Toppenish Creek)

Comment Summary:

The commenter requests greater transparency regarding livestock and manure management offset credits used for compliance in Washington. Specifically, the commenter recommends publicly disclosing detailed project and credit information, including project location and type, applicable protocol, issuing jurisdiction and registry, credited GHG reductions, livestock and manure management characteristics, digester configuration and feedstocks, intended use of captured gas, project vintage and crediting period, and information sufficient to independently evaluate project GHG accounting. The commenter also recommends publishing regular reports identifying number, type, origin, and vintage of offset credits used by WA-covered entities.

Ecology Response:

Thank you for your comment. Ecology's public Offset Project Issuance table includes every offset project issuance, protocol type, credit quantity, location, and additional information. This table can be accessed on our webpage (<https://ecology.wa.gov/air-climate/climate-commitment-act/cap-and-invest/offsets>). Ecology has not issued any offset credits related to livestock and manure management in the Cap-and-Invest Program to-date.

Livestock Offset Accounting and Integrity

Comment Number:

O-14 (This Land/Friends of Toppenish Creek)

Comment Summary:

The commenter recommends more rigorous lifecycle GHG accounting for livestock and manure management offset projects, including consideration of methane leakage, manure and digestate management, transportation, livestock production, and indirect effects.

Ecology Response:

Thank you for your comment. Livestock offset protocols and livestock, and manure management offset projects are outside the scope of this rulemaking. Ecology anticipates considering the adoption of additional protocols in the future, which may include a livestock offset protocol.

Soil carbon offsets

Comment Number:

O-1 (Grassroots Carbon)

Comment Summary:

The commenter requests that Ecology establish a soil carbon compliance offset pathway, adopt the Climate Action Reserve's US Soil Enrichment Protocol as basis for a Washington soil carbon protocol, and preserve and expand opportunities for high-integrity, in-state offsets, including projects on tribal and rural lands. This would help meet requirements for direct environmental benefits to Washington following linkage.

Ecology Response:

Thank you for your comment. A soil carbon offset protocol is not within the scope of the current rulemaking, which does not include the offsets section of the Cap-and-Invest Program rule (sections WAC 173-446-500 through WAC 173-446-595). Ecology anticipates considering the adoption of additional protocols in the future, which may include a soil carbon offset protocol. For Ecology to adopt any new protocol, the protocol must adhere to the requirements of RCW 70A.65 which state that offsets issued by Ecology for use in the program must be real, additional, permanent, quantifiable, verifiable, and enforceable. Ecology will need to ensure that any future protocols adhere to these requirements.

Direct Environmental Benefits (DEBs) and Offsets on Tribal Lands

Comment Number:

O-3 (International Emissions Trading Association)

Comment Summary:

The commenter supports broader use and eligibility of offsets and expressed concern that Washington's offset requirements may limit the supply of eligible offsets, reduce market liquidity, and increase compliance costs following linkage. The commenter specifically raises concerns regarding requirements for additional tribal offsets to provide DEBs to Washington, jurisdictional restrictions on offsets from linked jurisdictions, requirements for Washington-based projects to use Washington-approved protocols to qualify for DEBs, and crediting approach for forestry offset projects. The commenter recommends maintaining flexibility in Tribal offset eligibility and supported expanding offset-eligible activities, including carbon removals.

Ecology Response:

Thank you for your comment. Several of the concerns about the requirements identified by the commenter, including requirements related to the location of offset projects, direct environmental benefits to Washington, and Tribal offset projects, are established by the Climate Commitment Act (CCA). Senate Bill 6058 amended the CCA's offset provisions to support linkage, including allowing qualifying offset projects to either be located in Washington

or be located in a linked jurisdiction, while requiring at least 50 percent of offsets used in the first compliance period and 75 percent in subsequent compliance periods to provide DEBs to Washington. It also clarified that the general offset limits (five percent during the first compliance period and four percent during the second compliance period) apply regardless of whether an offset project is located on federally recognized Tribal land. In addition to those limits, entities may use offsets from projects on federally recognized Tribal lands for up to an additional three percent of their compliance obligation during the first compliance period and two percent during the second compliance period. The rulemaking implements these statutory changes and does not change the overall limits on offset use of the 50 and 75 percent DEBs requirement.

Revisions to the forest offset project crediting and DEBs requirements were included in the US Forest Offset Protocol rulemaking which was adopted in June 2026. These regulations are not within the scope of this rulemaking. We appreciate the recommendation to consider additional offset-eligible activities, including carbon removals. While adoption of new protocols or project types is also outside the scope of this rulemaking, we acknowledge and welcome this input.

Comment Number:

O-14 (This Land/Friends of Toppenish Creek)

Comment Summary:

The commenter asks Ecology to assess how linked-market provisions, including offset rules, may affect overburdened communities and the delivery of direct environmental benefits in Washington. The commenter requests that Ecology ensure linkage does not weaken requirements for DEBs to Washington or provisions for offset projects on federally recognized Tribal lands.

Ecology Response:

Thank you for your comment. The rule includes provisions intended to preserve opportunities for offset projects on Tribal lands that provide direct environmental benefits to Washington. Specifically, the rule provides additional flexibility for covered entities to use offset credits from projects on Tribal lands while requiring Tribal offsets used for the additional allowable portion of a covered entity's compliance obligation to provide direct environmental benefits to Washington. Ecology expects these changes to maintain demand for qualifying Tribal offset projects in a linked market and support the environmental and economic benefits associated with those projects.

Comment Number:

O-14 (This Land/Friends of Toppenish Creek)

Comment Summary:

The commenter requests clarification on the percentage of offsets that must provide DEBs to Washington, how qualifying offsets will be identified and tracked, whether offsets originating in linked jurisdictions may be used, and how Ecology will prevent double counting or incorrect classification.

Ecology Response:

Thank you for your comment. In the Cap-and-Invest Program, at least 50 percent of offsets used in the first compliance period and 75 percent in subsequent compliance periods must provide DEBs to Washington. Covered entities may use offsets to fulfill up to five percent of their compliance obligation in the first compliance period and four percent during the second compliance period. In addition to those limits, entities may use offsets from projects on federally recognized Tribal lands for up to an additional three percent of their compliance obligation during the first compliance period and two percent during the second compliance period. Offsets issued by a linked jurisdiction must come from offset projects that are located in that jurisdiction or in Washington to be eligible to fulfill a portion an entity's compliance obligation(RCW 70A.65.170(5)). Ecology anticipates providing additional guidance in the future on the specific projects and reporting periods that would be eligible to use for compliance in Washington's program. WAC 173-446-595(4) requires offset projects listed after January 1, 2027 to be consistent with offset protocols adopted by Ecology in order to receive a designation of providing direct environmental benefits (DEBs) to the state of Washington. Revisions to this section of the rule are not within the scope of this rulemaking. All offsets credits are issued and tracked in the Compliance Instrument Tracking System Service (CITSS).

Offsets under a linked market

Comment Number:

O-16 (Seattle City Light)

Comment Summary:

The commenter asks Ecology to clarify the treatment of offset credits following linkage. The commenter asks Ecology to confirm that offset credits issued by a linked jurisdiction may also be used for compliance in Washington, subject to Washington's statutory offset usage limits. The commenter further requests that this includes credits issued under linked jurisdiction offset protocols that Ecology has not separately adopted.

Ecology Response:

Thank you for your comment. As established in statute (RCW 70A.65.170(5)) offsets issued by a linked jurisdiction to offset projects that are located in that jurisdiction or Washington are eligible to fulfill a portion of an entity's compliance obligation, provided the credits have been issued for reporting periods wholly after July 25, 2019. Ecology anticipates providing additional guidance in the future on the specific projects and reporting periods that would be eligible for compliance use in Washington's program. WAC 173-446-595(4) requires new offset projects listed after January 1, 2027 to be consistent with offset protocols adopted by Ecology in order to receive a designation of providing direct environmental benefits (DEBs) to the state of Washington. Revisions to this section of the rule are not within the scope of this rulemaking. This provision does not apply to projects that were listed prior to January 1, 2027. This provision also does not prohibit the use of offset credits from projects developed through a

protocol that differs from Ecology's. Rather, this rule language simply restricts these kind of projects from receiving a DEBs designation from Washington.

Comment Number:

O-3 (International Emissions Trading Association)

Comment Summary:

The commenter supports broader use and eligibility of offsets and expressed concern that Washington's offset requirements may limit the supply of eligible offsets, reduce market liquidity, and increase compliance costs following linkage. The commenter specifically raises concerns regarding requirements for additional tribal offsets to provide DEBs to Washington, jurisdictional restrictions on offsets from linked jurisdictions, requirements for Washington-based projects to use Washington-approved protocols to qualify for DEBs, and crediting approach for forestry offset projects. The commenter recommends maintaining flexibility in tribal offset eligibility and supports expanding offset-eligible activities, including carbon removals.

Ecology Response:

Thank you for your comment. Several of the concerns about the requirements identified by the commenter, including requirements related to the location of offset projects, direct environmental benefits to Washington, and Tribal offset projects, are established by the Climate Commitment Act. Senate Bill 6058 amended the CCA's offset provisions to support linkage, including allowing qualifying offset projects to either be located in Washington or be located in a linked jurisdiction. It also clarified that the general offset limits (five percent during the first compliance period and four percent during the second compliance period) apply regardless of whether an offset project is located on federally recognized Tribal land. In addition to those limits, entities may use offsets from projects on federally recognized Tribal lands for up to an additional three percent of their compliance obligation during the first compliance period and two percent during the second compliance period. The rulemaking implements these statutory changes and does not change the overall limits on offset use of the 50 and 75 percent DEBs requirement.

Revisions to the forest offset project crediting and DEBs requirements were included in the US Forest Offset Protocol rulemaking which was adopted in June 2026. These regulations are not within the scope of this rulemaking. This rulemaking does add a requirement that offsets from projects on Tribal lands must also provide DEBs to Washington when used towards the offset credit limits described in RCW 70A.65.170(3)(e). This requirement is intended to ensure that linkage does not reduce market demand for offset projects on Tribal lands in Washington or that provide benefits Washington. We appreciate the recommendation to consider additional offset-eligible activities, including carbon removals. While adoption of new protocols or project types is also outside the scope of this rulemaking, we acknowledge and welcome this input.