

Washington State's Cap-and-Invest Program

ICAP & PMI East Asia and Pacific ETS Training Course
Administration of ETS, October 17, 2023

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Introduction

- Background on Washington's program and design
- How Washington's program is run and administered
- Key areas / issues relevant to program administration

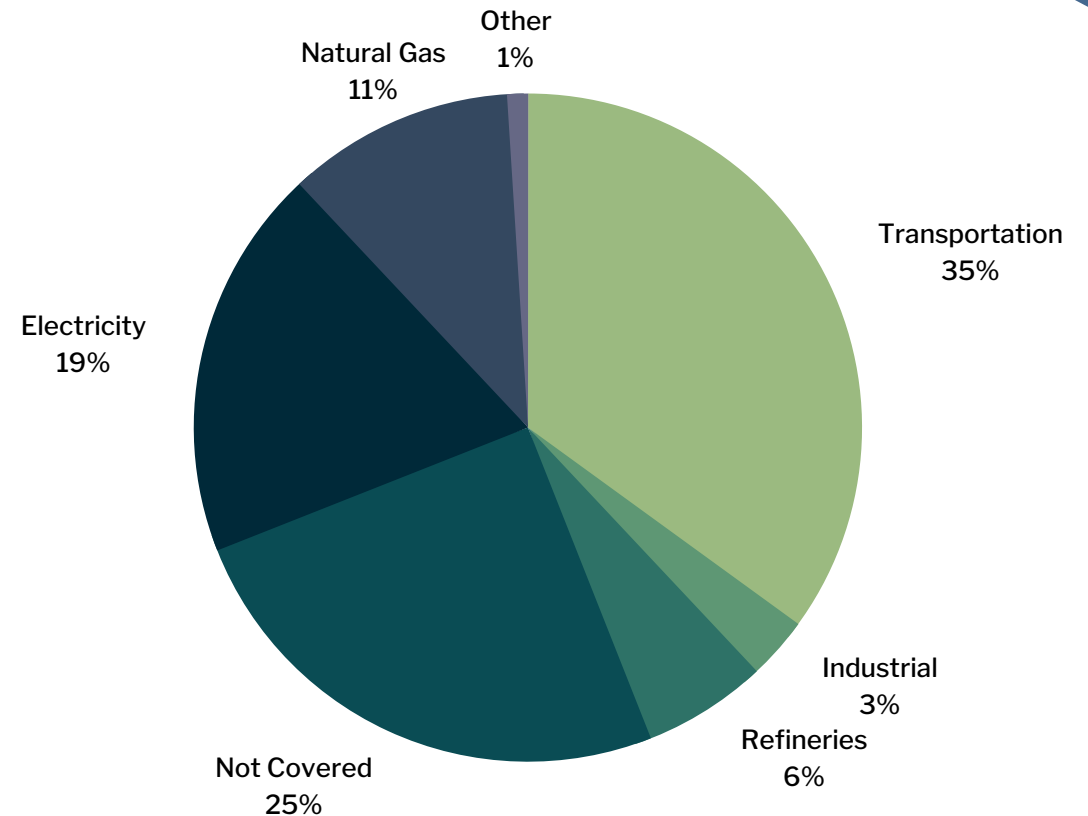
'Covered' Emissions in Washington

Covered Emissions - 75%

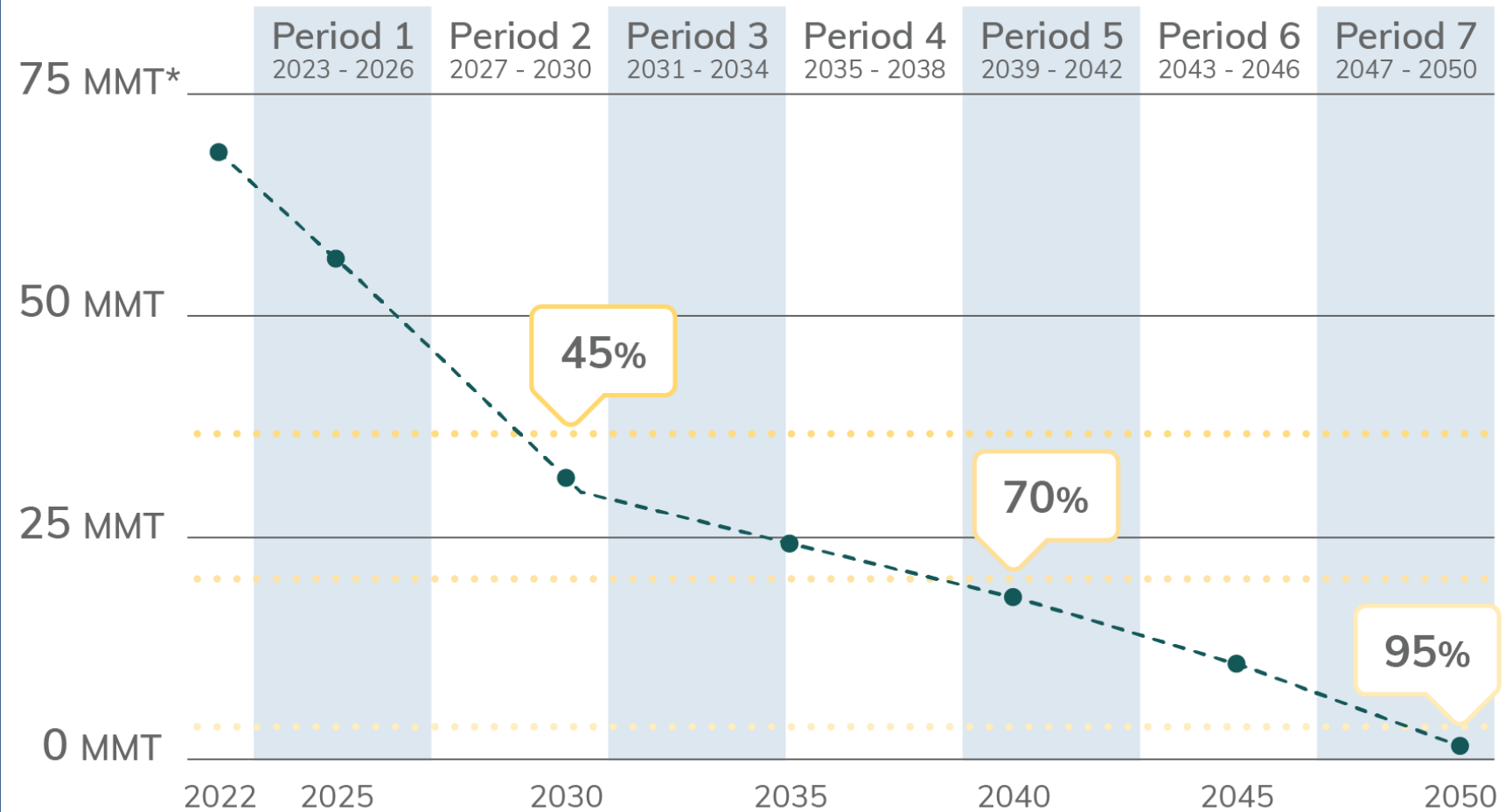
- Emissions from:
 - Facilities that emit more than 25,000 metric tons CO₂e
 - Gasoline and on-road diesel
 - Electricity consumed in WA state
 - Natural gas
 - 2027 - Waste-to-energy facilities
 - 2031 - Railroads

Not Covered - 25%

- Emissions from:
 - Facilities that emit less than 25,000 metric tons CO₂e
 - Agricultural operations
 - Aviation fuels and most marine fuels



Emissions Cap Reductions



*MMT = million metric tons of CO₂ equivalent

Linkage

- Washington's program designed and built to be 'linkage-ready'
 - California and Québec 'template'
- Linked markets are more stable, durable
 - Simplifies compliance for large businesses
 - Reduces compliance costs and consumer impacts
 - Increases probability of achieving GHG reductions
- Building program with an eye to linking aids global climate efforts
- Must be considered in every aspect of implementation

How Program Run

- Centralized in one agency
 - Department of Ecology
- Multiple functions in one unit within Ecology
 - Emissions reporting and verification
 - Auctions
 - Compliance
 - Outreach and education
 - Policy, rulemaking
- However, no role in how revenue spent



Emissions Reporting & Verification

- Foundation for whole program
- Alignment with other jurisdictions (not necessarily identical) helpful for linkage
- Differing reporting requirements and timelines for different sectors:
 - Electric power, fuels, industry (manufacturing, refineries, etc.)
- IT platform, database management needed
- Third-party verification program

Auctions

- WCI, Inc. platform; compliance instrument tracking system
 - Same system as California and Québec
- Participant on-boarding forms and process adapted from CA
- Market security
 - Secure terminals, facilities
 - Federal background checks, confidentiality agreements
 - Market monitoring, internal and external
- As considering administration of your programs, consider who hosts platform, owns data, support, security, functionality, compatibility with potential linked jurisdictions

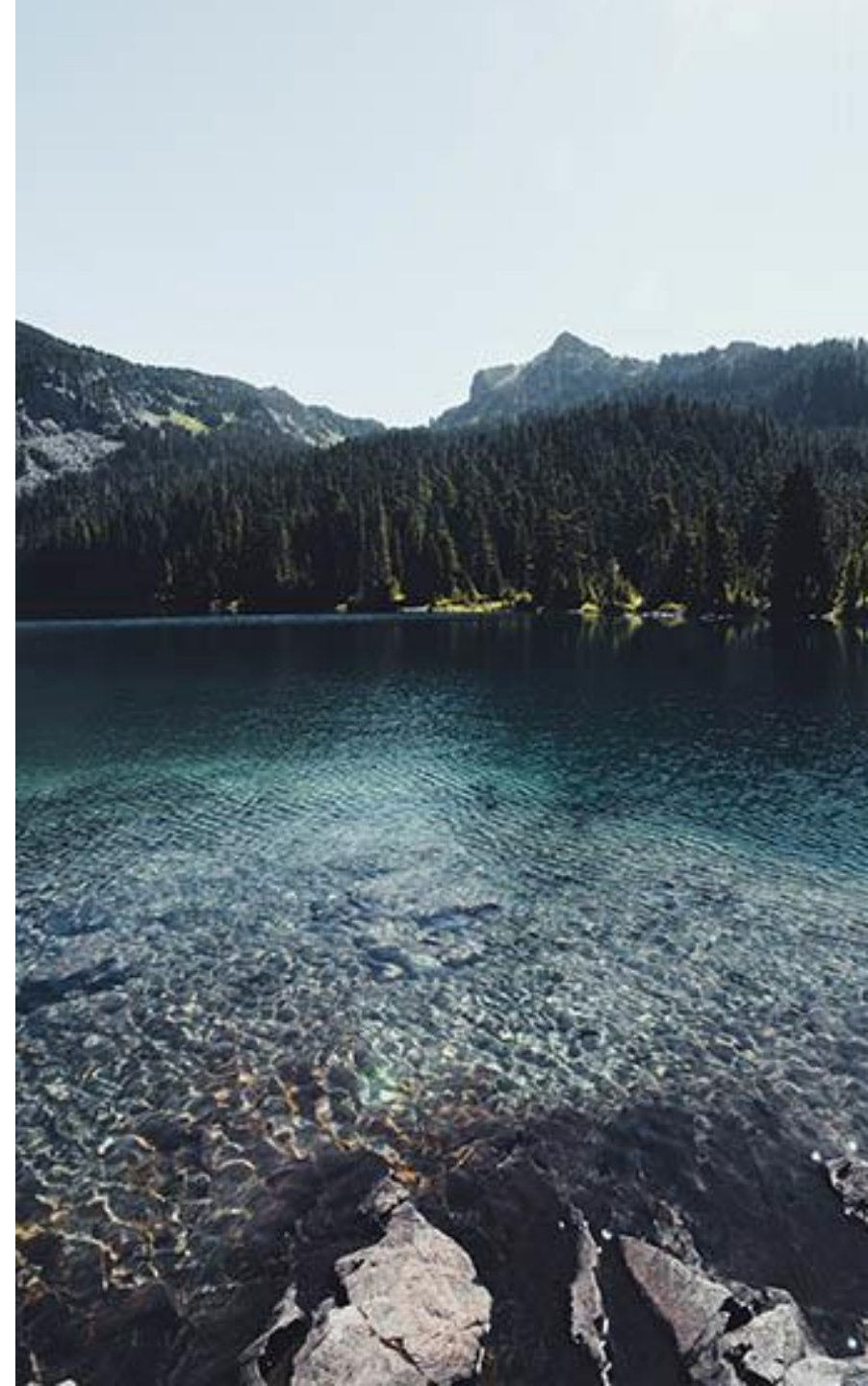
Compliance & Enforcement

- Program compliance (allowances, offset credits), compliance with market rules, and emissions reporting compliance (accuracy, timeliness)
 - Parallel but equally critical
- Compliance expectations and penalty structure should be clear
- Commitment to compliance: establishing a ‘compliance culture’



Covered Entity & Public Education Outreach

- Critical to train and educate covered businesses early
 - Facilitates program onboarding, participation, compliance
- Awareness and buy-in helps protect program
 - Public and political support
 - Should begin 12+ months before program launch
- Publicize results, including investment of revenue



Questions?

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