



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, July 13, 2023 | 9:00 – 11:00 a.m.

Location: Hybrid meeting: In-person in Lacey with Zoom option

Attendance:

- 32 out of the 37 workgroup members attended. Three attended in-person and 29 attended virtually.
- Three Ecology staff attended in-person and one attended virtually.

Welcome and Introductions:

- The facilitation team welcomed workgroup members and shared the anti-trust reminder, an overview of the meeting #3 agenda, and the workgroup timeline.

Review of Issues and Challenges from Meetings #1 & #2:

- The facilitation team reviewed the process that the Ecology team followed to synthesize workgroup participants' feedback in meeting #1 and determine eight issues for discussion in meeting #2.
- Then, the facilitation team described how Ecology further refined and synthesized those eight issues into four issues. The four new issues are:
 - Lack of clarity on definitions within the interim guidance.
 - Confusion of accountability, risk, and liability.
 - Difficulty determining how exemptions apply to fuels not purchased in bulk and to loads with both exempt and non-exempt products.
 - Lack of clarity on system to reimburse end users when assessed a surcharge for exempt fuels.
- One issue, which was not discussed in meeting #2, remains the same: Challenges with the combustion of fuel within Washington waters (3 nautical miles from shore).

Moving Into Solutions Activity:

- The facilitation team led the workgroup members through a breakout room exercise to begin to generate solutions for two issue statements:
 - Lack of clarity on definitions within the interim guidance.
 - Confusion of accountability, risk, and liability.
- For each of the issue statements, workgroup members discussed a set of questions.
- For the issue statement: "Lack of clarity on definitions within the interim guidance," workgroup members discussed:
 - What gaps are there in the guidance?
 - What terms need further clarification?
 - What terms are missing?
 - How can the guidance be updated to make it more understandable?
 - (Breakout room A only) What has worked well with the exemption certificate? If the exemption certificate has not worked, what would make it better?
 - (Breakout room B only) Has your fuel supplier asked for or provided you with the guidance or exemption certificate? What has worked well with the guidance or

exemption certificate? If the exemption certificate has not worked, what would make it better?

- In the discussion regarding this first issue statement, workgroup members in both breakout groups recommended some steps forward and shared line of sight has made it difficult in some situations.
- For the issue statement: “Confusion of accountability, risk, and liability,” workgroup members discussed:
 - What resources have been helpful for you in understanding exempt fuel uses? What resources have not been helpful and why?
 - What resources have been helpful for you in understanding the point of regulation and why? What resources have not been helpful for you in understanding the point of regulation and why?
 - Are there gaps in your understanding of who has a compliance obligation? If so, what would you like more clarity on to better understand compliance obligations and the point of regulation?
 - (Breakout room A only) How did you start implementing systems to provide exemptions to customers? What is working well for you so far? If you encountered any barriers or obstacles, how did you overcome them?
 - (Breakout room B only) How did you figure out a way to purchase without surcharges being imposed? What solutions have you found to not pay surcharges?
- In the discussion regarding this second issue statement, it was brought up some customers are still paying surcharges while others are not. Some fuel suppliers have found ways to not assess surcharges by using separate loading codes and behavioral contracts that each customer uses to attest to proper fuel use.

Next Steps and Action Items

- The next Fuel Exemptions Workgroup meeting will occur on July 27, 2023, 1:00 – 3:00 pm both virtually via Zoom or in-person in Seattle.
- **Action Items:**
 - The facilitation team and Ecology will consider the recommended solutions and will bring forward different issues for discussion at the next meeting.
 - Ecology will collect and begin to address feedback received on the interim guidance for agricultural products.

Resource and Assistance

- Contact Jihan Grettenberger at Jihan.Grettenberger@ecy.wa.gov or 360-742-1153
- [Fuel Exemptions Workgroup webpage](#)