



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, July 27, 2023 | 1:00 – 3:00 p.m.

Location: Zoom and in-person in Seattle (Cascadia Consulting office)

Attendance:

- 29 out of the 37 workgroup members attended in-person and virtually.
- 5 Ecology staff attended in person and 1 virtually.

Welcome and Introductions:

- The facilitation team welcomed workgroup members, shared the anti-trust reminder, an overview of the meeting #4 agenda, and the workgroup timeline.

Review: understanding the issues and challenges:

- The facilitation team reminded workgroup members about the process to identify and refine issues and challenges during workgroup meetings #1 and #2, as the foundation from which the workgroup will begin identifying solutions.
- The facilitation team shared a brief highlight of the discussion from meeting #3 regarding two issues:
 - Lack of clarity on definitions within the interim guidance
 - Confusion of accountability, risk, and liability

Moving from issues to solutions:

- The workgroup discussed the following issue as a full group: Lack of clarity on systems to reimburse end users when assessed a surcharge for exempt fuels.
- Part one of the discussion focused on a set of exploratory questions:
 1. What are the surcharges based on?
 2. How do surcharges connect to compliance costs?
 3. How do you think a surcharge is reflected in prices when fuel is purchased?
 4. Where is the money from the surcharges on exempt fuel going?
 5. Who has the obligation to provide reimbursements?
 6. Where would the money for reimbursements come from?
- Workgroup members highlighted the value of the following discussion points:
 - Exempt fuels do not have a compliance obligation, which means that no allowances would need to be purchased by fuel suppliers for those fuel volumes to comply with CCA.
 - Because molecule tracking is not required, fuel suppliers and distributors can balance volumes of exempt and non-exempt fuels at the end of the year, they can provide exempt fuel to exempt end-users with the fuel they have on hand, even if the fuel is not the same exact molecules of fuel that they purchased as exempt. Volumetric balancing or other mechanisms the supplier has developed to track fuel volumes can be performed at the end of the year.
- Part two of the discussion focused on a set of discussion questions to identify solutions:
 1. If the state were to reimburse farmers, for example, what would such a program look like?

July 27, 2023 Fuel Exemption Workgroup Meeting Summary

2. Have you or someone you know received or given a reimbursement?
 3. Knowing that a reimbursement using public funds would be a heavy lift, what are other options that provide a measure of relief for those who have been assessed surcharges?
 4. What guidance can Ecology issue to help facilitate reimbursements?
- Two workgroup members stated they have provided reimbursements and several workgroup members shared they are no longer accessing surcharges.
 - Ecology will review input received through the discussion. Ecology staff encouraged fuel suppliers to contact them at ghgreporting@ecy.wa.gov to discuss any questions, tracking, and reporting questions or issues.

Next Steps and Action Items

- The next Fuel Exemptions Workgroup meeting will occur on August 10, 2023, 9:00 – 11:00 am in a hybrid format, in-person at Union Gap and virtually on Zoom. Only workgroup members may attend the meeting.
- **Action Items:**
 - Facilitation team and Ecology staff will review the responses and comments shared during discussion and bring forward next steps to future workgroup meetings.

Resource and Assistance

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