



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, September 7, 2023 | 9:00 – 11:00 a.m.

Location: Zoom and in-person in Lacey

Attendance

- 27 out of the 37 workgroup members attended in-person and virtually.
- 4 Ecology staff attended in person and 2 virtually.

Welcome and Introductions

- The facilitation team welcomed workgroup members, shared the anti-trust reminder, an overview of the meeting #7 agenda, and the workgroup timeline.

Share and discuss solutions

Introduction to the discussion

- The facilitation team and Department of Ecology staff guided the workgroup members through a discussion of seven solutions relating to non-bulk purchasing.
- The workgroup reviewed each of the solutions presented and discussed feasibility of the solutions, opportunities to improve the solution, and ECY requested input from workgroup members on additional solutions not presented.
- Prior to the discussion, Ecology share that the proposed solutions came from workgroup members inside and outside of workgroup meetings. When evaluating the solutions, they requested workgroup members consider the following key aspects of the program:
 - a. Eligible end-users qualify for exempt fuels in statute/rule and should not be paying surcharges.
 - b. Compliance obligations for 2023 are not final – there is still time for fuel suppliers to reduce their compliance obligation by accurately reporting exempt fuel volumes. A reduction in compliance obligation is directly related to the quantity of allowances that must be purchased to address that obligation.
 - c. The point of regulation cannot move and compliance obligations are non-transferable.
 - d. A covered entity may only report exempt fuels that they have a compliance obligation for, and it must be the same fuel product.
 - e. This is not a molecule tracking program.

Solution scenarios open for discussion

A. Scenario A Solution – Retail station or cardlock owned/operated by fuel supplier at the point of regulation

1. No surcharge applied at retail station with operator present

- End-user pulls up to the pump and shows the retail station operator the fuel supplier's approved attestation form.
- End-user fills up at pump and pays for fuel without surcharge.

2. Same-day refund at retail station with operator present

- End-user fills up at pump and pays for fuel with surcharge.
- Shows operator approved attestation form.
- Receives refund for surcharges on fuel purchased on the same day fuel was purchased from the retail station.

3. Surcharge refund from fuel supplier at retail station or cardlock with no operator present

- End-user fills up at pump and pays for fuel with surcharge.
- End-user sends a copy of the receipt to retail station or cardlock operator, along with approved attestation form.
- Fuel supplier provides refund/billing statement credit to the end-user via a mutually agreed upon mechanism.

B. Scenario B Solution - Retail station or cardlock not owned/operated by fuel supplier at the point of regulation

1. No surcharge is applied at fuel station operator present

- End-user pulls up to the pump and shows the retail operator a universally agreed upon attestation form, which is approved.
- End-user fills up at pump and pays for fuel without surcharge.
- The retail station operator has contracts in places with fuel suppliers/distributors and the fuel purchase receipt information (including date of purchase, fuel type, fuel volumes) is passed up the supply chain to the covered entity who can then claim the exempt volumes on their reporting tool.
- Volumes of exempt and non-exempt fuels exchanged from fuel supplier to distributor can be balanced via true-up approaches on a timeline agreed upon by both parties (monthly, quarterly, annually).

2. Same Day Refund/Billing Statement Credit with operator present

- End-user fills up at pump and pays for fuel with surcharge.
- Retail operator is shown a universally agreed upon attestation form, which is approved.
- End-user receives refund for fuel surcharges on the same day fuel of purchased at retail station.
- The retail station operator has contracts in places with fuel suppliers/distributors and the fuel purchase receipt information (including date of purchase, fuel type, fuel volumes) is passed up the supply chain to the covered entity who can then claim the exempt volumes on their reporting tool.
- Volumes of exempt and non-exempt fuels exchanged from fuel supplier to distributor can be balanced via true-up approaches on a timeline agreed upon by both parties (monthly, quarterly, annually).

3. Surcharge credited from fuel supplier at retail station or cardlock with no operator present.

- End-user fills up at pump and pays for fuel with surcharge.
- End-user sends a copy of the receipt to retail station or cardlock operator, along with universally agreed upon attestation form.

- Fuel supplier/distributor provides refund/billing statement credit to the end-user via a mutually agreed upon mechanism.
- The retail station or cardlock operator has contracts in places with fuel suppliers/distributors and the fuel purchase receipt information (including date of purchase, fuel type, fuel volumes) is passed up the supply chain to the covered entity who can then claim the exempt volumes on their reporting tool.
- Volumes of exempt and non-exempt fuels exchanged from fuel supplier to distributor can be balanced via true-up approaches on a timeline agreed upon by both parties (monthly, quarterly, annually).

C. Scenario C Solution – Purchase at cardlock owned/operated by other fuel supplier

1. Surcharge refund from preferred fuel supplier

- End-user fills up at a cardlock and pays for fuel with surcharge.
- End-user keeps receipts for their purchase and attests that they have not claimed exemptions on those volumes of fuel for any other fuel supplier/distributor to their preferred fuel supplier with whom they have an agreement to true-up exempt and non-exempt volumes per specified time period.
- Their preferred fuel supplier accepts the transaction volumes from the foreign cardlock the fuel was purchased at.
- If the preferred fuel supplier or distributor is not at the point of regulation for those fuel volumes, the preferred fuel supplier will reconcile the volumes with their upstream fuel supplier. Exemptions may only be claimed by the fuel supplier at the point of regulation for those volumes of fuel; the point of regulation for fuel volumes cannot change.

Key takeaways from the discussion

- During the discussion of the solutions, many workgroup members expressed that these solutions seemed feasible.
- Workgroup members and Ecology reiterated that some of the solutions can be retroactive to January 1, 2023, if they have documentation of exempt fuel use.
- Fuel suppliers recommended end-users hold onto their receipts for retroactive reimbursement for exempt fuels that were assessed surcharges.

Next Steps and Action Items

- The final Fuel Exemptions Workgroup meeting will occur on September 21, 2023, 1:00 – 3:00 pm in a hybrid format, in-person at Lacey and virtually on Zoom.

Resource and Assistance

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