Revised Draft Rule Language Based on Comments Received during and after Stakeholder Meeting May 26, 2017

CARBON DIOXIDE MITIGATION PROGRAM, GREENHOUSE GASES EMISSIONS PERFORMANCE—STANDARD AND SEQUESTRATION PLANS AND PROGRAMS FOR THERMAL ELECTRIC—GENERATING FACILITIES GREENHOUSE GAS MITIGATION REQUIREMENTS AND EMISSIONS—PERFORMANCE STANDARD FOR POWER PLANTS

Last Update: 6/19/08

173-407-005 Work in unisonOverview. 173-407-006 Adoption of federal rules.

PART I

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PART II

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- 173-407-100 Policy and purpose of Part II.
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- 173-407-140 Calculating greenhouse gases gas emissions and determining compliance for a baseload electric generation facilityies or unit under Part II.
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- 173-407-230160 Emissions and electrical production monitoring, recordkeeping and reporting requirements under Part II.
- $173\text{-}407\text{-}240 \quad Enforcement of the emissions performance standard under Part II.$

PART III

Commented [SC(1]: Except for parts that are specially noted, the changes are for clarification, correcting errors and improving readability.

Substantial changes since the 4/11/2017 version are highlighted in yellow. The rest of changes since then are editorial.

Rule title is shortened for improved readiblity.

LONG-TERM FINANCIAL COMMITMENTS; RELATIONSHIP OF ECOLOGY'S CONSULTATION WITH AND THE WUTC; AND RELATIONSHIP OF ECOLOGY AND AND THE GOVERNING BOARDS OF CONSUMER-OWNED UTILITIES UNDER CHAPTER 80.80 RCW

173-407-300 Procedures for determining the emissions performance standard of a long-term financial commitment and addressing electricity from unspecified sources and specified sources under Part II.

173-407-310 Relationship of ecology Ecology's consultation with and Washington utilities and transportation commissionUTC under Part II.

173-407-320 Ecology's consultation with Relationship of ecology and the governing boards of consumerowned utilities under Part II.

173-407-400 Severability.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

173-407-90

Severability. [Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173- 407-090, filed 12/22/04, effective 1/22/05.] Decodified by 08-14-011 (Order 07-11), filed 6/19/08, effective 7/20/08. Statutory Authority: Chapter 80.80 RCW. Recodified as WAC 173-407-400.

WAC 173-407-005 Work in unisonOverview. The requirements of this chapter, WAC 173 407 010 through 173 407 070, are based upon chapter 80.70 RCW and are separate and distinct from the requirements found in this chapter, WAC 173 407 100 through 173 407 320 that are based upon chapter 80.80 RCW. These tworequirements are required to work in unison with each other serial manner. The first requirement is the emissions performance standard. Once that standard is met, the requirements of chapter 80.70 RCW (WAC 173-407-010 through 407-070) are applied.

- (1) There are three separate parts to this rule:
- (a)Part I covers CO₂ mitigation in sections 010 through 090.
- (b)Part II covers GHG EPS in sections 100 through 240.
- (c)Part III covers long-term financial commitments and
- ecology's consultation in sections 300 through 400.
- (2) Parts I and II work together. Apply the requirements in this sequence:
 - (a) GHG EPS (Part II); and then
 - (b) CO₂ mitigation (Part I).

(3) The owner of a coal-fired electric generation facility subject to RCW 80.80.040(3)(c) must comply with RCW 80.70.080.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-005, filed 6/19/08, effective 7/20/08.]

WAC 173-407-006 Adoption of federal rules.

Federal rules mentioned in this rule are adopted as they exist on [adoption date of this rule in February 2018].

PART I

Commented [SC(2]: Added per RCW 80.70.080. This section in Chapter 80.70 RCW was added in 2011.

CARBON DIOXIDE MITIGATION FOR FOSSIL-FUELED-THERMAL ELECTRIC GENERATING FACILITIES, IMPLEMENTING CHAPTER 80.70-RCWREOUIREMENTS

WAC 173-407-010 Policy and purpose of Part I.

- (1) It is the policy of the state to require mitigation of the emissions $State\ policy\ requires\ mitigation\ of\ carbon\ dioxide (CO₂)emissions from all new and certain modified fossil-fueled thermal electric generating facilities with station-generating capability of more than 25 megawatts of electricity (MWe).$
- (2) A fossil-fueled thermal electric generating facility is not subject to the requirements of chapter 173-401 WAC solely due to its emissions of CO_2 .
- (a) Emissions of other regulated air pollutants must be a large enough quantity to trigger those the requirements of chapter 173-401 WAC.
- (b) For a fossil-fueled thermal electric generating facilities facility that are subject to chapter 173-401 WAC, the CO_2 mitigation requirements are an applicable requirement under that regulation.
- (3) A fossil-fueled thermal electric generating facility not subject to the requirements of chapter 173-401 WAC is subject to the requirements of the registration program in chapter 173-400 WAC.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-010, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-010, filed 12/22/04, effective 1/22/05.]

WAC 173-407-020 Definitions to Part I.

The definitions in this section are found in RCW-80.70.010 and apply throughout this chapter unless clearly-stated otherwise. The definitions are reprinted below. The definitions below are only applicable to Part I.

"Annual CO_2 emission rate" means the maximum potential annual CO_2 emission rate.

"Applicant" has the meaning provided in RCW 80.50.020 and includes an applicant for a permit for a fossil-fueled thermal electric generation facility subject to RCW 70.94.152 and 80.70.020 (1)(b) or (d).

"Authority" means any air pollution control agency whose jurisdictional boundaries are coextensive with the boundaries of one or more counties.

"Carbon credit" means a verified reduction in carbon dioxide or carbon dioxide equivalents that is registered with

Commented [SC(3]: Replace the following terms with the same meaning used in WAC 173-407-050 to make it more consistant: Total quantity of CO2 and maximum potential annual CO2.

Commented [SC(4]: Added definition of "permitting authority" to include both ecology and local clean air agencies. "Permitting authority" is used through out this

a state, national, or international trading authority or exchange that has been recognized by the councilEFSEC.

"Carbon dioxide equivalents" means a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

"Cogeneration credit" means the carbon dioxide emissions that the councilEFSEC, department, or authority or permitting authority, as appropriate, estimates would be produced on an annual basis by a stand- alone industrial and commercial facility equivalent in operating characteristics and output to the industrial or commercial heating or cooling process component of the cogeneration plant.

"CO2" means carbon dioxide.

"Cogeneration plant" means a fossil-fueled thermal power plant in which the heat or steam is also used for industrial or commercial heating or cooling purposes and that meets federal energy regulatory commission standards for qualifying facilities under the Public Utility Regulatory Policies Act of 1978.

"Commercial operation" means the date that the first electricity produced by a facility is delivered for commercial sale to the power grid.

"Council" means the energy facility site evaluation council created by RCW 80.50.030.

"Department Ecology means the department of ecology.

"EFSEC" means the energy facility site evaluation

"Fossil fuel" means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material to produce heat for the generation of electricity.

"Independent qualified organization" is an organization identified by the energy facility site evaluation council $\underline{\text{EFSEC}}$ as meeting the requirements of RCW 80.70.050.

"Mitigation plan" means a proposal that includes the process or means to achieve carbon dioxide mitigation through use of mitigation projects or carbon credits.

"Mitigation project" means one or more of the following: Projects or actions that are implemented by the certificate holder or order of approval holder, directly or through its agent, or by an independent qualified organization to mitigate the emission of carbon dioxide produced by the fossil-fueled thermal electric generation facility. This term includes, but is not limited to, the use of energy efficiency measures, clean and efficient transportation measures, qualified alternative energy resources, demand side management of electricity consumption, and carbon sequestration programs;

(a) Direct application of combined heat and power

Commented [SC(5]: Changed to ecology to avoid confusion

Commented [SC(6]: Changed the council to EFSEC to avoid confusion

(cogeneration);

- (b) Verified carbon credits traded on a recognized trading authority or exchange; or
- (c) Enforceable and permanent reductions in carbon dioxide or carbon dioxide equivalents through process change, equipment shutdown, or other activities under the control of the applicant facility and approved as part of a carbon dioxide mitigation plan.

"Modification" means the definition in WAC 173-400-030. "MWe" means megawatts of electricity.

"Order of approval" means an order issued under RCW 70.94.152 with respect to a fossil-fueled thermal electric generation facility subject to RCW 80.70.020 (1)(b) or (d).

"Permanent" means that emission reductions used to offset emission increases are assured for the life of the corresponding increase, whether unlimited or limited in duration.

"Permitting authority" means ecology or the local air pollution control authority with jurisdiction over the source.

"Qualified alternative energy resource" has the same meaning as in RCW 19.29A.090.

"Station generating capability" means the maximum load a generator can sustain over a given period of time without exceeding design limits, and measured using maximum continuous electric generation capacity, less net auxiliary load, at average ambient temperature and barometric pressure.

"Total carbon dioxide emissions" means:

- (a) For a fossil-fueled thermal electric generation facility described under RCW 80.70.020 (1)(a) and (b) in WAC 173-407-030(1), the amount of carbon dioxide emitted over a thirty-year period based on:
- (i) Tthe manufacturer's or designer's guaranteed total net station generating capability.

(ii) Nnew equipment heat rate. -

(iii) aAn assumed sixty percent capacity factor for facilities under the councilEFSEC's jurisdiction or sixty percent of the operational limitations on facilities subject to an order of approval, and taking into account any enforceable limitations on operational hours or fuel types and use; and.

(b) For a fossil-fueled thermal electric generation facility described under RCW 80.70.020~(1)(c) and (d) in WAC 173-407-030(2), the amount of carbon dioxide emitted over a thirty-year period based on:

(i) $\pm T$ he proposed increase in the amount of electrical output of the facility that exceeds the station generation capability of the facility prior to the applicant facility applying for certification or an order of approval pursuant to $\frac{1}{2} = \frac{1}{2} = \frac{1}{$

Commented [SC(7]: Obtained from WAC 173-400-030 (66)

Commented [SC(8]: Reference the applicability in this rule instead of the authorizing state law. Same below.

Split into bullet points so it's easier to follow.

(ii) #New equipment heat rate.

(iii) aAn assumed sixty percent capacity factor for facilities under the council's EFSEC's jurisdiction or sixty percent of the operational limitations on facilities subject to an order of approval, and taking into account any enforceable limitations on operational hours or fuel types and use.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-020, filed 6/19/08, effective 7/20/08Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-020, filed 12/22/04, effective 1/22/05.]

WAC 173-407-030 Carbon dioxide mitigation program applicability for Part I. (1) Statutory authority for a carbon dioxide mitigation program. RCW 70.94.892(1) states that "For fossil fueled electric generation facilities having more than twenty five thousand kilowatts station generating capability but less than three hundred fifty thousand kilowatts station generation capability, except for fossil fueled floating thermal electric generation facilities under the jurisdiction of the energy facility site evaluation council pursuant to RCW 80.50.010, the department or authority shall implement a carbon dioxide mitigation program consistent with the requirements of chapter 80.70 RCW."

(2) Statutory carbon dioxide mitigation program applicability requirements. RCW 80.70.020 describes the applicability requirements and is reprinted below:

The provisions of this chapter apply to:

(a) New fossil-fueled thermal electric generation

facilities with station generating capability of three hundred fifty thousand kilowatts or more and fossil-fueled floating thermal electric generation facilities of one hundred thousand kilowatts or more under RCW 80.50.020 (14)(a), for which an application for site certification is made to the council after July 1, 2004;

(b) New fossil-fueled thermal electric generation facilities with station generating capability of more than twenty-five thousand kilowatts, but less than three hundred fifty thousand kilowatts, except for fossil fueled floating thermal electric generation facilities under the council's jurisdiction, for which an application for an order of approval has been submitted after July 1, 2004;

(c)Fossil fueled thermal electric generation facilities with station generating capability of three hundred fifty thousand kilowatts or more that have an existing site

certification agreement and, after July 1, 2004, apply to the council to increase the output of carbon dioxide emissions by fifteen percent or more through permanent changes in facility operations or modification or equipment; and

(d)Fossil-fueled thermal electric generation facilities with station generating capability of more than twenty five thousand kilowatts, but less than three hundred fifty thousand kilowatts, except for fossil-fueled floating thermal electric generation facilities under the council's jurisdiction, that have an existing order of approval and, after July 1, 2004, apply to the department or authority, as appropriate, to permanently modify the facility so as to increase its station generating capability by at least twenty five thousand kilowatts or to increase the output of carbon dioxide emissions by fifteen percent or more, whichever measure is greater.

 $\frac{(3)}{(1)}$ New facilities facility. Any A fossil-fueled thermal electric generating facility is required to mitigate CO_2 emissions as described in chapter 80.70 RCW, if the facility meets the following criteria:

- (a) A facility submits An an application was received after July 1, 2004;
- (b) The station-generating capability is below 350 MWe and above 25 MWe between 25 MWe and 350 MWe; and
- (c) The facility is not a fossil-fueled floating thermal electric generation facility subject to regulation regulated by EFSEC (100 MWe or more) the energy facility site evaluation council.
- (4)(2) Modifying an existing fossil-fueled thermal electric generating facilities facility. A fossil-fueled thermal electric generating facility seeking to modify the facility or any an electrical generating units is required tomust mitigate the increase of the emission of CO2 emissions, as described in RCW 80.70.020, when the following occur:
- (a) A facility submits The an application was received after July 1, 2004;
- (b) The unmodified station generating capability is $\frac{\text{more-}}{\text{than 25 MWe and less than 350 MWe}}$ between 25 MWe and 350 MWe;
- (c) The increase to the facility or units is the greater of the following measures:
- (i) An increase in station-generating capability of morethanat least 25 MWe; or
 - (ii) An increase in CO2 emissions output by 15% or more;
- (d) The facility or the modification is not under the jurisdiction of the energy facility site evaluation council. The facility is not a fossil-fueled floating thermal electric generation facility regulated by EFSEC (100 MWe or

Commented [SC(9]: Removed redundant text.

No need to repeat the law. Similar changes were made through out Part I.

more)

Commented [SC(10]: Mirror subsection (1)(c) above.

(5)(3) Examples of fossil-fueled thermal electric generation units. The following are some examples of fossil-fueled thermal electric generating units:

- (a) Coal, oil, natural gas, or coke fueled steam generating units (boilers) supplying steam to a steam turbineelectric generator;
- (b) Simple cycle combustion turbine attached to an electric generator;
- (c) Combined cycle combustion turbines (with and without duct burners) attached to an electric generator and supplying steam to a steam turbine - electric generator;
- (d) Coal gasification units, or similar devices, where the synthesis gas produced is used to fuel a combustion turbine, boiler or similar device used to power an electric generator or provide hydrogen for use in fuel cells; or
- (e) Hydrocarbon reformer emissions where the hydrogen produced is used in fuel cells or other combustion units for the purpose of producing electricity. Hydrogen used to fuel motor vehicles is excluded.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-030, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-030, filed 12/22/04, effective 1/22/05.]

WAC 173-407-040 Carbon dioxide mitigation program fees under Part I.

Fees can be found in chapter 173-455-050 WAC.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-040, filed 6/19/08, effective 7/20/08.

Statutory Authority: RCW 70.94.181, [70.94.]152, [70.94.]331, [70.94.]650, [70.94.]745, [70.94.]892, [70.94.]011. 07-19-005 (Order 07-10), § 173-407-040, filed 9/6/07, effective 10/7/07. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW.

05-01-237 (Order 03-09), § 173-407-040, filed 12/22/04, effective 1/22/05.]

WAC 173-407-050 Calculating total carbon dioxide emissions to be mitigated under Part I.

(1) Step 1 is to calculate the total quantity of CO.—
emitted in one year. The total quantity of CO.—is referred to
as the maximum potential emissions of CO.— The maximum
potential emissions of CO.—is defined as the annual CO.

Potential emissions of CO.—is defined as the annual CO.

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emission rate. The following formula derivesCalculate The the annual CO2 emission rate is derived by using the following formula unless a differing analysis is necessary or appropriate for the electric generating process and type of equipment:

 $\frac{CO_{2rate}}{2204.6} = \underbrace{\frac{F_s * \underline{\times} K_s}{2204.6}}_{X T_s + \underbrace{F_1 * \underline{\times} K_l}}_{2204.6} \times T_l + \underbrace{\frac{F_2 * \underline{\times} K_2}{2204.6}}_{2204.6} \times T_2 + \underbrace{\frac{F_3 * \underline{\times} K_3}{3}}_{2204.6} \times T_{3...} + \underbrace{\frac{F_n * \underline{\times} K_n}{3}}_{2204.6} \times T_n$

where:

 $CO_{\underline{2}_{\text{rate}}}$ = $\underline{\text{Maximum potential emissions Annual}}$ $\underline{\text{CO}_2}$ emission rate in metric tons per year

 $F_{1-\underline{n}}$ = Maximum design fuel firing rate in

MMBtu/hour calculated as

manufacturer or designer's guaranteed total net station generating capability in MWe/hour times the new equipment heat rate in MMBtu/MWe. Determined based on higher heating values of fuel

 K_{1-a} = <u>Fuel to CO_2</u> <u>C</u>conversion factor for the fuel(s) being evaluated in lb CO₂ /MMBtu for fuel F₁₋₁₀

 $T_{l-\underline{u}}$ = Hours per year fuel $F_{\underline{l}\underline{u}\underline{n}}$ is allowed to be used. The default is 8760 hours unless there is a limitation on hours in an order of approval

F_s = Maximum design supplemental fuel firing rate in MMBtu/hour, at higher heating value of the fuel

 K_s = Fuel to CO₂ $\underline{\mathbf{C}}_{\underline{\mathbf{C}}}$ onversion factor for the supplemental fuel being evaluated in lb $\underline{\mathbf{CO}}_{\underline{\mathbf{J}}}$ MMBtu for fuel $F_{\underline{\mathbf{m}}}$ given fuel

 T_s = Hours per year supplemental fuel F_{m_l} is allowed. The default is 8760 hours unless there is a limitation on hours in an order of approval

(a) When there are multiple new fossil-fueled electric generating units, the above calculation will must be performed for each unit and the total annual CO2 emissions rate of all units will must be summed.

(b) When a unit or facility is allowed to use multiple fuels, the maximum allowed hours on the highest CO₂ producing fuels will must be utilized used for each fuel until the total of all hours per fuel add up to the allowable annual hours.

(c) When a new unit or facility is allowed to use multiple fuels without restriction in its approval order(s) of approval, this calculation will must be performed assuming that the fuel with the highest CO_2 emission rate is used 100% of the time.

(d) When the annual operating hours are restricted for any reason, the total of all $T_{\mbox{\tiny 1-n}}$ hours equals the annual allowable hours of operation in the $\frac{\mbox{\tiny Order}}{\mbox{\tiny order}}$ order of

Commented [SC(11]: We decided to use "annual CO2 emission rate" for all terms that have the same meaning in this section. A definition was also added for "annual CO2 emission rate"

Approvalapproval.

(e) Fuel to CO_2 conversion factors (derived from the EPA's AP 42, Compilation of Air Pollutant Emission Factors): For K_{1-n} and K_s in the formula in this subsection, use the CO_2 emission factors for fossil fuels in 40 C.F.R. Part 98, Table C-1, except that the values for nonfossil fuels must be 0.00 lb/MMBtu (in effect on the date in WAC 173-407-006).

Fuel	K,_lb/MMBtu
#2 oil	158.16
#4-oil	160.96
#6 oil	166.67
Lignite	287.50
Sub-bituminous coal	267.22
Bituminous coal, low volatility	232.21
Bituminous coal, medium volatility	241.60
Bituminous coal, high volatility	262.38
Natural gas	117.6
Propane	136.61
Butane	139.38
Petroleum coke	242.91
Coal coke	243.1
Other fossil fuels	Calculate based on carbon content of the fossil fuel and application of the- gross heat content (higher heating- value) of the fuel
Nonfossil fuels	00.00

Commented [SC(12]: Using the same conversion factor as Part 98 allows consistant calculation and reporting with the federal requirements.

The future rulemaking will check the updates to the Part 98 and update this subsection accordingly.

(2)Step 2 - Insert the annual CO, rate to dDetermine the total carbon dioxide emissions to be mitigated. You must use this formula to determine total carbon dioxide emissions The formula below includes specifications that are part of the total carbon dioxide definition:

Total CO₂ Emissions .= $CO_{2rate} \times 30 \times 0.6$

where:

<u>CO_{2rate}</u> .= Annual <u>CO₂ emission rate in</u> metric tons per year

30 = Thirty years period 0.6 = Assumed capacity factor

(3) Step 3 - Determine and apply the cogeneration

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credit (if any).

(a)Where the cogeneration unit or facility qualifies for cogeneration credit, the cogeneration credit is the annual CO₂ emission rate (in metric tons per year). You must use this formula or a similar method to determine the annual CO₂ cogeneration credit and is calculated as shown below or similar method:

$$CO_{2credit} = \underbrace{H_s}_{x} x(K_a) \div n$$

$$2204.6$$

where:

CO_{2credit} The annual CO₂ cogeneration credit for cogeneration in metric tons/year. H. Annual heat energy supplied by the cogeneration plant to the "steam host" per the contract or other binding obligation/agreement between the parties in MMBtu/yr as substantiated by an engineering analysis. The time weighted fuel to CO2 conversion factor average CO2 emission rate constant for the cogeneration plant in lb CO₂/MMBtu supplied. The time weighted average is calculated similarly to the above method described in subsection (1) of this section. Efficiency of new boiler that would provide the same quantity of thermal energy.

 $\underline{\mbox{(b)}}$ Calculate the metric tons of the cogeneration credit over the thirty-year period.

Cogeneration Credit .= $CO_{2credit} \times 30$

(4) Step 4 - Apply the mitigation factor Determine the mitigation quantity.

(a) RCW 80.70.020(4) states that "Fossil fueled thermal-electric generation facilities that receive site certification approval or an order of approval shall provide mitigation for twenty percent of the total carbon dioxide emissions produced by the facility."

 $\frac{\text{(b)}(a)}{\text{is}}$ Determine the The CO₂ emissions mitigation quantity is determined by the using the following formula:

Mitigation Quantity .= Total CO₂ Emissions <u>*</u>×0.2 - Cogeneration Credit

Assume n = 0.85 unless applicant facility provides information supporting a different value.

where:

Mitigation quantity = The total CO₂ emissions to be mitigated in metric tons

CO₂ = The annual maximum CO₂ emissions from the generating facility in tons/year

= The mitigation factor in RCW 80.70.020(4)

existing facility not involving installation—installingof new generating units. Calculating The—the quantity of CO₂ to be mitigated using the method in subsection (1) through (4)is—calculated by the same methods used for the new generating units—with the following restrictions:

- (a) The quantity of CO_2 subject to mitigation is only that resulting from the modification and does not include the CO_2 emissions occurring prior to the modification;
- (b) An increase in operating hours or other operational limitations established in an order of approval is not an exempt modification under this regulation. However, only emissions related to the increase in operating hours are subject to the ${\rm CO_2}$ mitigation program requirements;
- (c) The annual $\frac{\text{CO}_2}{\text{consistions}}$ rate (CO_{2rate}) in subsection (1) is the difference between the premodification condition and the postmodification condition, but using the like new heat rate for the combustion equipment; and
- (d) The A cogeneration credit may be used, but only if it is a new cogeneration credit, not a cogeneration agreement or arrangement established prior tostarting July 1, 2004, or used in a prior CO mitigation evaluation.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-050, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-050, filed 12/22/04, effective 1/22/05.]

WAC 173-407-060 Carbon dioxide mitigation plan requirements and options under Part I.

- (1) Once the total carbon dioxide emissions mitigation—quantity is calculated, what is next? Mitigation plan—requirements.
- (a) The facility must mitigate that level of the quantity of carbon dioxide emissions determined by WAC 173-407-050 (4) or (5) as applicable. A CO₂ mitigation plan is required and must be approved as part of the order of approval. RCW 80.70.020 (2)(b) states that "For fossil fueled thermal electric generation facilities not under jurisdiction of the council, the order of approval shall require an approved carbon dioxide mitigation plan." A mitigation plan is a proposal that includes the process or means to achieve carbon dioxide mitigation through use of mitigation projects or carbon credits (RCW 80.70.010).
- (b) The facility must implement the mitigation plan based on the schedule in the order of approval. A facility may request

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an extension of the schedule by submitting a written request to the permitting authority before applicable deadline(s). The request must propose a revised schedule and document why more time is needed to implement the mitigation plan.

(2) What are the mitigation Mitigation plan options.?

The options are identified in RCW 80.70.020(3), which states that "An applicant for a fossil-fueled thermal electric generation facility shall must include one or a combination of the following carbon dioxide mitigation options as part of its mitigation plan:

- (a) Payment to a third party to provide mitigation;
- (b) Direct purchase of permanent carbon credits; or
- (c) Investment in applicant-controlled carbon dioxide mitigation projects, including combined heat and power (cogeneration).
- (3) What are the requirements Requirements of the payment to a third party option.? The payment to a third party option requirements are found in RCW 80.70.020 (5) and (6). Subsection (5) identifies the mitigation rate for this option and describes the process for changing the mitigation rate. Subsection (6) describes the payment options.
- (a) The initial mitigation rate is \$1.60 per metric ton of carbon dioxide to be mitigated. If there is aFor cogeneration plant, the monetary amount is based on the difference between twenty percent of the total carbon dioxide emissions and the cogeneration credit. This rate will change when the energy facility site evaluation council EFSEC adjusts it through the process described in RCW 80.70.020 (5)(a) and (b).

The total payment amount = mitigation rate x mitigation quantity-

- (b) An applicant may choose between a lump sum payment or partial payment over a period of five years. The lump sum payment is described in RCW 80.70.020 (6)(a) and (b).
- (i) The lump sum payment amount is the mitigation quantity multiplied by the per ton mitigation rate. The entire payment amount is duemust be paid to the independent qualified organization no later than one hundred twenty days after the start of commercial operation.
- (ii) The alternative to a one time payment is a partial payment described in RCW 80.70.020 (6)(c). Under this alternative, The partial payment must be paid to the independent qualified organization in five equal payments over five years. The first twenty percent of the total payment must be paid is due to the independent qualified organization no later than one

Commented [SC(13]: From equavilant EFSEC rule WAC 463-80-060 (1)

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hundred twenty days after the start of commercial operation. A payment of the same amount (or an adjusted amount if the rate is changed under RCW 80.70.020 (5)(a)) is due onmust be paid by the anniversary date of the initial payment for the next four consecutive years. In addition, the The applicant facility required to must provide a letter of credit or comparable security for the remaining 80% at the time of the first payment. The letter of credit (or comparable security) must also include possible rate changes.

- (4) What are the requirements Requirements of the permanent carbon credits option.? RCW 80.70.030 identifies the criteria and specifies that these credits cannot be resold without approval from the local air authority having jurisdiction or ecology where there is no local air authority. The permanent The applicant must acquire permanent carbon credits equaling the mitigation quantity as calculated in WAC 173-407-050(4). The permanent carbon credits must meet the following criteria:—of RCW 80.70.030(1) are as follows:
- (a) Credits must derive from real, verified, permanent, and enforceable carbon dioxide or carbon dioxide equivalents emission mitigation not otherwise required by statute, regulation, or other legal requirements;
 - (b) The credits must be acquired after July 1, 2004; and
 - (c) The credits may not have been used for other carbon dioxide mitigation projects.
- (d) The credits purchased for CO₂ mitigation must not be resold unless approved by the permitting authority. The permitting authority must determine the permanent carbon credits to be resold are offset by other CO₂ mitigation method(s)
- (5) What are the requirements for the applicant controlled mitigation projects option?—RCW 80.70.040—identifies the requirements for applicant controlled mitigation projects. Subsections (1) through (5) specify the criteria. The facility may invest directly in mitigation projects. The direct investment cost of the applicant controlled mitigation project, including funds used for selection, monitoring, and evaluation of mitigation projects, cannot be required by ecology or the local authority the permitting authority to exceed the cost of making a lump sum total payment to a third party per WAC 173-407-060(3).
- The applicant controlled mitigation project must be: (a) Implemented through mitigation projects conducted Conducted directly by τ or under the control of τ the order of approval holder.
 - (b) Approved by the authority having jurisdiction or the

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Commented [SC(15]: Stakeholder requested to add instruction on how to approve resold credit.

<u>department where there is no local air authority</u> permitting <u>authority</u> and <u>incorporated_included</u> as a condition of the <u>proposed</u> order of approval.

- (c) Fully in place within a reasonable time Operational within one year after the start of commercial operation. Failure to implement an approved mitigation plan is subject to enforcement under chapter 70.94 RCWWAC 173-407-080.
- (d) The order of approval holder may not use more than twenty percent of the total funds for the selection, monitoring, and evaluation of mitigation projects, and the management and enforcement of contracts.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-060, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-060, filed 12/22/04, effective 1/22/05.]

WAC 173-407-070 Carbon dioxide mitigation option statement and mitigation plan approval under Part I.

- (1) The notice of construction application to the permitting authority must indicate the selected mitigation option(s). Applicants must provide the department or authority with a statement selecting the mitigation option(s) at the time the application is submitted.
- (2) Applicants choosing to useusing the payment to anthird party independent qualitied organization (a third party) or the permanent carbon credit option must provide the documentation to the department or the authority permitting authority, as appropriate, with the documentation to show how the requirements will be satisfied before an order or of approval will can be issued.
- (3) Applicants <u>usingseeking to use</u> the <u>applicant facility</u> controlled mitigation projects option must submit the entire mitigation plan to the <u>department or the authority permitting</u> <u>authority</u>. The <u>department or authority having</u> <u>jurisdiction</u>permitting authority will review the plan. <u>Under RCW 70.94.892 (2)(b)</u>, the review criteria is based on whether the mitigation plan is for consistent consistency with the requirements of Part I of this chapter <u>chapter 80.70 RCW</u>.
- (4) Upon completing the review phasethe review, the department or the authority the permitting authority having jurisdiction must approve or deny the mitigation plan.
- (5) An approved mitigation plane $\underline{\text{must}}$ become part of the order of approval.

Commented [SC(16]: Discussed with stakeholders. We addressed their concern about timing and flexibility for permitting and planning.

NOC permit would be obtained prior to start of construction and facilities can request extension if they need more time.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-070, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-070, filed 12/22/04, effective 1/22/05.]

WAC 173-407-080 Enforcement under Part I.

Applicants or facilities A facility violating the carbon dioxide mitigation program requirements are is subject to the enforcement provisions of chapter 70.94 RCW.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-080, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-080, filed 12/22/04, effective 1/22/05.]

PART II

GREENHOUSE GASES GASEMISSIONS
PERFORMANCE STANDARD AND SEQUESTRATION
PLANS AND PROGRAMS FOR BASELOAD ELECTRIC
GENERATION FACILITIES IMPLEMENTING CHAPTER
80.80 RCW

WAC 173-407-100 Policy and purpose of Part II.

It is the intent of the The legislature, under chapter 80.80 RCW, to established statutory goals for the statewide reduction of greenhouse gase gas emissions. The legislature further intends by chapter 80.80 RCW to authorize immediate actions in the electric power generation sector for the reduction of greenhouse gases gas emissions.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-100, filed 6/19/08, effective 7/20/08.]

WAC 173-407-110 Definitions to Part II and Part III.

The following definitions apply when these terms are used in the provisions of Part II and Part III of this chapter.

"Average available greenhouse gases gas emissions output" means the level of greenhouse gases gas emissions as surveyed and determined by the energy policy division of the department of commerce community, trade, and economic development under RCW 80.80.050.

"Baseload electric generation" means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least sixty percent. For a segeneration facility, the sixty percent annual sapacity factor applies to only the electrical production intended to be supplied for sale. For purposes of Part II and III of this rule, "designed" means originally specified by the design engineers for the power plant or generating units (such as simple cycle combustion turbines) installed at a power plant; and "intended" means allowed for by the current permits for the power plant, recognizing the capability of the installed equipment or intent of the owner or operator of the power plant.

"Baseload electric cogeneration facility" means a cogeneration facility that provides baseload electric generation. For a cogeneration facility, the sixty percent annual capacity factor applies to only the electrical production intended to be supplied for sale.

"Baseload electric generation facility" means a power plant that provides baseload electric generation.

"Benchmark" means a planned quantity of the greenhouse gases to be sequestered each calendar year at a sequestration facility as identified in the sequestration plan or sequestration program.

"Bottoming-cycle cogeneration facility" means a cogeneration facility in which the energy input to the system is first applied to a useful thermal energy application or process, and at least some of the reject heat emerging from the application or process is then used for electrical power production.

"Coal transition power" means the output of a coal-fired electric generation facility that is subject to an obligation to meet the standards in RCW 80.80.040(3)(c).

"Change in ownership" as related to cogeneration plants means a new ownership interest in the electric generation portion of the cogeneration facility or unit.

"Cogeneration facility" means a power plant in which the heat or steam is also used for industrial or commercial heating or cooling purposes and that meets Federal Energy Regulatory Commission standards for qualifying facilities under the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. Sec. 824a-3), as amended. In general, a cogeneration facility is comprised of equipment and processes which through the sequential use of energy are used to produce electric energy and useful thermal energy (such as heat or steam) that is used for industrial, commercial, heating, or cooling purposes.

"Combined-cycle natural gas thermal electric generation facility" means a power plant that employs a combination of

Commented [SC(17]: Moved to "Baseload electric cogeneration facility" definition.

Commented [SC(18]: Added per subsection RCW 80.80.010 (5). This definition was added in 2011 in the law.

one or more gas turbines and steam turbines in which electricity is produced in the steam turbine from otherwise lost waste heat exiting from one or more of the gas turbines.

"Commence commercial operation" means, in regard to a unit serving an electric generator, to have begun to produce steam or other heated medium, or a combustible gas used to generate electricity for sale or use, including test generation.

"Commission" means the Washington utilities and transportation commission.

"Consumer-owned utility" means a municipal utility formed under Title 35 RCW, a public utility district formed under Title 54 RCW, an irrigation district formed under chapter RCW, a cooperative formed under chapter 23.86 RCW, a mutual corporation or association formed under chapter 24.06 RCW, or port district within which an industrial district has been established as authorized by Title 53 RCW, that is engaged in the business of distributing electricity to more than one retail electric customer in the state.

"Electric generating unit" (EGU) is the equipment required to convert the thermal energy in a fuel into electricity. In the case of a steam electric generation unit, the EGU consists of all equipment involved in fuel delivery to the plant site, as well as individual boilers, any installed emission control equipment, and any steam turbine/generators dedicated to generating electricity. Where a steam turbine generator is supplied by two or more boiler units, all boilers contributing to that steam turbine/generator comprise a single electric generating unit. All combustion units/boilers/combined cycle turbines that produce steam for use in a single steam turbine/generator unit are part of the same electric generating unit.

Examples:

- (a) For an integrated gasification combined cycle combustion turbine plant, the EGU consists of all equipment involved in fuel delivery to the unit, as well as all equipment used in the fuel conversion and combustion processes, any installed emission control equipment, and all equipment used for the generation of electricity.
- (b) For a combined cycle natural gas fired combustion turbine, the EGU begins at the point where natural gas is delivered to the plant site and ends with the generation of electricity from the combustion turbine and from steam produced and used on a steam turbine.
 - (c) An EGU also includes fuel cells fueled by hydrogen

produced:

- (i) In a reformer utilizing nonrenewable fuels; or
- (ii) By a gasifier producing hydrogen from nonrenewable fuels.

"Electricity from unspecified sources" means electricity that is to be delivered in Washington pursuant to a long-term financial commitment entered into by an electric utility and whose sources or origins of generation and expected average annual deliveries cannot be ascertained with reasonable certainty.

"EFSEC" means the energy facility site evaluation council.

"Electric utility" means an electrical company or a consumer-owned utility.

"Electrical company" means a company owned by investors that meets the definition of RCW 80.04.010.

"Fossil fuel" means natural gas, petroleum, coal, or any form of solid, liquid, or gaseous fuel derived from such material to produce heat for the generation of electricity.

"Fuel feed stock" means any renewable, biological material that can be used directly as a fuel, or converted to another form of fuel or energy product.

"GHG EPS" means greenhouse gas emissions performance standard.

"Governing board" means the board of directors or legislative authority of a consumer-owned utility.

"Greenhouse <a href="gasesgas" or "GHG" includes carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride."

"Long-term financial commitment" means:

- (a) Either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or
- (b) A new or renewed contract for baseload electric generation with a term of five or more years for the provision of retail power or wholesale power to end-use customers in this state.

"Modification" means the definition in WAC 173-400-030.
"MWh" means megawatt-hour electricity.

"MWh $_{\rm eq}$ " means megawatt-hour equivalent electrical energy of useful thermal energy output. 1 MWh $_{\rm eq}$ = 3.413 million Btu of thermal energy.

"New ownership interest" means a change in the ownership structure of a baseload power plant or a cogeneration facility or the electrical generation portion of a cogeneration facility affecting at least:

(a) Five percent of the market value of the power plant

Commented [SC(19]: Provide this definition for section WAC 173-407-140. This definition is obtained from US Department of Energy.

or cogeneration facility; or

(b) Five percent of the electrical output of the power plant or cogeneration facility.

The above thresholds apply to each unit within a multiunit generation facility.

"Permanent sequestration" means the retention of greenhouse gases in a containment system using a method that is in accordance with standards approved by the-departmentecology and that creates a high degree of confidence that substantially ninety-nine percent of the greenhouse gases will remain contained for at least one thousand years.

"Permitting authority" means ecology or the local air pollution control authority with jurisdiction over the source.

"Plant capacity factor" means the ratio of the electricity produced during a given time period, measured in kilowatt-hours, to the electricity the unit could have produced if it had been operated at its rated capacity during that period, expressed in kilowatt-hours.

"Power plant" means a facility for the generation of electricity that is permitted as a single plant by the energy facility site evaluation council or a local jurisdictiona jurisdiction inside or outside the state. A power plant may be comprised of one or more individual electrical generating units, each unit of which can be operated or owned separately from the other units.

"Regulated greenhouse gases gas emissions" is the mass of carbon dioxide emitted plus the mass of nitrous oxide emitted plus the mass of methane emitted. Regulated greenhouse gase emissions include carbon dioxide produced by a sulfur dioxide control system such as a wet limestone scrubber system.

"Renewable fuel" means:

- (a) Landfill gas;
- (b) Biomass energy utilizing animal waste, solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic;
- (c) By-products of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors; or
 - (d) Gas from sewage treatment facilities;
- (e) Biodiesel fuel as defined in RCW 82.29A.135 that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006.

"Renewable resources" means electricity generation

Commented [SC(20]: Obtained from WAC 173-400-030 (66); permitting authority is used instead of "ecology and local clean air agencies"

Commented [SC(21]: Revised per updates for RCW 80.80.010(19)

Commented [SC(22]: Added per RCW 19.285.030 (21) ""Renewable resource" definition.

facilities fueled by renewable fuels plus electricity generation facilities fueled by:

- (a) Water;
- (b) Wind;
- (c) Solar energy;
- (d) Geothermal energy; or
- (e) Ocean thermal, wave, or tidal power.
- "Sequential use of energy" means:
- (a) For a topping-cycle cogeneration facility, the use of reject heat from a power production process in sufficient amounts <u>in to support</u> a thermal application or process to conform to the requirements of the operating standard; or
- (b) For a bottoming-cycle cogeneration facility, the use of reject heat from a thermal application or process, at least some of which is then used for power production.
- "Sequestration plan" means a comprehensive plan describing how a plant owner or operator will comply with the emissions performance standard by means of sequestering greenhouse gases, where the sequestration will start after electricity is first produced, but within five years of the start of commercial operation.

"Sequestration program" means a comprehensive plan describing how a baseload electric generation plant's owner or operator will demonstrate compliance with the emissions performance standard at start of commercial operation and continuing unchanged into the future. The program is a description of how the facility meets the emissions performance standard based on the characteristics of the baseload electric generation facility or unit or by sequestering greenhouse gases emissions to meet the emissions performance standard with the sequestration starting on or before the start of commercial operation.

- "Supplementary firing" means an energy input to:
- (a) A cogeneration facility used only in the thermal process of a topping-cycle cogeneration facility;
- (b) The electric generating process of a bottoming-cycle cogeneration facility; or
- (c) Any baseload electric generation unit to temporarily increase the thermal energy that can be converted to electrical energy.
- "Topping-cycle cogeneration facility" means a cogeneration facility in which the energy input to the facility is first used to produce useful electrical power output, and at least some of the reject heat from the power production process is then used to provide useful thermal energy.

"Total energy input" means the total energy supplied by all fuels used to produce electricity in a baseload electric

generation facility or unit.

"Total energy output" of a topping cycle cogeneration facility or unit is the sum of the useful electrical power output and useful thermal energy output.

"Upgrade" means any modification made for the primary purpose of increasing the electric generation capacity of a baseload electric generation facility or unit. Upgrade does not include:

- (a) Routine or necessary maintenance;
- (b) Installation of emission control equipment;
- (c) Installation, replacement, or modification of equipment that improves the heat rate of the facility; or
- $\underline{\text{(d)}}$ Installation, replacement, or modification of equipment for the primary purpose of maintaining reliable generation output capability.

The changes in (a) through (d) above that does not increase the heat input or fuel usage as specified in existing generation air quality permits as of July 22, 2007, but may result in incidental increases in generation capacity.

"Useful energy output" of a cogeneration facility means the electric or mechanical energy made available for use, exclusive of any such energy used in the power production process.

- (a) That is made available to and used in an industrial or commercial process (minus any heat contained in condensate return and/or makeup water);
- (b) That is used in a heating application (e.g., space heating, domestic hot water heating); or
- (c) That is used in a space cooling application (i.e., thermal energy used by an absorption chiller).
- (d) Used to drive a chemical conversion process (i.e., thermal energy to convert limestone to lime or to produce cement clinker from limestone and other materials).

"UTC" means the utilities and transportation commission.

"Waste gas" is refinery gas and other fossil fuel derived gases with a heat content of more than 300 Btu/standard cubic foot. Waste gas does not include gaseous renewable energy sources.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-110, filed 6/19/08, effective 7/20/08.]

Commented [SC(23]: Apply to both topping cycle and bottemming cycle.

Commented [SC(24]: Clarification that useful thermal energy can be used to drive a chemical reaction, not just the burning of fuel. i.e., the Cement Plant and Lime Kiln example.

Commented [SC(25]: Use UTC instead of the commission to avoid confusion.

WAC 173-407-120 Facilities subject to the greenhouse Greenhouse gases gas emissions performance standard applicability for Part II. (1) This rule is applicable to all baseload electric generation facilities and units and baseload electric cogeneration facilities and units that:

(a) Are new and are permitted for construction and operation after June 30, 2008, and that utilize fossil fuel or nonrenewable fuels for all or part of their fuel requirements.

(b) Are existing and that commence operation on or before— June 30, 2008, when the facility or unit's owner or operator engages in an action listed in subsection (3) or (4) of this section.

(2) This rule is not applicable to any baseload electricgeneration facility or unit or baseload electric cogeneration facility or unit that is designed and intended to utilize arenewable fuel to provide at least ninety percent of its total annual heat input.

(3) A baseload electric generation facility or anindividual electric generating unit at a baseload electric generation facility is required to meet the emissions performance standard in effect when:

(a) The new baseload electric generation facility or new electric generating unit at an existing baseload electric generation facility is issued a notice of construction approval or a site certification agreement;

(b) The existing facility or a unit is upgraded; or (c) The existing facility or a unit is subject to a newlong term financial commitment.

(4)A baseload electric cogeneration facility or unit is required to meet the emissions performance standard in effect when:

(a) The new baseload electric cogeneration facility or new baseload electric cogeneration unit is issued a notice of construction approval or a site certification agreement;

(b) The existing facility or unit is upgraded; or

(c) The existing facility or unit is subject to a change in ownership.

(5) A new baseload electric generation facility or unitor new baseload electric cogeneration facility or unit becomes an existing baseload electric generation facility or unit orbaseload electric cogeneration facility or unit the day itcommences commercial operation.

(1)Starting July 1, 2008, a baseload electric generation facility or unit or baseload electric cogeneration facility or unit located in Washington is subject to the GHG EPS each time it meets one of the following conditions:

Commented [SC(26]: This section is reorganized per readability purposes. There are a few new subsections as noted below.

- (a) Commence operation;
- (b) New ownership interest;
- (c) New or renewed long term financial commitment; or
- (d) Upgraded.
- (2) Starting July 1, 2008, a baseload electric generation facility or unit or baseload electric cogeneration facility or unit is subject to the GHG EPS when it enters into a long term financial commitment to serve power to Washington customers.
- (3) Exceptions to the conditions in (1) and (2) are as follows:
- (a) A baseload electric cogeneration facility or unit fueled by natural gas or waste gas or a combination of the two fuels that was in operation before July 1, 2008 is exempt from meeting the GHG EPS until:
 - (i) Change in ownership; or

(ii)Upgraded.

- (b) A baseload electric generation facility or unit or baseload electric cogeneration facility or unit fueled by at least 90% renewable fuels, on an annual heat input basis, is deemed to be in compliance with the GHG EPS.
- (c) A baseload electric generation facility or unit powered exclusively by renewable resources is deemed to be in compliance with the GHG EPS;
- (d) A new or renewed long-term financial commitment with the Bonneville Power Administration is exempt from meeting the GHG EPS.
- (e) Long-term purchase of coal transition power and the coal-fired power plant providing the power are exempt from meeting the GHG ESP as provided by RCW 80.80.040(3)(c). [Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-120, filed 6/19/08, effective 7/20/08.]

WAC 173-407-130 Emissions performance standard under

Part II.

(1) A baseload electric generation facility or unit or baseload electric cogeneration facility or unit must comply with the GHG EPS in (2) of this section in effect at the time when the facility or unit triggers the applicability in WAC 173-407-120.

(2) GHG EPS.

(a) Table 1 GHG EPS by Time Period:

Commented [SC(27]: This is from RCW80.80.040(5). It was missed during last revision.

Commented [SC(28]: Added per RCW 80.80.040(4).

Commented [SC(29]: Added per RCW 80.80.040(2)

Commented [SC(30]: Added per RCW 80.80.110

Commented [SC(31]: Add the 2013 emissions performance standard of 970 lb/MWH as required by RCW 80.80.040

The 2013 standard was adopted by Department of Commerce in WAC 194-26-020 on 4/6/2013.

The rest of the changes are eliminating redundancy and setting up the language to add fulture emissions performance standards.

lb GHG/MWh date date	
The day before	_
1,100 July 1, 2008 the rule	
effective date	
March 2018	
970 Rule effective date, Determined by	
March 2018 WAC 194-26-020	
WAC 194-26-020	
(Starting [rule	
effective date,	
March 2018])*	

*Commerce reviews and, if appropriate, updates the GHG EPS every five years as directed by RCW 80.80.050.

Beginning July 1, 2008, all baseload electric generation—facilities and units and baseload electric cogeneration—facilities and units subject to WAC 173-407-120 are not allowed to emit to the atmosphere regulated greenhouse gases at a rate—greater than one thousand one hundred pounds per megawatt hour, annual average.

- (2) All baseload electric generation facilities and units in operation on or before June 30, 2008, are deemed to be incompliance with the emissions performance standard until the facility or unit is subject to a new long-term financial commitment.
- (3) All baseload electric cogeneration facilities and units in operation on or before June 30, 2008, and operating exclusively on natural gas, waste gas, a combination of natural and waste gases, or a renewable fuel, are deemed to be incompliance with the emissions performance standard until the facility or unit is subject to a new ownership interest or is upgraded. For purposes of this section, exclusive use of renewable fuel shall mean at least ninety percent of total annual heat input by a renewable fuel.

(4)(3)Compliance with the emissions performance standard GHG EPS may be through the use of:

- (a) Use of fFuels and power plant designs that comply with the emissions performance standard without need for greenhouse gases emission controls; or
- (b) Use of greenhouse gases GHG emission controls and greenhouse gases—sequestration methods meeting the requirements of WAC 173-407-220 or 173-218-115, as appropriate.

(4) The greenhouse gases emissions performance standardin subsection (1) of this section applies to all baseloadelectric generation for which electric utilities enter intolong term financial commitments on or after July 1, 2008.

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Commented [SC(32]: Reference to Commerce rule so that Ecology may not need to update the rule every five years. But it depends on how Commerce will revise their rule to update the standard. Ecology will coordinate with Commerce.

The exact wording here may need to change based on how Commerce actually incorporates any updates to the EPS. i.e.they might put a 2018 EPS as a new section 030.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-130, filed 6/19/08, effective 7/20/08.]

WAC 173-407-140 Calculating greenhouse gases gas emissions and determining compliance for a baseload electric generation facilities facility or unit under Part II.

- (1) The owner or operator of a baseload electric generation facility or unit_must collect the following data that must_o demonstrate compliance with the emissions—performance standard_GHG EPS in WAC 173-407-130(1) shall collect the following data:
- (a) Fuels and fuel feed stocks. The usage and heat content of fuels and fuel feed stocks that provide energy input to the baseload electric generation facility or unit. These data must be monitored and reported as directed by WAC 173-407-160.
- (i) All fuels and fuel feed stocks used to provide energy input to the baseload electric generation facility or unit.
- (ii) Fuel usage and heat content, which are to be monitored, and reported as directed by WAC 173-407-230.
- (b) Electrical output in MWh as measured and recorded per WAC $173-407-\frac{230}{160}$.
- (c) Regulated greenhouse gases gas emissions in pounds/MMBtu from the baseload electric generation facility or unit as monitored, reported and calculated in WAC 173-407-230160.
- (d) Adjustments for use of renewable resourcesfuels. If the owner or operator of a baseload electric generation facility or unit adjusts its greenhouse gases gas emissions to account for the use of renewable resources, greenhouse gases gas emissions are reduced based on the ratio of the annual heat input from all fuels and fuel feed stocks renewable resourcesfuels and the annual heat input from use of nonrenewable all fuels and fuel feed stocks. This Such adjustment will must be based on records of fuels and fuel feed stocks usage and representative heat contents approved by ecology.
- (e) Adjustment for greenhouse gas emissions that are sequestered. All greenhouse gas emissions that are permanently sequestered through an approved sequestration method(s) during the calendar year can be subtracted from the total pounds of greenhouse gas emitted during that year.
- (2) By January 31 of each year, the owner or operator of each a baseload electric generation facility or unit subject to the monitoring and compliance demonstration requirements of this rule—Part II and III of this rule willmust:
 - (a) Use the data collected under subsection (1) of this

Commented [SC(33]: Added per RCW 80.80.040 (10). It was missed during last rulemaking.

section to calculate the pounds of regulated greenhouse gases gas emissions emitted per MWh of electricity produced during the prior calendar year by dividing the total regulated greenhouse gases gas emissions in pounds by the total electricity MWh produced in MWh in that year; and

(b) Submit that calculation and all supporting information to ecology.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-140, filed 6/19/08, effective 7/20/08.]

WAC 173-407-150 Calculating greenhouse gases gas emissions and determining compliance for a baseload electric cogeneration facilities facility or unit under Part II.

- (1) To use this section for determining compliance with the greenhouse gases emissions performance standard, This section applied to a facility or unit must have certified to the Federal Energy Regulatory Commission (FERC) under the provisions of 18 C.F.R. Part 292, Subpart B as a qualifying cogeneration facility (in effect on the date in WAC 173-407-006).
- (2) The owner or operator of a baseload electric cogeneration facility or unit that must demonstrate compliance with the emissions performance standardGHG EPS in WAC 173-407-130_(1) shall must collect the following data:
- (a) The usage and heat content of fuels and fuel feed stocks provide energy input to the baseload electric generation facility or unit. These data must be monitored and reported as directed by WAC 173-407-160.

Fuels and fuel feed stocks.

All fuels and fuel feed stocks used to provide energy input to the baseload electric cogeneration facility or unit. Fuel and fuel feed stocks usage and heat content, which are to be monitored, and reported as directed by WAC 173-407-230.

- (b) Electrical output in MWh as measured and recorded per WAC $173-407-\frac{230}{160}$.
- (c) All useful thermal energy and useful energy used for nonelectrical generation uses in MMBtu must be converted to units of megawatts energy equivalent (MW \underline{h}_{eq}) by using the conversion factor of 3.413 million British thermal units per megawatt hour (MMBtu/MWh).
- (d)Regulated greenhouse $\frac{\text{gases}-\text{gas}}{\text{gase}}$ emissions $\frac{\text{in}}{\text{pounds/MMBtu}}$ from $\frac{\text{the}-\text{a}}{\text{baseload}}$ baseload electric cogeneration facility or unit as monitored, reported and calculated in WAC 173-407- $\frac{230160}{\text{cos}}$.
 - (e)Adjustments for use of renewable $\frac{resources}{fuels}$. If

the owner or operator of a baseload electric cogeneration facility or unit adjusts its greenhouse gases gas emissions to account for the use of renewable resources, the greenhouse gases gas emissions are reduced based on the ratio of the annual heat input from all renewable fuels fuels and fuel feed stocks and the annual heat input from use of nonrenewable all fuels and fuel feed stocks. Such This adjustment will must be based on records of fuel usage and representative heat contents approved by ecology.

- (g) Adjustment for greenhouse gas emissions that are sequestered. All greenhouse gas emissions that are permanently sequestered through an approved sequestration method(s) during the calendar year can be subtracted from the total pounds of greenhouse gas emitted during that year.
- (3) Bottoming-cycle cogeneration facilities. Ecology and the facility must jointly develop The—the formula to determine compliance of a bottoming-cycle cogeneration facility or unit with the emissions performance standardGHG EPS will be jointly developed by ecology and the facility. To the extent possible, the facility-specific formula must be based on the one for topping-cycle facilities identifying the amount of energy converted to electricity, thermal losses, and energy from the original fuel(s) used to provide useful thermal energy in the industrial process. The formula should must be specific to the installed specific equipment installed, other thermal energy uses in the facility, and specific operating conditions of the facility.
- (4) Topping-cycle cogeneration facilities. To demonstrate compliance with the emissions performance standard GHG EPS, a topping-cycle facility or unit must:
 - (a) Determine annual electricity produced in MWh.
- (b) Determine the annual electrical energy equivalent of the useful thermal energy output in $MWh_{\rm eq}$.
- (c) Determine the annual regulated greenhouse gases emissions produced in pounds.
- (5) By January 31 of each year, the owner or operator of each a baseload electric cogeneration facility or unit subject to the monitoring and compliance demonstration requirements of this rulePart II and Part III of this rule willmust:
- (a) Calculate the pounds of regulated greenhouse gases gas emissions emitted per MWh of electricity produced during the prior calendar year by dividing the total regulated greenhouse gases gas emissions in pounds by the sum of the electricity produced in MWh and thermal energy output in MWh_{eq} produced in that year; and
- (b) Submit that calculation and all supporting information to ecology.

Commented [SC(34]: Added per RCW 80.80.040 (10). It was missed during last rulemaking.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-150, filed 6/19/08, effective 7/20/08.]

WAC 173-407-200 Requirements for and timing of sequestration plan or sequestration program submittals under Part II.

- (1) The owner or operator of a facility or unit's must submit Aa sequestration plan to ecology for a source that when they begins sequestration after the start of commercial operation shall be submitted when and engage in an action listed in the following subsections:
- (a) A site certification application is submitted to EFSEC for a new baseload electric generation facility or baseload electric cogeneration facility or new unit at an existing baseload electric generation facility or baseload electric cogeneration facility;
- (b) A site certification application is submitted to EFSEC for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit that has a site certificate and the upgrade is not an exempt upgrade;
- (c)(a) The owner or operator of a new facility or unit submits aA notice of construction application is submitted to ecology or a local authority to the permitting authority for a new baseload electric generation facility or baseload electric cogeneration facility or unit at a baseload electric generation facility or baseload electric cogeneration facility;
- (d)(b) The owner or operator of an existing facility or unit submits Aa notice of construction application is—
 submitted to ecology or a local authority to the permitting authority for an upgrade to an existing baseload electric—
 generation facility or unit or an existing baseload electric—
 cogeneration facility or unit—and the upgrade is not an exemptupgrade;
- (e)(c) The owner or operator of A-a baseload electric generation—facility or unit or baseload electric cogeneration facility or unit—signs—enters—a new long-term financial commitment with an electric utility to provide baseload power and the facility or unit does not comply with the emissions—performance standardGHG EPS in effect at the time the new long-term financial commitment occurs; or
- (f)(d) A qualifying new ownership interest change occurs and the facility or unit does not comply with the emissions performance standardGHG EPS in effect at the time the change in ownership occurs.

Commented [SC(35]: These are for EFSEC not for Ecology so we are removing from Ecology rule.

- (2) The owner or operator of a facility or unit must submit A a sequestration program to ecology for a source thatwhen they begins sequestration on or before the start of commercial operation is required to be submitted when and engage in an action listed in the following subsections:
- (a) A site certification application is submitted to EFSEC for new baseload electric generation facility or unit or baseload electric cogeneration facility or unit;
- (b) A site certification application is submitted to EFSEC for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit that has a site certificate and the upgrade is not an exempt upgrade;
- is not an exempt upgrade;

 (c)(a) The owner or operator of a new facility or unit submits and notice of construction application is submitted to ecology or a local authority the permitting authority for a new baseload electric generation facility or unit or baseload electric cogeneration facility or unit;
- (d)(b) The owner or operator of an existing facility or unit A submits a notice of construction application is submitted to ecology or a local authority the permitting authority for an upgrade to an existing baseload electric generation facility or unit or baseload electric cogeneration facility or unit and the upgrade is not an exempt upgrade;
- (e)(c) The owner or operator of A a baseload electric generation—facility or unit or baseload electric cogeneration—facility or unit enters signs a new long-term financial commitment with an electric utility to provide baseload power if the facility or unit does not comply with the emissions—performance standardGHG EPS in effect at the time the new long-term financial commitment occurs; or
- (f)(d) A qualifying <u>new</u> ownership interest change occurs and the facility <u>or unit</u> does not comply with the emissions performance standardGHG EPS in effect at the time the change in ownership occurs.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-200, filed 6/19/08, effective 7/20/08.]

WAC 173-407-210 Types of permanent sequestration under Part II.

- (1) Specific requirements Requirements for permanent geologic sequestration of greenhouse gases can be found are in WAC Chapter 173-218 WAC.
- (2) Requirements for approval of sequestration plans or sequestration programs for other (permanent nongeologic) types

Commented [SC(36]: Same as the comment above.

of permanent—sequestration containment systems of greenhouse gases are found—in WAC 173-407-220.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-210, filed 6/19/08, effective 7/20/08.]

WAC 173-407-220 Requirements for nongeologic permanent sequestration plans and sequestration programs under Part II.

In order to meet the emissions performance standard, all A baseload electric generation facilities facility or individual units or baseload electric cogeneration facility or unit that are subject to this rulePart II and Part III of this Chapter, and must use nongeologic sequestration of greenhouse gases to meet a the emissions performance standardGHG EPS, willmust submit a sequestration plans or sequestration programs for approval to EFSEC or ecology, as appropriate.

- (1) <u>A Sequestration sequestration plans and sequestration programs must include:</u>
- (a) Financial requirements. As a condition of plant operation, each owner or operator of a baseload electric generation facility or unit or baseload electric cogeneration facility or unit utilizing nongeologic sequestration as a method to comply with the emissions performance standard in WAC 173 407 130 is required tomust provide a letters of credit sufficient to ensure successful implementation, closure, and post-closure activities identified in the sequestration plan or sequestration program, including construction and operation of necessary equipment, and any other significant costs.
- (i) The owner or operator of a proposed sequestration project shall_must_ establish a letter of credit to cover all expenses for construction and operation of necessary equipment, and any other significant costs. The cost estimate for the sequestration project shall_must_ be revised annually to include any changes in the project and to include cost changes due to inflation.
- (ii) Closure and post-closure financial assurances. The owner or operator shall must establish a closure and a post-closure letter of credit to cover all closure and post-closure expenses, respectively. The owner or operator must designate ecology or EFSEC, as appropriate, as the beneficiary to carry out the closure and post-closure activities. The value of the closure and post-closure accounts shall must cover all costs of closure and post-closure care identified in the closure and post-closure plan. The owner or operator must revise The—the closure and post-closure cost estimates be revised annually to include any changes in the sequestration project and to include

cost changes due to inflation. The obligation to maintain the account for closure and post-closure care survives the termination of any permits and the cessation of injection. The requirement to maintain the closure and post-closure accounts is enforceable regardless of whether the requirement is a specific condition of the permit.

- (b) The application for approval of a sequestration plan or sequestration program must shall include, (but isnot limited to,) the following:
- (i) A current site map showing the boundaries of the permanent sequestration project containment system(s) and all areas where greenhouse gases will be stored.
- (ii) A technical evaluation of the proposed project, including but not limited to, the following:
- (A) The name of the area in which the sequestration will take $\operatorname{place};$
- (B) A description of the facilities facility or unit and place of greenhouse gases containment system(s);
- (C) A complete site description of the site, including but not limited to the terrain, the geology, the climate (including rain and snowfall expected), and any land use restrictions that exist at the time of the application or will be placed upon on the site in the future;
- (D) The proposed calculated maximum volume of greenhouse gases to be sequestered and areal extent of the location where the greenhouse gases will be stored using a method acceptable to and filed with ecology; and
- (E) Evaluation of the quantity of sequestered greenhouse gases that may escape from the containment system(s) at the proposed project.
- (iii) A public safety and emergency response plan for the proposed project. The plan shall must detail the safety procedures concerning the sequestration project containment system and residential, commercial, and public land use within one mile, or as necessary to identify potential impacts, of the outside boundary of the project area.
- (iv) A greenhouse gases loss detection and monitoring plan for all parts of the sequestration project. The approved greenhouse gases loss detection and monitoring plan shall must address identification of potential release to the atmosphere.
- (v) A detailed schedule of annual benchmarks for sequestration of greenhouse gases.
- (vi) A closure and post-closure plan.
 (vi)(vii) Any other information that the departmentecology deems necessary to make its determination.

(vii) A closure and post closure plan.

- (c) Monitoring Plan. In order to monitor the effectiveness of the implementation of the sequestration plan or sequestration program, the owner or operator shall must submit a detailed monitoring plan that will ensure detection of failure of the greenhouse gas sequestration method to place the greenhouse gases into a sequestered state. The monitoring plan will must be sufficient to provide reasonable assurance that the sequestration provided by the project meets the definition of permanent sequestration. The monitoring shall must continue for the longer of twenty years beyond the end of greenhouse gas placement into a sequestration containment system, or twenty years beyond the date upon which it is determined by ecology that all of the greenhouse gases have achieved a state at which that they are now stably sequestered in that environment.
- (d) If the sequestration plan or sequestration program fails to sequester greenhouse gases as provided in the plan or program, the owner or operator of the baseload electric generation facility or unit or baseload electric cogeneration facility or unit is no longer in compliance with the emissions performance standardGHG EPS.
- (2) Public notice and comment. Ecology must provide public notice and a public comment period before approving or denying any sequestration plan or sequestration program.
- (a) Public notice. Public notice shall must be made only after all information required by the permitting authority ecology has been submitted and after applicable preliminary determinations, if any, have been made. The applicant or other initiator of the action owner or operator of the facility or unit must pay the cost of providing public notice. Public notice shall must include analyses of the effects on the local, state and global environment in the case of failure of the sequestration plan or sequestration program. The sequestration plan or sequestration in at least one location near the proposed project.
 - (b) Public comment period.
- (i) The public comment period must be at least thirty days long or may be longer as specified in the public notice.
- $\left(\text{ii}\right)$ The public comment period must extend through the hearing date.
- (iii) Ecology shall must make no final decision on any sequestration plan or sequestration program until the public comment period has ended and any all comments received during the public comment period have been considered.
 - (c) Public hearing(s).
 - (i) Ecology will must hold a public hearing within the

thirty day public comment period. Ecology will determine the location, date, and time of the public hearing.

(ii) Ecology must provide at least thirty days prior notice of a—the hearing on a sequestration plan or sequestration program.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-220, filed 6/19/08, effective 7/20/08.]

WAC 173-407-230160 Emissions and electrical production monitoring, recordkeeping and reporting requirements under Part II.

- (1) Monitoring and recordkeeping requirements. For allA baseload electric generation facilities facility or units and baseload electric cogeneration facilities facility or units subject required to meet GHG EPS in WAC 173-407-120130, must monitor and report the following parameters shall be monitored and reported as explained below:
- (a) Electrical output in MWh: Electrical output as measured at the point of connection with the local electrical distribution network or transmission line, as appropriate.

 Measurement will be on an hourly or daily basis and recorded in a form suitable for use in calculating calculations to determine compliance with the greenhouse gases emissions performance standard GHG EPS;
- (b) Useful thermal energy output in MWh_{eq} : Quantity of energy supplied to nonelectrical production uses—determined by monitoring both the energy supplied and the unused energy returned by the thermal energy user or uses. The required monitoring can be accomplished through:
- (i) Measurement of the mass, pressure, and temperature of the supply and return streams of the steam or thermal fluid; or
- $\mbox{(ii)}$ Use of thermodynamic calculations as approved by ecology.

(iii) Measurements will be on an hourly or daily basis and recorded in a form suitable for use in calculating calculations to determine compliance with the greenhouse gases emissions performance standard GHG EPS.

- (c) Regulated greenhouse gases gas emissions.
- (i) The regulated greenhouse gases gas emissions are the emissions of regulated greenhouse gases from the main plant exhaust stack and any bypass stacks or flares. For A baseload electric generation facilities—facility or units and baseload electric cogeneration facilities or units utilizing using CO₂ controls and sequestration to comply with the greenhouse gases—emissions performance standardGHG EPS₇ must include direct and

Commented [ARN37]: We are moving this section to a new section 160 to put it closer to the section 140 and 150 that it relates to.

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fugitive CO_2 emissions from the CO_2 separation and compression process—are included.

(ii) Carbon dioxide (CO2).

(A) For baseload electric generation facilities—facility or units and baseload electric cogeneration facilities or units subject to WAC 173-407-120130, producing with a net ouput rating of 25 MW or more of electricity, must monitor CO2 emissions will be monitored by a continuous emission monitoring system meeting the requirements of 40 C.F.R. Sections 75.10 and 75.13 and 40 C.F.R. Part 75, Appendix F, except under (I) and (II) below (federal rules in effect on the date in WAC 173-407-006):

(I) If allowed by the requirements of 40 C.F.R. Part 72, a facility may estimate CO₂ emissions through fuel carbon content monitoring and methods meeting the requirements of 40 C.F.R. Sections 75.10 and 75.13 and 40 C.F.R. Part 75, Appendix G_ (federal rules in effect on the date in WAC 173-407-006).

(I) If the annual heat input to the electric generation facility is less than 90% fossil fuel, ecology may approve the use of emission factors in 40 C.F.R. Part 98, Table C-1 (in effect on the date in WAC 173-407-006).

(B) For baseload electric generationA facilities facility or units and baseload electric cogeneration facilities or units subject to WAC 173-407-120-130, producing with a net output rating of less than 25 MW of electricity, the owner or operator may must use one of the following three methods:

(I) either utilize a eContinuous emission monitoring system meeting the requirements of 40 C.F.R. Sections 75.10 and 75.13 and 40 C.F.R. Part 75, Appendix F (federal rules in effect on the date in WAC 173-407-006);

(II) or use fFuel carbon content monitoring and methods meeting the requirements of 40 C.F.R. Sections 75.10 and 75.13 and 40 C.F.R. Part 75, Appendix G (federal rules in effect on the date in WAC 173-407-006); or

(III) Emission factors in 40 C.F.R. Part 98, Table C-1 (in effect on the date in WAC 173-407-006).

(C)When the monitoring data from a continuous emission monitoring system does not meet the completeness requirements of 40 C.F.R. Part 75, Subpart D, the baseload electric generation—facility operator—owner or operator will substitute data according to the process in 40 C.F.R. Part 75, Appendix C (in effect on the date in WAC 173-407-006).

(D) The facility owner or operator must install Continuous emission monitors for CO₂ will be installed at a location meeting the requirements of 40 C.F.R. Part 75, Appendix A. The CO₂ and flow monitoring equipment must meet the quality control and quality assurance requirements of 40 C.F.R. **Commented [SC(38]:** Use net output instead of name plate based on comments received during stakeholder meeting.

Commented [SC(39]: Added to provide options other than CEM and methods under Part 75.

Commented [SC(40]: Added to provide options other than methods under Part 75.

Part 75, Appendix B (in effect on the date in WAC 173-407-006).

(iii) Nitrous oxide (N₂O).

(A)For baseload electric generation facilities. A facility or units that triggers the applicability in or baseload electric eggeneration facilities or units subject to WAC 173-407-120 prior to [effective date of this rule in March 2018] and producesing 25 MW or more of electricity, must determine the N₂O emissions shall be determined as follows:

(I) For the first year of operation, N₂O emissions are—will be estimated by use ofusing the emission factors from 40 C.F.R. Part 98, Table C-2 emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(II)For succeeding years, N₂O emissions will be estimated through use of using generating unit specific emission factors derived through from use of emissions testing using ecology or Environmental Protection Agency approved methods. The emission factor shall must be derived through testing N₂O emissions from the stack at varying loads and through at least four separate test periods spaced evenly throughout the first year of commercial operation.

(B)For baseload electric generation facilities facility or units or baseload electric cogeneration facilities or units that triggers the applicability in subject to WAC 173-407-120 prior to [effective date of this rule in March 2018] producing and produces less than 25 MW of electricity will, estimate the annual N₂O emissions will be estimated by the emission factors from 40 C.F.R. Part 98, Table C-2use of emission factors are published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology-for use by the facility.

(C)A facility or unit that is required to develop a site specific N_2O emission factor prior to [effective date of this rule in March 2018] must estimate N_2O emissions using the site specific factor.

(D) A facility or unit that triggers the applicability in WAC 173-407-120 on or after [effective date of this rule in March 2018] must estimate the annual NO₂ emissions with one of the following emission factors:

(I) Site specific emission factor derived through emission testings following the schedule in WAC 173-407-160 (1)(c)(iii)(A);

(II) Emission factor from 40 C.F.R. Part 98, Table C-2;or

Commented [SC(41]: The facility or unit trigger the EPS prior to the effective date of this rule will still be subject to the emission testing requirement to obtain site specific emission factors. The facility or unit trigger the EPS on or after the effective date of this rule will have the option of using either the Part 98 factors or the site specific emission factors derived from testings.

This section is revised to reflect this

Commented [ARN42]: Requires continued use of previously developed site specific factors.

(III) Other emission factor from authoritative sources as approved by ecology.

(iv) Methane (CH4).

(A)For baseload electric generation facilities facility or units that triggers the applicability in or baseload electric cogeneration facilities or units subject to WAC 173-407-120 prior to [effective date of this rule in March 2018] producing and produces 25 MW or more of electricity must determine the CH, emissions shall be determined as follows:

(I)For the first year of operation, CH₄ emissions are—will be estimated by use of using the emission factors from 40 C.F.R. Part 98, Table C-2 emission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology for use by the facility.

(II)For succeeding years, CH4 emissions will be estimated through use of using plant generating unit specific emission factors derived through use of from emissions testing using ecology or Environmental Protection Agency approved methods. The emission factor shall must be derived through testing CH4 emissions from the stack at varying loads and through at least four separate test periods spaced evenly through the first year of commercial operation.

(B)For baseload electric generation facilities facility or units or baseload electric cogeneration facilities or units that triggers the applicability in subject to WAC 173-407-120 prior to [effective date of this rule in March 2018] and producing produces less than 25 MW of electricity—will estimate The—the annual CH4 emissions will be estimated by the emission factors from 40 C.F.R. Part 98, Table C-2 use ofemission factors as published by the Environmental Protection Agency, the federal Department of Energy's Energy Information Agency, or other authoritative source as approved by ecology—for use by the facility.

(C)A facility or unit that is required to develop a site specific CH₄ emission factor prior to [effective date of this rule in March 2018] must estimate CH₄ emissions using the site specific factor.

(D) A facility or unit that triggers the applicability in WAC 173-407-120 on or after [effective date of this rule in March 2018] must estimate the annual $\mathrm{CH_4}$ emissions with one of the following emission factors:

(I) Site specific emission factor derived through emission testings following the schedule in WAC 173-407-160 (1)(c)(iv)(A);

(II) Emission factor from 40 C.F.R. Part 98, Table C-

Commented [SC(43]: Same as N2O. See comment above.

Commented [ARN44]: Requires continued use of previously developed site specific factors.

2;or

(III) Other emission factor from authoritative sources as approved by ecology.

- (d) Fuel usage and heat content information.
- (i) Fossil fuel usage will must be monitored by measuring continuous fuel volume or weight as appropriate for the fuel used. Measurement will must be on an hourly or daily basis and recorded in a form suitable for use in calculating greenhouse gases gas emissions.
- (ii) Renewable energy fuel usage will must be monitored by measuring continuous fuel volume or weight as appropriate for the fuel used. Measurement will must be on an hourly or daily basis and recorded in a form suitable for use in calculating greenhouse gases gas emissions.
- (iii) Renewable fuel feedstocks must be monitored by measuring the fuel volume or weight, as appropriate, as the feedstocks are used in the combustion process. Measurement must be on an hourly or daily basis and recorded in a form suitable for use in calculating greenhouse gas emissions.
- suitable for use in calculating greenhouse gas emissions.

 (ii)(iv) Renewable resources used in the production of electricity must be monitored continuously by a method approved by ecology to determine heat input to the electric generation process.
- (iii)(v) Heat content of fossil fuels shall must be tested at least once per calendar year. The owner or operator of the baseload electric generation facility or unit shall must submit a proposed fuel content monitoring program to the ecology for ecology approval. Upon request and submission of appropriate documentation of fuel heat content variability, ecology may allow a source to:
- (B) Use the representative heat content for the fuel instead of the periodic monitoring of heat content.

 Utilize representative heat content for the renewable energy source instead of the periodic monitoring of heat content required above.
- (iv)(vi) Renewable energy fuel heat content will must be tested monthly or with a different frequency approved by ecology. A different frequency will must be based on the variability of the heat content of the renewable energy fuel.
- (A) If the a baseload electric generation facilities or units or baseload electric ageneration facilities or units—subject to WAC 173 407 120 facility or unit using a mixture of renewable and fossil fuels does not adjust their greenhouse gases—gas—emissions by accounting for the heat input from renewable—energy—fuels, monitoring of the heat content of the

Commented [SC(45]: Add monitoring for fuel feed stock usage and its heat content

Commented [SC(46]: Added to calculate heat input from renewable resources that are not renewable fuels. WAC 173-407-150 (c) is to adjust for use of renewable resources, not just renewable fuels.

Don't need to say 'non renewable fuel' here since this rule uses its more limited definition of renewable resource.

renewable energy fuels is not required.

(B)Upon request and with appropriate documentation, ecology may allow a source to wtilize_use representative heat content for the renewable energy_source_fuel instead of the periodic monitoring of heat content required above.

(vii) Heat content of renewable fuel feedstocks must be tested monthly or on a different schedule approved by ecology. A different schedule will be based on the variability of the heat content of the renewable fuel feedstocks. The heat content of the fuel feedstocks must be measured in the form they are used in the combustion process.

(A) If a facility or a unit using a mixture of renewable and fossil fuels does not adjust their greenhouse gas emissions by accounting for the heat input from renewable fuels, monitoring of the heat content of the renewable fuel feedstocks is not required.

(B)Upon request and with documentation, ecology may allow a source to **use** representative heat content for the renewable fuel feedstock instead of the periodic monitoring of heat content required above.

- (2) Reporting requirements. The results of the monitoring required by this section shall must be reported to ecology and the permitting authority annually.
- (a) Facilities Facility or units subject to the reporting requirements of 40 C.F.R. Part 75. Annual emissions of CO₂, N₂O and CH₄ that occurred in the previous calendar year and supporting information will must be reported to ecology and the air quality permitting authority with jurisdiction over the facility ecology and permitting authority by January 31 of each calendar year for emissions that occurred in the previous calendar year. The report may be an Excel™ or CSV format copy of the report submitted to EPA per 40 C.F.R. Part 75 with N₂O and CH₄ the emissions in the appendixes for N₂O and CH₄ appended to the report. (federal rule in effect on the date in WAC 173-407-006).
- (b) For fFacilities y or units not subject to the reporting requirements of 40 C.F.R. Part 75. aAnnual emissions of CO2, N2O and CH4 that occurred in the previous calendar year and supporting information will must be reported to ecology and the air quality permitting authority with jurisdiction over the facility ecology and permitting authority by January 31 of each calendar year for emissions that occurred in the previous calendar year. (federal rule in effect on the date in WAC 173-407-006)

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order

WAC 173-407-240 Enforcement of the emissions performance standard under Part II. (1) Any power plantbaseload electric generation facility or unit or baseload electric cogeneration facility or unit subject to WAC 173-407-120130 that does not fails to meet the emissions performance standard applicable GHG EPS on schedule shall must be subject to enforcement under chapter 70.94 RCW.

Penalties can include:

- (a) Financial penalties, which shall will be assessed after any year of failure to meet a sequestration benchmark established in the sequestration plan or sequestration program. Each pound of greenhouse gases above the emissions performance standardGHG EPS will constitute a separate violation, as averaged on an annual basis;
- (b) Revocation of $\underline{\text{the}}$ approval to construct the source or to operate the source.
- (2) If a new, modified or upgraded baseload electric generation facility or unit or baseload electric cogeneration facility or unit fails to meet a sequestration plan or sequestration program benchmark on schedule, a revised sequestration plan or sequestration program will be required to must be submitted no later than one hundred fifty calendar days after the due date established under subsection (3)(c) of this section for reporting the failure. The revised sequestration plan or sequestration program is tomust be submitted to ecology or EFSEC, as appropriate, for approval.
 - (3) Provisions for unavoidable circumstances.
- (a) The owner or operator of a facility <u>or unit</u> operated under an approved sequestration plan or sequestration program shall have the burden of proving to ecology, <u>EFSEC</u>, or the decision making authority in an enforcement action that failure to meet a sequestration benchmark was unavoidable. This demonstration <u>shall must</u> be a condition to obtaining relief under (d), (e), and (f) of this subsection.
- (b) Failure to meet a sequestration benchmark determined to be unavoidable under the procedures and criteria in this section shall_must be excused and not subject to financial penalty.
- (c) Failure to meet a sequestration benchmark shall must be reported as part of the routine sequestration monitoring reports or by January 31 of the year following the calendar year during which the event occurred or as part of the routine sequestration monitoring reports. Upon request by ecology, the owner(s) or operator(s) of the sequestration project source(s)

shall must submit a full written report including the known causes, the corrective actions taken, and the preventive measures to be taken to minimize or eliminate the chance of recurrence.

- (d) Failure to meet a sequestration benchmark due to startup or shutdown conditions shall must be considered unavoidable provided the source reports as required under (c) of this subsection., and The owner(s) or operator(s) of the sequestration project source(s) must adequately demonstrates that the failure to meet a sequestration benchmark could not have beenbe prevented through careful planning and design and if a bypass of equipment occurs, that such the bypass is necessary to prevent loss of life, personal injury, or severe property damage.
- (e) Maintenance. Failure to meet a sequestration benchmark due to scheduled maintenance shall must be considered unavoidable if the source reports as required under (c) of this subsection, and adequately demonstrates that the excess emissions could not have been avoided through reasonable design, better scheduling for maintenance or through better operation and maintenance practices.
- (f) Failure to meet a sequestration benchmark due to upsets shall must be considered unavoidable provided the source reports as required under (c) of this subsection, and adequately demonstrates that:
- (i) The event was not caused by poor or inadequate design, operation, maintenance, or any other reasonably preventable condition;
- (ii) The event was not of a recurring pattern that indicative—indicated of—inadequate design, operation, or maintenance; and
- (iii) The <u>owner or</u> operator took immediate and appropriate corrective action in a manner consistent with good practice for minimizing nonsequestration during the upset event.
 - (4) Enforcement for permit violations.
- (a) Enforcement of an ecology or local air agency a permitting authority notice of construction will must take place under the authority of chapter 70.94 RCW. Enforcement of an ecology approved sequestration plan or sequestration program will must be in accordance with this section.
- (b) Enforcement of any part of an EFSEC sitecertification agreement will proceed in accordance with RCW-80.50.150.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-240, filed 6/19/08, effective 7/20/08.]

PART III

LONG-TERM FINANCIAL COMMITMENTS; RELATIONSHIP OF ECOLOGY'S CONSULATION FOR AND THE WUTC; AND RELATIONSHIP OF ECOLOGY AND THE GOVERNING BOARDS OF CONSUMER-OWNED UTILITIES UNDER CHAPTER 80.80 RCW

WAC 173-407-300 Procedures for determining compliance with the emissions performance standard of a long-term financial commitment and addressing electricity from unspecified sources and specified sources under Part II.

(1) A baseload generation facility or unit or baseload cogeneration facility or unit in a long term finaincial commitment must meet the GHG EPS in WAC 173-407-130 in effect at the time the commitment is signed.

(2) A long-term financial commitment must meet the following conditions to comply with the GHG EPS in WAC 173-407-130:

(a) Electricity from unspecified sources is limited to 12% of the total electricity in a long-term financial commitment.

(b)Long-term financial commitments with the Bonnevile

Power Administration are exampt from meeting the GHG EPS.

(c) For a long-term financial commitment with multiple power plants, each specified power plant named in the long-term financial commitment must individually meet the GHG EPS in WAC 173-407-130 in effect on the date the commitment is signed. A power plant in a long-term financial commitmet with multiple power plants meeting the following criteria is deemed to be in compliance with the GHG EPS:

(i) A facility or unit powered exclusively by renewable resources;

(ii) A facility or unit that is designed and intended to use a renewable fuel to provide at least ninety percent of its total annual heat input;

(iii) A baseload electric cogeneration facility or unit, fueled by natural gas or waste gas or a combination of the two fuels, that was in operation before June 30, 2008, unless it has been subject to a:

(A) Change in ownership; or

(B) Upgraded.

(3) If compliance with the GHG EPS for a long-term financial commitment cannot be determined based on the conditions in subsection (2) of this section, procedures in WAC 173-407-140 or 150 must be used to determine compliance with the GHG EPS. The reports required by WAC 173-407-140(2) or 150(5) must be sent to ecology, UTC for investor-owned electric

Commented [SC(47]: Reorganized. Referred to WAC 173-407-140 or 150 for calculation except for unspecified power.

Commented [SC(48]: Added per RCW 80.80.040(7)

Commented [SC(49]: Added per RCW 80.80.040(2)

Commented [SC(50]: Added per RCW 80.80.040 (8)

utilities, or the governing board of the consumer owned electric utility.

- (4) Long-term purchase of coal transition power is exempt from meeting the GHG ESP as long as the term of the long-term purchase meets the schedule in RCW 80.80.040(3)(c).
- (5) In determining if a long term financial commitment complies with the EPS, all unspecified power will have an emission rate of 2,300 lb/MWh.

The following procedures are adopted by the department tobe utilized by the department under RCW 80.80.060 and to beavailable to and utilized by the governing boards of consumerowned utilities pursuant to RCW 80.80.070 when evaluating a
potential long term financial commitment when the long termfinancial commitment includes electricity from unspecified
sources, electricity from one or more specified sources, and/or
provisions to meet load growth with electricity from
unspecified and/or specified sources.

(2) For each year of a long term financial commitment for electric power, the regulated greenhouse gases emissions from specified and unspecified sources of power are not to exceed the emissions performance standard in WAC 173 407 130(1), in effect on the date the long-term contract is executed. The emissions performance standard for a long-term financial commitment for electricity that includes electricity from specified and unspecified sources is calculated using a time weighted average of all sources of generation and emissions in the years in which they are contributing electricity and emissions in the commitment. Each source's proportional contribution to emissions per each MWh delivered under the contract is added together and summed for each year and divided by the number of years in the term of the commitment.

- (3) An extension of an existing long term financial—commitment is treated as a new commitment, not an extension of an existing commitment.
- (4) Annual and lifetime calculations of greenhouse gases emissions.
- (a) The annual average emissions shall be calculated, forevery year of the contract, using the formula in subsection (5) of this section. The calculation of the pounds ofgreenhouse gases per megawatt hour is based upon the deliveredelectricity, including the portion from specified andunspecified sources, of the total portfolio for the year forwhich the calculation is being made.

(b) The average greenhouse gases emissions per MWh of the power supply portfolio over the life of the long-term financial commitment is compared to the emissions performance standard.

Commented [ARN51]: Assume worst emission rate for unspecified power. Round number rate from E-GRID for Centralia Power plant.

The calculation of the pounds of greenhouse gases per MWh isbased on the expected annual delivery contracted or expected to be supplied by each specified and unspecified source's portionof the total portfolio of electricity to be provided under the contract for the year for which the calculation is being made.

(c) Default values adopted in this procedure shall beused for each source unless actual emissions are known orspecified by the manufacturer. A default greenhouse gasesemissions value of an average pulverized coal plant per WAC-173 407 300 (5)(b) shall be used for unspecified sources inthe procedure.

(5) The annual average calculation shall be performed using the regulated greenhouse gases emissions factors as follows:

(a) For a specified source, utilize the manufacturer's emissions specification or the measured emission rate for a specified generator. When there is no available information on greenhouse gases emissions from a specified source, utilize the following:

(i) Combined cycle combustion turbines that begin-operation after July 1, 2008 = 1,100 lbs/MWh or as updated by rule in 2012 and every five years thereafter.

(ii) Steam turbines using pulverized coal = 2,600 lbs/MWh-minus the amount of greenhouse gases permanently sequestered by the facility on an annual basis divided by the MWhs generated that year.

(iii) Integrated gasification combined cycle turbines = 1,800 lbs/MWh minus the amount of greenhouse gasespermanently sequestered by the facility on an annual basisdivided by the MWhs generated that year.

(iv) Simple cycle combustion turbines = 1,800 lbs/MWh-minus the amount of greenhouse gases permanently sequestered by the facility on an annual basis divided by the MWhs-generated that year.

(v) Combined cycle combustion turbines thatbegin operation before July 1, 2008 = 1,100 lbs/MWh.

(b) Electricity from unspecified sources = 2,600 lbs/MWh.

(c) Renewable resources = 0 lbs/MWh.

 $\frac{\text{Example}}{\text{Calculation}}$ $AE = \underbrace{(F_{+}x \ MWh_{s})}_{} + \underbrace{(F_{2}x \ MWh_{s})}_{} + \underbrace{(F_{s}MWh_{s})}_{} + \dots \underbrace{(F_{s}x \ MWh_{s})}_{}$

Total MWh

where:

AE = Average greenhouse gas emissions in lb/MWh

F_{Le} = Regulated greenhouse gases gas

emissions factor in lb/MWh

MWh __ = Total MWh purchased or generated from each type of fuel by the utility's own generation capacity during the year

Total MWh = Total MWh from all source types for that

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-300, filed 6/19/08, effective 7/20/08.]

WAC 173-407-310 <u>Ecology's consultation with</u> Relationship of ecology and Washington utilities and transportation commissionUTC under Part II.

- (1) The Washington utilities and transportation commission (commission) shall consult with ecology to apply the procedures adopted by the department to verify the emissions of greenhouse gases from baseload electric generation. Ecology shall must report to the commissionUTC whether baseload electric generation will comply with the the greenhouse gases emissions performance standard GHG EPS for the duration of the period that the baseload electric generation is supplied to the electrical company.
 - (2) Ecology's consultation with the commissionUTC includes:
- (a) In aAssisting the commissionUTC to apply the emissions verification procedures conditions in WAC 173-407-300 adopted, and ecology will compare the commission's procedures in WAC 480-100-405. to the ecology procedures found in WAC 173 407 130, 173 407 140, and 173 407 230.
- (b) In consulting with the commission to dDetermine if a long-term financial commitment for baseload electric generation meets the greenhouse gases emissions performance standard GHG EPS based on the procedures in WAC 173-407-140, 173-407-150, and 173-407-160, ecology shall consider whether the commitment meets WAC 173 407 300.
- (3) hen conducting the consultation and reporting processes, Eecology will provide a report conclude this process of consultation and assistance—within thirty days of receiving all necessary information from the commission to determine compliance, unless UTC grants additional time.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-310, filed 6/19/08, effective 7/20/08.]

WAC 173-407-320 <u>Ecology's consultation with</u>
Relationship of ecology and the governing boards of consumer-

Commented [SC(52]: This part is for the commission in RCW 80.80.060(7). We have listed all our consultation obligations below. Remove unnessesary text.

Commented [ARN53]: Addition for consistency with the WAC 173-407-320 below. Allows for more complicated projects to be reviewed and advice given to UTC.

owned utilities under Part II.(1)RCW 80.80.070(2) requires The governing boards of consumer-owned utilities to "review and make a determination on any long term financial commitment by the utility, pursuant to this chapter and after may consultation consult with ecology the department, to determine whether the baseload electric generation to be supplied under that a long-term financial commitment complies with the greenhouse gases emissions performance standardGHG EPS in WAC 173-407-130. established under RCW 80.80.040." During this consultation process, ecology shall assist the governing boards with the utilization of the method in WAC 173-407-300 to determine whether the long-term financial commitment for baseload electric generation meets the emissions performance standard.

(2) Ecology's assistance will be limited to that assistance necessary providing technical support for the board to interpret, clarify or otherwise determine that the proposed long-term financial commitment for baseload electric generation will comply with the emissions performance standardGHG EPS.

 $\frac{(2)}{(3)} \frac{(3)}{RCW} \frac{80.80.070(5)}{also} \frac{also}{requires} \frac{the}{the} \frac{The}{governing} \\ boards of consumer-owned utilities to "must_apply the procedures_adopted by the department_and conditions in WAC 173-407-300, WAC 173-407-140, 173-407-150, and 173-407-160 to verify the emissions of greenhouse gases from baseload electric generation under RCW 80.80.040,".$

(4) The governing boards may and allow them to "request assistance from ecologythe department in doing soperforming the analyses in subsection(3) above. "The procedures adopted by the department to be utilized by the governing boards are found in WAC 173 407 300. Ecology shall provide consultation or further assistance to the governing boards of a consumer owned utility to apply such procedures if the governing board makes such a request.

(3)(5) Ecology will provide technical support will conclude this process of consultation and assistance within thirty days of receiving all necessary information unless the governing board requesting the assistance grants additional time.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), § 173-407-320, filed 6/19/08, effective 7/20/08.]

WAC 173-407-400 Severability. The provisions of this regulation are severable. If any provision is held invalid, the application of that provision to other circumstances and the remainder of the regulation will not be affected.

Commented [ARN54]: Need to look at the law, but this 'must' doesn't match up with the may in (4) below. We need to use the terms in the law.

Commented [SC(55]: Removed due to repeating with the first sentence of this paragragh.

[Statutory Authority: Chapter 80.80 RCW. 08-14-011 (Order 07-11), recodified as § 173-407-400, filed 6/19/08, effective 7/20/08. Statutory Authority: RCW 70.94.892 and chapter 80.70 RCW. 05-01-237 (Order 03-09), § 173-407-090, filed 12/22/04, effective 1/22/05.]