

WAC 173-446-505 Requirements for compliance offset protocols.

(1) In order for ecology to adopt an offset protocol as a compliance offset protocol the offset protocol must:

(a) Accurately determine the extent to which GHG emission reductions and GHG removal enhancements are achieved by the offset project type;

(b) Establish data collection and monitoring procedures relevant to the type of GHG emissions sources, GHG sinks, and GHG reservoirs for that offset project type;

(c) Establish a project baseline that reflects an estimate of business-as-usual performance or practices for comparison against the GHG emission reductions and/or GHG removal enhancements to be achieved by the offset project type;

(d) Account for activity-shifting leakage and market-shifting leakage for the offset project type, unless the offset protocol stipulates eligibility conditions limiting the use of the offset protocol that eliminate the risk of activity-shifting and/or market-shifting leakage;

(e) Account for any uncertainty in quantification factors for the offset project type;

(f) Ensure GHG emission reductions and GHG removal enhancements are permanent;

(g) Include a mechanism to ensure permanence of GHG removal enhancements for sequestration offset project types;

(h) Establish the length of the crediting period for the offset project type;

(i) Establish the eligibility and additionality of the offset project type and quantify GHG emission reductions and GHG removal enhancements using standardized baseline assumptions, emission factors, and monitoring methods; and

(j) Specify the geographic area(s) where the protocol is applicable.

(2) Crediting period. The crediting period for an offset project that does not involve sequestration must be no less than seven years and no greater than 10 years, unless specified otherwise in a compliance offset protocol that has been adopted by ecology under subsection (3) of this section. The crediting period for an offset project that involves sequestration must be no less than 10 years and no greater than 30 years.

(3) An ecology offset credit must result from the use of one of the following compliance offset protocols:

(a) The California Air Resources Board, Compliance Offset Protocol Livestock Projects, October 20, 2011, and Compliance Offset Protocol Livestock Projects, November 14, 2014, are adopted. All new offset projects with a commencement date after September 30, 2022, must use the most recent version of the adopted protocol. Exceptions are listed in this subsection:

(i) Exceptions to adopting the Livestock Projects Compliance Offset Protocol, November 14, 2014, by reference:

(A) Every use of the word "regulation" in the Livestock Compliance Offset Protocol, November 14, 2014, is amended to refer to chapter 173-446 WAC.

(B) Every reference to subarticle 13 is amended to WAC 173-446-500 through 173-446-595.

(C) Every reference to ARB is amended to ecology except in Table 6.1.

(D) Every reference to section 95973 of the regulation is amended to WAC 173-446-510.

(E) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(F) Every reference to section 95976 of the regulation is amended to WAC 173-446-525.

(G) Every reference to section 95977 of the regulation is amended to WAC 173-446-530.

(H) Every reference to section 95986 of the regulation is amended to WAC 173-446-585.

(I) Every reference to section 95102 of the regulation is amended to WAC 173-446-020.

(J) Section 1.2(a)(8) is amended to: "Cap and trade regulation" or "regulation" means ecology's regulation establishing the Climate Commitment Act Program, chapter 173-446 WAC.

(K) Section 1.2(a)(24) is not adopted.

(L) Section 1.2(a)(29) is amended to: "Registry offset credit" means a credit issued by an offset project registry for a GHG reduction or GHG removal enhancement of one metric ton of CO₂e.

(M) Section 3.2(b) is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(N) Section 5(c) is amended to: GHG emissions reductions must be quantified over an entire reporting period. The initial reporting period may consist of six to 24 consecutive months, and all subsequent reporting periods consist of 12 consecutive months and must meet the reporting requirements referred to in WAC 173-446-525.

(O) Section 5(e) is amended to: Global warming potential values must be determined consistent with the definition of carbon dioxide equivalent in WAC 176-441-040 Table A-1.

(ii) Exceptions to adopting the Compliance Offset Protocol Livestock Projects, October 20, 2011, by reference:

(A) Every reference to ARB is amended to ecology except Table 6.1.

(B) Section 1, Paragraph 4 is not adopted.

(C) Section 3.1 is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(b) The California Air Resources Board, Compliance Offset Protocol U.S. Forest Projects, October 20, 2011, Compliance Offset Protocol U.S. Forest Projects, November 14, 2014, and Compliance Offset Protocol U.S. Forest Projects, June 25, 2015, are adopted. All new offset projects with a commencement date after September 30, 2022, must use the most recent version of the adopted protocol. Exceptions are listed in this subsection:

(i) Exceptions to adopting the U.S. Forest Projects Compliance Offset Protocol, June 25, 2015:

(A) Every use of the word "regulation" in the U.S. Forest Projects Compliance Offset Protocol, June 25, 2015, is amended to refer to chapter 173-446 WAC.

(B) Every reference to subarticle 13 is amended to WAC 173-446-500 through 173-446-595.

(C) Every reference to ARB is amended to ecology except in section 2.1.(c.)(4), section 2.2.(b.)(6), section 2.3.(c.)(7), Table 3.1, 3.1.(a.)(2), section 3.2(b.), section 5.2.1.(c.), section 7.1.1.(26.), Table A.1, Appendix A (f.), Appendix A (g.), Appendix A (h.), Equation C.3., Appendix B(g.), Appendix C (a.)(3.)(A.)(2.), Appendix C (a.)(4.)(A.)(2.), Equation C.12., Appendix C (b.)(3.)(A.)(2.), Appendix C (b.)(4.)(A.)(2.), Appendix E.(b.)(2.), Appendix E.(b.)(3.), Appendix F.(a.), Appendix F.(b.), Appendix F.(d.), Appendix F.(g.).

(D) Every reference to section 95973 of the regulation is amended to WAC 173-446-510.

(E) Every reference to section 95974 of the regulation is amended to WAC 173-446-515.

(F) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(G) Every reference to section 95976 of the regulation is amended to WAC 173-446-525.

(H) Every reference to section 95977 of the regulation is amended to WAC 173-446-530.

(I) Every reference to section 95983 of the regulation is amended to WAC 173-446-570.

(J) Every reference to section 95985 of the regulation is amended to WAC 173-446-580.

(K) Every reference to section 95986 of the regulation is amended to WAC 173-446-585.

(L) Section 1.1.(b.) is not adopted.

(M) Section 1.2(a.)(14) is amended to: "Cap and trade regulation" or "regulation" means ecology's regulation establishing the Climate Commitment Act Program, chapter 173-446 WAC.

(N) Section 3.2(f.) is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(O) Section 3.5.3.(b)(2) is amended to: For an improved forest management project, a quantity of compliance instruments equal to the total number of ARB offset credits issued to the project over all preceding reporting periods, multiplied by the appropriate compensation rate indicated in Table 3.2, must be retired.

(P) Section 3.6.(a)(2)(C)(1) is not adopted.

(ii) Exceptions to adopting the U.S. Forest Projects Compliance Offset Protocol, November 14, 2014:

(A) Every use of the word "regulation" in the U.S. Forest Projects Compliance Offset Protocol, November 14, 2014, is amended to refer to chapter 173-446 WAC.

(B) Every reference to subarticle 13 is amended to WAC 173-446-500 through 173-446-595.

(C) Every reference to ARB is amended to ecology except in section 3.8.2 Paragraph 3, Table 3.2, Section 6.2.1 Paragraph 3, Appendix A A.3, Appendix C C.1, Appendix C C.2, Appendix F.

(D) Every reference to section 95974 of the regulation is amended to WAC 173-446-515.

(E) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(F) Every reference to section 95977 of the regulation is amended to WAC 173-446-530.

(G) Every reference to section 95983 of the regulation is amended to WAC 173-446-570.

(H) Section 1. Paragraph 3 is not adopted.

(I) Section 3.4. text stating "and where applicable, all Early Action Offset Credits issued pursuant to section 95990(i) of the Regulation" is not adopted.

(J) Section 3.5. Paragraph 3 text stating "The recordation of a conservation easement may be used to denote the commencement date of pre-existing projects between December 31, 2006, and December 31, 2010." is not adopted.

(K) Section 3.6. Paragraph 3 is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(iii) Exceptions to adopting the U.S. Forest Projects Compliance Offset Protocol, October 20, 2011:

(A) Every use of the word "regulation" in the U.S. Forest Projects Compliance Offset Protocol, October 20, 2011, is amended to refer to chapter 173-446 WAC.

(B) Every reference to subarticle 13 is amended to WAC 173-446-500 through 173-446-595.

(C) Every reference to ARB is amended to ecology except in section 3.8.2 Paragraph 3, Table 3.2, Section 6.2.1 Paragraph 3, Appendix A. A.3, Appendix C. C.2, Appendix C. C.3, Appendix E, Appendix F.

(D) Every reference to section 95973 of the regulation is amended to WAC 173-446-510.

(E) Every reference to section 95974 of the regulation is amended to WAC 173-446-515.

(F) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(G) Every reference to section 95976 of the regulation is amended to WAC 173-446-525.

(H) Every reference to section 95977 of the regulation is amended to WAC 173-446-530.

(I) Every reference to section 95983 of the regulation is amended to WAC 173-446-570.

(J) Every reference to section 95985 of the regulation is amended to WAC 173-446-580.

(K) Every reference to section 95986 of the regulation is amended to WAC 173-446-585.

(L) Section 1. Paragraph 3 is not adopted.

(M) Section 3.4. text stating "and where applicable, all Early Action Offset Credits issued pursuant to section 95990(i) of the Regulation" is not adopted.

(N) Section 3.5. Paragraph 3 text stating "The recordation of a conservation easement may be used to denote the commencement date of pre-existing projects between December 31, 2006, and December 31, 2010." is not adopted.

(O) Section 3.6. Paragraph 3 is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(P) Section 11, "Forest Buffer Account" definition is amended to: Forest buffer account is defined in the regulation as a holding account for forest project compliance offset credits administered by ecology. It is used as a general insurance mechanism against unintentional reversals for all forest offset projects listed under a compliance offset protocol.

(Q) Section 11, "Listed" definition is amended to: A forest project is considered "listed" when the offset project operator or authorized project designee is registered with ecology or an approved offset project registry, submits all required documentation for project listing in the regulation and this protocol, and the project has been approved by ecology or an approved offset project registry for listing.

(c) The California Air Resources Board, Compliance Offset Protocol Ozone Depleting Substances Projects, October 20, 2011, ~~((and))~~ Compliance Offset Protocol Ozone Depleting Substances, November 14, 2014, and the Ecology Compliance Offset Protocol Ozone Depleting Substances Projects, version 1.0 are adopted. All new offset projects with a commencement date after ~~((September 30, 2022))~~ (rule adoption date), must use the ~~((most recent version of the adopted protocol))~~ Ecology Compliance Offsets Protocol Ozone Depleting Substances Projects, version 1.0, unless use of a prior protocol is approved by the department. Exceptions are listed in this subsection:

(i) Exceptions to adopting the Ozone Depleting Substances Compliance Offset Protocol, November 14, 2014, by reference:

(A) Every use of the word "regulation" in the Ozone Depleting Substances Compliance Offset Protocol, November 14, 2014, is amended to refer to chapter 173-446 WAC.

(B) Every reference to subarticle 13 is amended to refer to WAC 173-446-500 through 173-446-595.

(C) Every reference to ARB is amended to ecology.

(D) Every reference to section 95973 of the regulation is amended to WAC 173-446-510.

(E) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(F) Every reference to section 95976 of the regulation is amended to WAC 173-446-525.

(G) Every reference to section 95977 of the regulation is amended to WAC 173-446-530.

(H) Section 1.1.(b.) is not adopted.

(I) Section 1.2 (a)(2) is amended to: "Cap and trade regulation" or "regulation" means ecology's regulation establishing the Climate Commitment Act Program, chapter 173-446 WAC.

(J) Section 1.2(a)(19) is amended to: "Registry offset credit" means a credit issued by an offset project registry for a GHG reduction or GHG removal enhancement of one metric ton of CO₂e.

(K) Section 3.2(d.) is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pur-

suant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

(L) The requirements of WAC 173-446-520 (3)(d) and (e) do not apply to ODS projects registered through this protocol.

(M) Section 3.5.(c.) is not adopted.

(ii) Exceptions to adopting the Ozone Depleting Substances Compliance Offset Protocol, October 20, 2011, by reference:

(A) Every use of the word "Regulation" in the Ozone Depleting Substances Compliance Offset Protocol, October 20, 2011, is amended to refer to chapter 173-446 WAC.

(B) Every reference to ARB is amended to ecology.

(C) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(D) Every reference to section 95976 of the regulation is amended to WAC 173-446-525.

(E) Section 1. Paragraph 4 is not adopted.

(F) Section 3.1 is not adopted (~~and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."~~).

(G) The requirements of WAC 173-446-520 (3)(d) and (e) do not apply to ODS projects registered through this protocol.

(d) The California Air Resources Board, Compliance Offset Protocol Urban Forest Projects October 20, 2011, is adopted. All new offset projects with a commencement date after September 30, 2022, must use the most recent version of the adopted protocol. Exceptions are listed in this subsection:

Exceptions to adopting the California Air Resources Board, Compliance Offset Protocol Urban Forest Projects, October 20, 2011:

(A) Every use of the word "regulation" in the Urban Forest Projects Compliance Offset Protocol, October 20, 2011, is amended to refer to chapter 173-446 WAC.

(B) Every reference to ARB is amended to ecology.

(C) Every reference to section 95975 of the regulation is amended to WAC 173-446-520.

(D) Section 1. Paragraph 5 is not adopted.

(E) Section 3.1 is not adopted and is replaced with: "If any portion of the offset project is located on land over which the state of Washington does not have jurisdiction, the offset project operator must demonstrate that the landowner(s) consent(s) to regulation pursuant to WAC 173-446-520 (3)(d) or has entered into an agreement with ecology pursuant to WAC 173-446-520 (3)(e)."

AMENDATORY SECTION (Amending WSR 22-20-056, filed 9/29/22, effective 10/30/22)

WAC 173-446-580 Invalidation of ecology offset credits. (1) An ecology offset credit issued under this chapter will remain valid unless invalidated pursuant to this section.

(2) Time frame for invalidation. If a determination is made pursuant to subsection (6) of this section, ecology may invalidate an

ecology offset credit pursuant to this section within the following time frame:

(a) Within eight years of issuance of an ecology offset credit, as that corresponds to the end of the reporting period for which the ecology offset credit is issued, if the ecology offset credit is issued pursuant to WAC 173-446-555, except as provided in (b) and (c) of this subsection.

(b) The eight-year time frame set forth in (a) of this subsection does not apply if one of the following requirements is met:

(i) The offset project operator or authorized project designee for an offset project developed under the applicable compliance offset protocol does all of the following:

(A) Engages a different verification body that has not verified the offset project data report for the issuance of ecology offset credits, and meets the requirements for conflict of interest in WAC 173-446-545 and rotation of verification services in WAC 173-446-535 (1) through (3), to conduct a second independent offset verification, except for offset project data report modifications, for the same offset project data report. Although the requirements for offset project data report modifications do not need to be met under this subsection, any misreporting, discrepancies, or omissions identified during the independent offset verification must be included in the offset material misstatement calculation prepared under WAC 173-446-535 (4) (d) (xv). If minor correctable errors that do not result in an offset material misstatement are identified during the independent offset verification and the verification body does not identify any other nonconformance that would result in an adverse offset verification statement, the verification body must issue a qualified positive offset verification statement and identify the correctable errors on the offset verification statement;

(B) The second independent offset verification must be completed within three years of ecology's issuance of the ecology offset credits through the submittal of an offset verification statement, and the offset project operator or authorized project designee must receive a positive or qualified positive offset verification statement from the new verification body for the same offset project data report.

(I) If the offset project is listed with an offset project registry, the verification body must submit the detailed verification report and offset verification statement from the second independent offset verification to the offset project registry and ecology.

(II) The offset project registry must review the offset verification documents and submit a report to ecology that includes the details and findings of the offset project registry's review. During its review, the offset project registry may request additional information from the verification body and offset project operator or authorized project designee, if applicable, and may request clarifications and revisions to the materials, if necessary.

(III) The offset project registry has 45 calendar days to review the offset verification information once complete and accurate verification documents are received from the verification body.

(IV) The offset project registry has an additional 15 business days to submit its report to ecology. Ecology will review the offset project registry report and determine based on the report and all the information submitted by the verification body and offset project operator or authorized project designee, if applicable, if the invalidation time frame will be reduced. During its review, ecology may re-

quest additional information, clarifications, and revisions to the materials, if necessary.

(C) If the requirements in (b)(i)(A) and (B) of this subsection are met, the ecology offset credits issued under the offset project data report may only be subject to invalidation within three years of the date that corresponds to the end of the reporting period for which the ecology offset credits were issued, if the ecology offset credits were issued pursuant to WAC 173-446-555.

(ii) The offset project operator or authorized project designee for an offset project does all of the following:

(A) Engages a different verification body than the one which conducted the most recent verification, and that meets the requirements for conflict of interest in WAC 173-446-545 and rotation of verification services in WAC 173-446-535 (1) through (3), to verify a subsequent offset project data report; and

(B) The verification conducted by the new verification body for the subsequent offset project data report under this subsection in order to reduce the invalidation time frame of any ecology offset credits is completed through the submittal of an offset verification statement within, at a maximum, three years from the date that ecology offset credits were issued for the reporting period. The verification of the subsequent offset project data report must result in a positive or qualified positive offset verification statement from the new verification body.

(C) If the requirements in (b)(ii)(A) and (B) of this subsection are met, the ecology offset credits issued for no more than three reporting periods prior to the reporting period for which the subsequent offset project data report was verified by a new verification body may only be subject to invalidation within three years of the date that corresponds to the end of the reporting period for which the ecology offset credits were issued.

(c) If an offset project developed under one of the compliance offset protocols is in the last reporting period of a crediting period, and will not have a renewed crediting period, the invalidation time frame for up to the last three reporting periods may be reduced from eight years to three years if the following requirements are met for the last offset project data report of the crediting period:

(i) The offset project operator or authorized project designee engages a different verification body that has not verified the offset project data reports and that meets the requirements for conflict of interest in WAC 173-446-545 and rotation of verification services in WAC 173-446-535 (1) through (3), to conduct a second independent offset verification, except for offset project data report modifications, for the last offset project data report of the crediting period. Although the requirements for offset project data report modifications do not need to be met under this subsection, any misreporting, discrepancies, and omissions identified during the independent offset verification must be included in the offset material misstatement calculation prepared under WAC 173-446-535 (4)(d)(xv); and

(ii) The second independent offset verification must be completed within three years of ecology's issuance of the ecology offset credits through the submittal of an offset verification statement, and the offset project operator or authorized project designee must receive a positive or qualified positive offset verification statement from the new verification body for the same last offset project data report.

(iii) If the offset project is listed with an offset project registry, the verification body must submit the detailed verification re-

port and offset verification statement for the second independent offset verification to the offset project registry and ecology.

(iv) The offset project registry must review the offset verification documents and submit a report to ecology that includes the details and findings of the offset project registry's review. During its review, the offset project registry may request additional information from the verification body and the offset project operator or authorized project designee, if applicable, and may request clarifications and revisions to the materials, if necessary.

(v) The offset project registry has 45 calendar days to review the offset verification information after complete and accurate verification documents are received from the verification body.

(vi) The offset project registry has an additional 15 business days to submit its report to ecology. Ecology will review the offset project registry's report and make a determination based on the report and all the information submitted by the verification body and offset project operator or authorized project designee, if applicable, and may request additional information, clarifications, and revisions to the materials, if necessary.

(3) Grounds for initial determination of invalidation. Ecology may determine that an ecology offset credit is invalid for the following reasons:

(a) The offset project data report contains errors that overstate the amount of GHG emission reductions or GHG removal enhancements by more than five percent;

(i) If ecology finds that there has been an overstatement by more than five percent, ecology shall determine how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period. Within 10 calendar days of making this determination, ecology will notify the verification body that performed the offset verification and the offset project operator or authorized project designee.

(A) Within 25 calendar days of receiving a written notification by ecology under this subsection, the verification body shall provide ecology any available offset verification services information or correspondence related to the offset project data report.

(B) Within 25 calendar days of receiving a written notification by ecology under this subsection, the offset project operator or authorized project designee shall provide ecology data that is required to calculate GHG emission reductions and GHG removal enhancements for the offset project according to the requirements of this chapter or the applicable compliance offset protocol, the detailed offset verification report prepared by the verification body, and any other information requested by ecology. The offset project operator or authorized project designee shall also make available personnel who can assist in ecology's evaluation determination of how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period.

(ii) Ecology shall determine how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period using the best information available.

(A) Ecology will determine the actual GHG emission reductions and GHG removal enhancements achieved by the offset project for the applicable reporting period based on, at a minimum, the following information:

(I) The GHG sources, GHG sinks, and GHG reservoirs within the offset project boundary for that reporting period; and

(II) Any previous offset project data reports submitted by the offset project operator or authorized project designee, and the offset verification statements rendered for those reports.

(B) In determining how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period, ecology may use the following methods, as applicable:

(I) The applicable compliance offset protocol;

(II) In the event of missing data, ecology will rely on the missing data provisions set forth in the applicable compliance offset protocol; and

(III) Any information reported under this chapter for this reporting period and past reporting periods.

(iii) If ecology determines that an overstatement has occurred, ecology shall determine the number of ecology offset credits that correspond to the overstatement using Eq. 580-1, rounded to the nearest whole ton:

$$\begin{array}{ll} \text{If:} & IE_{\text{EcologyOC}} > \times 1.05 \\ \text{Then:} & OR = IE_{\text{EcologyOC}} - ROPDR \end{array} \quad \text{Eq. 580-1}$$

Where:

"OR" is the amount of overstated GHG emission reductions and GHG removal enhancements for the applicable offset project data report, rounded to the nearest whole ton;

"IE_{EcologyOC}" is the number of ecology offset credits issued under the applicable offset project data report;

"ROPDR" is the number of GHG emissions reductions and GHG removal enhancements determined by ecology for the applicable offset project data report;

(b) The offset project activity(ies) or implementation of the offset project was not in accordance with all local, regional, state, and national environmental and health and safety laws and regulations that apply in the jurisdiction in which the offset project is located and that directly apply to the offset project, including as specified in the applicable compliance offset protocol during the reporting period for which the ecology offset credit was issued.

(i) For offset projects using a forestry, ozone depleting substances, or livestock protocol, if ecology finds that the offset project is out of regulatory compliance, then ecology shall determine how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period. Within 10 calendar days of making this determination, ecology will notify the verification body that performed the offset verification and the offset project operator or authorized project designee.

(ii) For offset projects using the ozone depleting substances (ODS) protocol noncompliance events that do not directly impact ODS handling, destruction, and emissions from ODS processing will not be considered grounds for an initial determination of invalidation.

(A) Within 25 calendar days of receiving a written notification by ecology under this subsection, the verification body shall provide ecology any available offset verification services information or correspondence related to the relevant offset project data report(s).

(B) Within 25 calendar days of receiving a written notification by ecology under this subsection, the offset project operator or authorized project designee shall provide ecology data that is required to calculate GHG emission reductions and GHG removal enhancements for the offset project according to the requirements of this chapter or the applicable compliance offset protocol, the detailed offset verifi-

cation report prepared by the verification body, and any other information requested by ecology. The offset project operator or authorized project designee shall also make available personnel who can assist in ecology's evaluation of how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period.

~~((ii))~~ (iii) Ecology shall determine how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period using the best information available.

(A) Ecology will determine the actual GHG emission reductions and GHG removal enhancements achieved by the offset project for the applicable reporting period based on, at a minimum, the following information:

(I) The GHG sources, GHG sinks, and GHG reservoirs within the offset project boundary for that reporting period;

(II) Any previous offset project data reports submitted by the offset project operator or authorized project designee, and the offset verification statements rendered for those reports; and

(III) Any information relating to the regulatory compliance of the offset project provided by the offset project operator, authorized project designee, or regulatory oversight body.

(B) In determining how many GHG emission reductions and GHG removal enhancements were achieved by the offset project for the applicable reporting period, ecology may use the following methods, as applicable:

(I) The applicable compliance offset protocol;

(II) In the event of missing data, ecology will rely on the missing data provisions set forth in the applicable compliance offset protocol; and

(III) Any information reported under this chapter for this reporting period and past reporting periods.

~~((iii))~~ (iv) If ecology determines that an offset project is out of regulatory compliance then ecology shall determine the number of ecology offset credits, rounded to the nearest whole number, that correspond to the time period that the offset project is determined to be out of regulatory compliance. All offset credits corresponding to this time period shall be deemed ineligible for crediting, and therefore any offset credits corresponding to this time period are subject to invalidation.

~~((iv))~~ (v) For offset projects using an urban forestry protocol, if ecology finds that the offset project is out of regulatory compliance, then ecology shall determine that all ecology offset credits issued for the applicable reporting period are subject to invalidation; or

(c) Ecology determines that offset credits have been issued in any other voluntary or mandatory program within the same offset project boundary and for the same reporting period in which ecology offset credits were issued for GHG emission reductions and GHG removal enhancements.

(d) The following circumstances shall not be grounds for invalidation under this section:

(i) A reversal that occurs under a forest offset project. If such a reversal occurs, the provisions in WAC 173-446-570 apply in lieu of this section; and

(ii) An update to a compliance offset protocol will not result in an invalidation of ecology offset credits issued to an offset project

listed or reporting under a previous version of the compliance offset protocol.

(4) Suspension of transfers. When ecology makes an initial determination that one of the invalidation circumstances listed in subsection (3) of this section has occurred, ecology will immediately block any transfers of ecology offset credits for the applicable offset project data report. Once ecology makes a final determination under subsection (6) of this section, the block on transfers for any ecology offset credits not invalidated will be canceled.

(5) Identification of affected parties. If ecology makes an initial determination that one of the invalidation circumstances listed in subsection (3) of this section has occurred, ecology will identify the following parties:

(a) Any registered entities that currently hold any ecology offset credits in their holding and/or compliance accounts from the applicable offset project data report;

(b) The parties for which ecology transferred any ecology offset credits from the applicable offset project data report into the retirement account; and

(c) The current, or most recent (in the case of an offset project after the final crediting period) offset project operator and authorized project designee, and, for forest offset projects the current, or most recent (in the case of an offset project after the final crediting period) forest owner(s).

(6) Final determination and process of invalidation.

(a) Ecology will provide notification of its initial determination to the parties identified under subsection (5) of this section, and provide each party an opportunity to submit additional information to ecology prior to making its final determination, as follows:

(i) Ecology will specify in its notification the reason for its initial determination that one of the invalidation circumstances listed in subsection (3) of this section has occurred.

(ii) The parties identified under subsection (5) of this section will have 25 calendar days after receiving such notification to provide any additional information to ecology.

(iii) Ecology may request any additional information as needed.

(b) Within 30 calendar days after all information is submitted under this subsection, ecology will make a final determination of whether one or more circumstances listed in subsection (3) of this section has occurred and whether to invalidate ecology offset credits.

(i) Ecology will notify the parties identified under subsection (5) of this section of ecology's final determination of invalidation.

(ii) Ecology will notify any approved program for linkage of the invalidation at the time of ecology's final determination.

(7) Removal of invalidated ecology offset credits from holding, compliance, and/or forest buffer accounts. If ecology makes a final determination under subsection (6) of this section that an ecology offset credit is invalid, then:

(a) Ecology offset credits will be removed from any holding, compliance, or forest buffer account, as follows;

(i) If an ecology offset credit is determined to be invalid due to any of the circumstances listed in subsection (3)(a) or (b) ~~((i))~~

(ii) of this section, then:

(A) Ecology will determine which ecology offset credits will be removed from the compliance and/or holding accounts of each party identified under subsection (5)(a) of this section according to Eq. 580-2, truncated to the nearest whole ton:

$$HEcology = \frac{TOTHolding}{IEcologyOC} \text{ OR } \text{Eq. 580-2}$$

Where:

"OR" is the number of overstated GHG emission reductions and GHG removal enhancements for the applicable offset project data report;

"IEcologyOC" is the number of ecology offset credits issued under the applicable offset project data report;

"TOTHolding" is the total number of ecology offset credits currently being held in a compliance and/or holding account by each party identified under subsection (5)(a) of this section for the applicable offset project data report; and

"HEcology" is the total number of ecology offset credits, rounded to the nearest whole ton, that will be removed from the holding and/or compliance account of each party identified under subsection (5)(a) of this section.

(B) Ecology will determine the number of ecology offset credits issued to each party identified in subsection (5)(a) of this section, under the applicable offset project data report using Eq. 580-2, and remove that number of ecology offset credits from each party's holding and/or compliance account.

(C) Ecology will determine the number of ecology offset credits issued under the applicable offset project data report, for all projects that contribute to the forest buffer account, using Eq. 580-2, multiply that number by the project's reversal risk rating, and remove the resulting number of ecology offset credits from the forest buffer account.

(ii) If an ecology offset credit is determined to be invalid due to any of the circumstances listed in subsection (3)(b) ~~((+ii+))~~ (iii) or (c) of this section, ecology will remove all ecology offset credits issued under the applicable offset project data report from any holding and/or compliance accounts of the parties identified under subsection (5)(a) of this section, and from the forest buffer account.

(b) The parties identified in subsection (5) of this section will be notified of which ecology offset credits, identified by serial numbers, were removed from any compliance, holding, and/or forest buffer accounts.

(c) Any approved program for linkage will be notified of which ecology offset credits, identified by serial numbers, were removed from any compliance, holding, and/or forest buffer accounts.

(8) Requirements for replacement of ecology offset credits.

(a) If an ecology offset credit that was issued to a nonsequestration offset project or an urban forest offset project, or that was issued to a U.S. forest offset project, and that has been transferred to the retirement account, is subsequently determined by ecology to be invalid for only the circumstances listed in subsection (3)(a) or (b) ~~((+i+))~~ (ii) of this section, then:

(i) Each party identified under subsection (5)(b) of this section must replace ecology offset credits with the number of valid offset credits or other approved compliance instruments determined for the individual party using Eq. 580-3, truncated to the nearest whole ton:

$$REcologyOC = (TOTRetired/IEcologyOC) * OR \quad \text{Eq. 580-3}$$

Where:

"REcologyOC" is the calculated total number of retired ecology offset credits for the applicable offset project data report, rounded to the nearest whole ton, that must be replaced by each individual party identified under subsection (5)(b) of this section;

"TOTRetired" is the total number of ecology offset credits from the applicable offset project data report ecology transferred into the retirement account;

"IEcologyOC" is the number of ecology offset credits issued under the applicable offset project data report; and

"OR" is the number of metric tons of overstated GHG emission reductions and GHG removal enhancements calculated for the applicable offset project data report.

(ii) Each party identified under subsection (5)(b) of this section must replace the ecology offset credits with the number of valid ecology offset credits or other approved compliance instruments calculated using Eq. 580-3, within six months of notification by ecology.

(iii) If each party identified under subsection (5)(b) of this section does not replace the number of invalidated ecology offset credits calculated using Eq. 580-3, within six months of ecology's notice of invalidation, each unreplaced invalidated ecology offset credit will constitute a violation for that party under WAC 173-446-610.

(A) If a party identified under subsection (5)(b) of this section is no longer in business, ecology will require the offset project operator identified under subsection (5)(c) of this section to replace the number of invalidated ecology offset credits calculated for that party using Eq. 580-3 and will notify the offset project operator that they must replace the credits.

(B) If the offset project operator is required to replace ecology offset credits pursuant to (a)(iii)(A) of this subsection, the offset project operator must replace each invalidated ecology offset credit with a valid ecology offset credit or another approved compliance instrument, within six months of notification by ecology.

(C) If the offset project operator is required to replace ecology offset credits pursuant to (a)(iii)(A) of this subsection, and the offset project operator does not replace each invalid ecology offset credit within six months of notification by ecology, each unreplaced invalidated ecology offset credit will constitute a violation for that offset project operator under WAC 173-446-610.

(iv) Ecology will determine the number of invalid ecology offset credits issued under the applicable offset project data report and invalidate that number of ecology offset credits.

(v) The parties identified under subsection (5) of this section will be notified of the number of ecology offset credits, identified by serial numbers, that were invalidated.

(vi) Any approved program for linkage will be notified of which ecology offset credits, identified by serial numbers, were invalidated.

(b) If an ecology offset credit that was issued to a nonsequestration offset project or an urban forest project, or that was issued to a U.S. forest offset project, and that has been transferred to the retirement account, is subsequently determined to be invalid due to any of the circumstances listed in subsection (3)(b)(~~(iii)~~) (iii) or (c) of this section, then:

(i) The parties identified under subsection (5)(b) of this section must replace each ecology offset credit for the applicable offset project data report that it previously requested ecology transfer into the retirement account with a valid ecology offset credit or another approved compliance instrument within six months of notification by ecology.

(ii) If a party identified under subsection (5)(b) of this section does not replace each invalidated ecology offset credit within six months of ecology's notice of invalidation, each unreplaced invalidated ecology offset credit will constitute a violation for that party under WAC 173-446-610.

(A) If the party identified under subsection (5)(b) of this section is no longer in business, ecology will require the offset project operator identified under subsection (5)(c) of this section to replace the number of invalidated ecology offset credits calculated for that party using Eq. 580-3 and will notify the offset project operator that they must replace them.

(B) If the offset project operator is required to replace ecology offset credits pursuant to (b)(ii)(A) of this subsection, the offset project operator must replace each invalidated ecology offset credit with a valid ecology offset credit or another approved compliance instrument, within six months of notification by ecology.

(C) If the offset project operator is required to replace ecology offset credits pursuant to (b)(ii)(A) of this subsection and the offset project operator does not replace each invalidated ecology offset credit within six months of notification by ecology, each unreplaced invalidated ecology offset credit will constitute a violation for that offset project operator under WAC 173-446-610.

(iii) The parties identified under subsection (5) of this section will be notified of which ecology offset credits, identified by serial numbers, were invalidated.

(iv) Any approved program for linkage will be notified of which ecology offset credits, identified by serial numbers, were invalidated.

(c) The offset project operator of an offset project that had ecology offset credits removed from the forest buffer account must replace a percentage of the ecology offset credits removed from the forest buffer account equal to the percentage of ecology offset credits retired from the forest buffer account for unintentional reversals as of the date ecology makes the final determination of invalidation, rounding up to the next whole number, with a valid ecology offset credit or another approved compliance instrument, within six months of notification by ecology. If the offset project operator does not replace the required number of ecology offset credits within six months of notification by ecology, each unreplaced invalidated ecology offset credit will constitute a violation for that offset project operator under WAC 173-446-610.

(9) Change of forest owner or offset project operator. When a forest owner or offset project operator changes, whether by merger, acquisition, or any other means, the successor forest owner or offset project operator, after the change in ownership, as applicable, is expressly liable for all obligations of the predecessor forest owner or offset project operator to submit compliance instruments. For the avoidance of doubt, this obligation of the successor forest owner or offset project operator, as applicable, consists of the difference between the number of metric tons of CO₂e and the number of valid ecology offset credits or other approved compliance instruments submitted by the predecessor forest owner.