



Cap-and-Invest Fuel Exemptions Workgroup

Agenda for Thursday, June 22, 2023 | 2:30 – 4:30 p.m.

Location: Hybrid - Dept. of Ecology (300 Desmond Dr. SE, Lacey 98503) or [Zoom](#)

Welcome and Introductions

2:30 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, introduce facilitation team

Welcoming remarks

Department of Ecology Director Watson

Workgroup member introductions, purpose, and timeline

Gretchen Muller, Cascadia Consulting Group (facilitator)

- Introductions from workgroup members
- Share workgroup purpose and timeline

Workgroup member reflections on fuel exemptions

All workgroup participants, Gretchen Muller, Cascadia Consulting Group (facilitator)

- Workgroup members will share issues or challenges they have experienced, observed, heard about related to fuel exemptions.

Wrap up and Next Steps

4:20 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: June 29, 2023, 1:00 - 3:00 p.m. ([Virtual](#))

Resource and Assistance

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

*Note to workgroup members: please bring a computer if attending in person to enable participation in an online whiteboarding activity.



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, June 22, 2023 | 2:30 – 4:30 p.m.

Location: Dept. of Ecology - Lacey or Zoom

Attendance

- 35 out of 37 workgroup members attended both in-person and virtually.
- 7 Ecology staff attended in-person.

Welcome and Introductions

- Introductions to the facilitation team that will support the workgroup: Gretchen Muller and Alexandra Doty from Cascadia Consulting Group
- Introductions to the Ecology staff that will support the workgroup:
 - Luke Martland – Climate Commitment Act Implementation Manager
 - Jihan Grettenberger – Cap-and-Invest Community Engagement Specialist
 - Lindsey Kennelly – Greenhouse Gas Reporting/Verification Lead Engineer
 - Kimberly Colgan – Greenhouse Gas Emissions Engineer
 - Adam Eitmann – Director of Government Affairs
 - Claire Boyte-White – Cap-and-Invest Policy Relations
 - Tamara Jones – Senior Legislative Planner

Welcoming remarks

- Department of Ecology Director Laura Watson shared welcoming remarks with the Fuel Exemptions Workgroup members.
- Director Watson welcomed the group and thanked them for their participation. Emphasized the need for solutions and reiterated Ecology's goal in participating is to ensure exempt fuel users receive the full benefit of the exemptions.

Workgroup member introductions, purpose, timeline:

- Workgroup members introduced themselves, and shared one thing they hope to accomplish through participating in the workgroup.
- The facilitation team shared an overview of the workgroup's purpose and a roadmap for the workgroup's eight meetings together.

Workgroup member reflections on fuel exemptions:

- Workgroup members shared using Mural board and sticky notes the issues or challenges they have experienced, observed, heard about related to fuel exemptions.
- The facilitation team walked through the reflections provided by participants across the four exempt fuel categories.
- The facilitation team and Ecology staff will review the reflections in advance of meeting #2.

Next Steps

- The next Fuel Exemptions Workgroup meeting will occur virtually on Zoom on June 29, 2023, 1:00 – 3:00 pm

June 22, 2023 Fuel Exemption Workgroup Meeting Summary

- Director announced that Ecology has draft interim guidance on the definition of “agricultural products” as it pertains to the exemptions for fuels used for “transporting of agricultural products on public highways”. She asked the group if they want to review it in advance of the meeting and by consensus the group did. Director said they will provide the guidance.
- **Action items:**
 - Facilitation team and Ecology staff will summarize comments from the Mural board activity in preparation for meeting #2 on June 29.
 - Ecology will share the draft guidance to address what constitutes “agricultural products” with workgroup members, covered entities, and other interested parties.

Resource and Assistance

- Questions? Contact Jihan Grettenberger at Jihan.Grettenberger@ecy.wa.gov.
- [Fuel Exemptions Workgroup webpage](#)



Cap-and-Invest Fuel Exemptions Workgroup

Agenda for Thursday, June 29, 2023 | 1:00 – 3:00 p.m.

Location: Virtual - [Zoom](#)

Welcome and Introductions

1:00 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, introduce facilitation team

Review reflections shared during meeting #1

Gretchen Muller, Cascadia Consulting Group (facilitator)

- Share out the key issues and challenges workgroup members shared during meeting #1

Understanding the issues and challenges - Activity

All workgroup participants, Gretchen Muller, Cascadia Consulting Group (facilitator)

- Activity to better understand the issues and challenges shared by workgroup members.

Wrap up and Next Steps

2:45 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: June 29, 2023, 1:00 - 3:00 p.m. ([Virtual](#))

Resource and Assistance

- Draft Interim Guidance on Agricultural Products (emailed to workgroup members)
- Contact Jihan Grettenberger at Jihan.Grettenberger@ecy.wa.gov or 360-742-1153 with questions.
- [Fuel Exemptions Workgroup webpage](#)



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, June 29, 2023 | 1:00 – 3:00 p.m.

Location: Zoom

Attendance:

- 29 out of the 37 workgroup members attended virtually.
- 5 Ecology staff attended virtually.

Welcome and Introductions:

- The facilitation team welcomed workgroup members, shared the anti-trust reminder, an overview of the meeting #2 agenda, and the workgroup timeline.

Review reflections shared during meeting #1:

- The facilitation team shared the results from synthesizing across the meeting #1 icebreaker responses to the prompt: what is one thing you're hoping to accomplish through participation in this workgroup? Four themes arose across the responses:
 - Gain a clearer understanding of the exemption process.
 - Ensure the program meets exemptions specified in the statute.
 - Understand and develop methods to reimburse end users who paid surcharges on exempt fuels.
 - Find solutions to ensure exemptions are appropriately applied.
- The facilitation team also shared out the summary of results across the Mural board activity from meeting #1, during which workgroup members shared issues or challenges they had experienced, observed, heard about related to fuel exemptions. To summarize across the 105 sticky notes, the facilitation and Ecology team reviewed all the sticky notes, identified and tagged each sticky to one of 17 categories of issues across fuel categories, and then selected the most frequently identified issues. Eight issues clearly rose to the top:
 - Request for interim guidance on agricultural products.
 - Challenges with the combustion of fuel within Washington waters (3 nautical miles from shore)
 - Lack of clarity on the line of sight.
 - Lack of clarity on definitions within the interim guidance.
 - Difficulty determining how to accommodate hauling loads with both exempt and non-exempt products.
 - Lack of clarity on system to reimburse end user when assessed a surcharge for exempt fuels.
 - Challenges when not purchasing fuel in bulk.
 - Difficulty in knowing what information to provide to ECY and how to track the use of exempt fuels.

Understanding the issues and challenges activity:

- The facilitation team led the workgroup members through a breakout room exercise to discuss and better understand six of the issues in greater detail. Two issues identified are being addressed in alternative ways:
 - Request for interim guidance on agricultural products.
 - Ecology has requested feedback on the interim guidance by July 13. Feedback should be sent to ghgreporting@ecy.wa.gov.
 - Challenges with the combustion of fuel within Washington waters (3 nautical miles from shore)
 - This issue relates to maritime and workgroup members will be discuss and address this issue during a later meeting.
- For the remaining six issues, the facilitation team guided the workgroup members in breakout group discussions to better understand the issues and help build a foundation from which to begin identifying solutions. For each of the issue statements workgroup members discussed:
 - Did we get the issue right? If not, how would you change the issue statement?
 - Why is it an issue?
 - Who is it an issue for?
 - How does this issue impact you?
- The facilitation and Ecology team will review and summarize the clarification provided to each issue statement.

Next Steps and Action Items

- The next Fuel Exemptions Workgroup meeting will occur on July 13, 2023, 9:00 – 11:00am both virtually via Zoom or in-person at the Ecology Headquarter Office in Lacey.
- **Action Items:**
 - Facilitation team and Ecology staff will review and summarize comments from the breakout room discussions of each issue statement discussed during meeting #2.
 - Workgroup members review and share comments on the interim guidance for agricultural products by July 13, please send all comments and feedback to ghgreporting@ecy.wa.gov.

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup

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

Location: Hybrid - Dept. of Ecology (300 Desmond Dr. SE, Lacey 98503) and [Zoom](#)

Welcome and Introductions

9:00 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, introductions, review agenda

Review: understanding the issues and challenges

Gretchen Muller, Cascadia Consulting Group (facilitator)

- Review the issues and challenges shared and discussed during meetings #1 and #2 and establish the foundation to solutions.

Moving from issues to solutions

Workgroup members and facilitation team

- Activity to begin discussing solutions on revised issue statements

Wrap up and Next Steps

10:50 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: July 27, 2023, 1:00 - 3:00 p.m. (Hybrid and [Zoom](#))

Resource and Assistance

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

*Note to workgroup members: please bring a computer if attending in person to enable participation in an online whiteboarding activity.



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

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

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

Attendance:

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

Welcome and Introductions:

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

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

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

Moving Into Solutions Activity:

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

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

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

Next Steps and Action Items

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

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup

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

Location: Hybrid – Seattle and Zoom

Welcome and Introductions

1:00 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, attendance, review agenda

Review: understanding the issues and challenges

Gretchen Muller, Cascadia Consulting Group (facilitator)

- Review the issues and challenges shared and discussed during meetings #1 and #2 and establish the foundation to solutions.

Moving from issues to solutions

Workgroup members and facilitation team

- Activity to begin discussing solutions on the issue: lack of clarity on systems to reimburse end users when assessed a surcharge for exempt fuels.
- Activity to begin discussing solutions on the issue: Difficulty determining how exemptions apply to fuels not purchased in bulk. (As time allows)

Wrap up and Next Steps

2:45 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: August 10, 2023, 9:00 - 11:00 a.m. (Hybrid in Lacey and Zoom)

Upcoming Meeting Topics and Hybrid Locations

- August 10 at 9:00 a.m. – 11:00 a.m. (Hybrid in Union Gap) - Discussion on 3 nautical miles, hauling mixed loads, and bulk loads
- August 24 at 1:00 p.m. – 3:00 p.m. (Hybrid in Lacey) - Discussion on the draft interim guidance to address what constitutes agricultural products for transport
- September 7 at 9:00 am – 11:00 a.m. (Hybrid in Lacey)- Continue the discussion on draft interim guidance to address what constitutes agricultural products for transport
- Thursday, September 21 at 1:00 p.m. – 3:00 p.m. (Hybrid in Lacey) - To be determined

** Meeting order is subject to change*

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

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

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

Attendance:

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

Welcome and Introductions:

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

Review: understanding the issues and challenges:

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

Moving from issues to solutions:

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

July 27, 2023 Fuel Exemption Workgroup Meeting Summary

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

Next Steps and Action Items

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

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup

Agenda for Thursday, August 10, 2023 | 9:00 – 11:00 a.m.

Location: Hybrid – Union Gap (1250 Alder St, Union Gap, WA 98903) and Zoom

Welcome and Introductions

9:00 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, attendance, review agenda

Review: understanding the issues and challenges

Gretchen Muller, Cascadia Consulting Group (facilitator)

- Review the issues and challenges shared and discussed during meetings #1 and #2 and establish the foundation to solutions.

Update on Solutions

Luke Martland, Department of Ecology

- Spanish version of the exemption certificate for agricultural purposes and maritime fuel users.

Moving from issues to solutions

Workgroup members and facilitation team

- Two-part discussion to discuss three issues, as time allows.
- Discussion, part 1: Maritime
 - Issue: Challenges with the combustion of fuel within Washington waters (3 nautical miles from shore)
- Discussion, part 2: Agriculture
 - Issue: Difficulty determining how to apply exemptions for transport of mixed loads with both exempted and non-exempt products.
 - Issue: Difficulty determining how exemptions apply to fuels not purchased in bulk.

Wrap up and Next Steps

10:50 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: August 24, 2023, 1:00 - 3:00 p.m. (Hybrid in Lacey and Zoom)

Upcoming Meeting Topics and Hybrid Locations

- August 24 at 1:00 p.m. – 3:00 p.m. (Hybrid in Lacey) - Discussion on the draft interim guidance to address what constitutes agricultural products for transport

August 10, 2023 Fuel Exemption Workgroup Agenda

- September 7 at 9:00 am – 11:00 a.m. (Hybrid in Lacey)- Continue the discussion on draft interim guidance to address what constitutes agricultural products for transport
- Thursday, September 21 at 1:00 p.m. – 3:00 p.m. (Hybrid in Lacey) – Final Workgroup Meeting

* Meeting order is subject to change

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, August 10, 2023 | 9:00 – 11:00 a.m.

Location: Zoom and in-person at Union Gap

Attendance

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

Welcome and Introductions

- The facilitation team welcomed workgroup members, shared the anti-trust reminder, an overview of the meeting #5 agenda, and the workgroup timeline.

Review: understanding the issues and challenges

- The facilitation team reviewed the process for workgroup members identifying issues during meetings #1 and #2, and the resulting workgroup meetings to discuss solutions.

Solutions Update

- The Ecology team shared an update resulting from workgroup input. Ecology translated the exemption certificate for agricultural purposes and maritime fuel users into Spanish. The document will be available digitally soon.

Moving from issues to solutions

- Part one of the solutions discussion focused on maritime.
- **Issue: Challenges with the combustion of fuel within Washington waters. Discussion questions for this issue:**
 - a. How do maritime fuel users know when they are outside of Washington waters?
 - b. How do maritime fuel users know how much fuel is used for trips accounting for weather and tidal conditions?
 - c. What location information is already documented for tax purposes? How could this information be supplemented to document fuel usage within jurisdictional miles?
 - d. What could Ecology provide fuel suppliers to document exempt fuels combusted outside of Washington waters?
- During part one of the discussion, maritime workgroup members shared they know their location within and outside of Washington jurisdictional waters and have mechanisms to track fuels.
- Part two of the solutions discussion focused on two issues related to how exemptions apply to hauling mixed loads and to fuels not purchased in bulk.
 - Ecology is interpreting mixed loads as loads that contain both agricultural products and non-agricultural products.
 - Non-bulk purchases were clarified as fuel purchased at cardlocks or gas stations for this discussion.
- **Issue: Difficulty determining how to apply exemptions for transport of mixed loads with both exempted and non-exempt products. Discussion questions for this issue:**

August 10, 2023 Fuel Exemption Workgroup Meeting Summary

- a. How do haulers track what they are transporting?
 - b. What systems do haulers currently use to track their fuel amounts and uses?
 - i. What information is already being tracked/documented on fuel use?
 - ii. What information are haulers documenting for tax purposes?
 - iii. What information is already being tracked on the (mass/volumes) of products are being hauled on a trip?
 - iv. What information is already being tracked on the length of trips?
 - c. How do you propose to segment a mixed (exempt and non-exempt) load?
 - i. As an individual hauler (trucker; farmer)
 - ii. As a fleet of haulers
 - iii. Others?
 - d. What approaches/actions can be taken by workgroup members and Ecology to make sure that exempt fuel end users know what is exempt fuel use and what is not?
 - e. How can Ecology help you implement the current guidance into your hauling operations?
- **Issue: Difficulty determining how exemptions apply to fuels not purchased in bulk.**
Discussion questions for this issue:
 - a. Have workgroup members had success in buying non-bulk fuels without surcharges?
 - b. What are possible solutions to get fuel without surcharges to exempt fuel users who purchase fuel:
 - i. at cardlocks?
 - ii. at retail stations?
 - c. Are there other purchasing scenarios that exempt fuel users have difficulty purchasing exempt fuels without surcharges?
 - d. What can Ecology do to ensure that end users who qualify for exempt fuels are able to purchase fuels without surcharges?
 - During part two of the discussion, Ecology acknowledged that the issues are challenging and hoped for help in finding solutions. Workgroup members shared methods on how they track what is hauled and shared that product information is available by weight. There were recommendations to allocate fuel for mixed loads proportionally to the weight of the exempt and non-exempt products in the load.
 - One workgroup member shared they will soon start providing a billing credit for exempt fuels at retail stations.

Next Steps and Action Items

- The next Fuel Exemptions Workgroup meeting will occur on August 24, 2023, 1:00 – 3:00 p.m. in a hybrid format, in-person at Lacey and virtually on Zoom.
- **Action Items:**
 - Ecology will share an updated draft interim guidance to address what constitutes agricultural products for transport.

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup

Agenda for Thursday, August 24, 2023 | 1:00 – 3:00 p.m.

Location: Zoom or in-person in Lacey (300 Desmond Dr. SE, Lacey 98503)

Welcome and Introductions

1:00 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, attendance, review agenda

Updates to the interim guidance

Lindsey Kennelly, Department of Ecology

- Review the updates Ecology has made to the draft interim guidance for agricultural products.

Moving from issues to solutions

Workgroup members and facilitation team

- Discuss improvements to the draft interim guidance to address what constitutes agricultural products for transport.
- Discuss options to implement documentation solutions for mixed loads.

Wrap up and Next Steps

2:50 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Next meeting: September 7, 2023, 9:00 - 11:00 a.m. (Hybrid in Lacey and Zoom)

Upcoming Meeting Topics and Hybrid Locations

- September 7 at 9:00 am – 11:00 a.m. (Hybrid in Lacey) – Continue the discussion on the draft interim guidance for agricultural products and discuss other solutions shared during meetings 3-6.
- September 21 at 1:00 p.m. – 3:00 p.m. (Hybrid in Lacey) – Final Workgroup Meeting

** Meeting order is subject to change*

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, August 24, 2023 | 1:00 – 3:00 p.m.

Location: Zoom

Attendance

- 26 out of the 37 workgroup members attended virtually.
- 5 Ecology staff attended virtually.

Welcome and Introductions

- The facilitation team welcomed workgroup members, shared the anti-trust reminder, an overview of the meeting #6 agenda, and the workgroup timeline.
- Ecology shared the link to the Exemption Certificate in Spanish, now available online: <https://apps.ecology.wa.gov/publications/SummaryPages/ECY070721ES.html>.

Interim Guidance Update

- The Ecology team shared an overview of the updates made to the interim guidance for agricultural products. Workgroup member received the draft guidance on June 23 and were asked to provide written feedback by July 13. Ecology received 6 comments on the guidance. Ecology shared that the guidance is a guideline on how to determine for oneself if something is considered an agricultural product or not. The document is not an exhaustive list outlining what is or is not considered an agricultural product. The document relies heavily on the Department of Revenue's definition of agricultural products.

Moving from issues to solutions

- Part one of the solutions discussion focused on the draft interim guidance to address what constitutes agricultural products for transport.
- The workgroup discussed improvements to the draft interim guidance and workgroup members contributed to the Mural board directly, through Zoom chat, and verbally in discussion. Workgroup members also asked questions with specific product examples, seeking clarification from Ecology.
- **Guiding questions for the agricultural guidance discussion:**
 1. Are there additional clarifications needed to determine if something is an agricultural product? If yes, what are the additional clarifications?
 2. Are there any disconnects/differences between the agricultural product definition in the guidance published by Ecology and your understanding of agricultural products in your industry? If so, what are they?
 3. What approaches/actions can be taken to make sure that exempt fuel end users know what is an agricultural product and what is not?
 - a. By workgroup members
 - b. By Ecology
 4. A commenter requested that in addition to already exempted backhaul and return trips, Ecology considers adding fuel used for empty trucks picking up agricultural products to also be eligible for exemption. What information could be provided to

August 24, 2023 Fuel Exemption Workgroup Meeting Summary

demonstrate that the empty truck can qualify as exempt and help ensure that this exemption could not be claimed incorrectly by actors in bad faith?

- Part two of the discussion continued the conversation on how to apply exemptions for transport of mixed loads with both exempt and non-exempt products. Ecology presented the solutions that workgroup members had shared for mixed loads during meeting 5 on August 10 and relied on the discussion questions below to continue building out the solutions.
- The workgroup discussed options to implement documentation solutions for mixed loads. Workgroup members shared solutions for mixed loads by contributing to the Mural Board, through Zoom chat, and discussion.
- **Guiding questions for discussion on mixed loads:**
 1. What additional solutions do you have for allocating fuel use for mixed loads?
 2. How feasible is allocating fuel by weight/mass? And why or why not?
 3. How can Ecology help you implement each interim guidance as it relates to mixed loads into your hauling operations?
 4. What additional materials could Ecology provide to help document fuel exempted for the transportation of agricultural products?
 - a. For fuel suppliers
 - b. For exempt end users?
 5. What are potential solutions for Fuel Distributors to reconcile which Fuel Supplier may claim the exempt fuel when they sell fuel to exempt end users and they source exempt fuel from multiple Fuel Suppliers?

Next Steps and Action Items

- The next Fuel Exemptions Workgroup meeting will occur on September 7, from 9:00 – 11:00am in a hybrid format, in-person at Lacey and virtually on Zoom.

Resource and Assistance

- Contact Jihan Grettenberger at Jihan.Grettenberger@ecy.wa.gov or 360-742-1153
- [Fuel Exemptions Workgroup webpage](#)
- [Exemption Certificate for Agricultural Purposes and Maritime Fuel Users](#) in Spanish



Cap-and-Invest Fuel Exemptions Workgroup

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

Location: Hybrid – Lacey (300 Desmond Dr. SE, Lacey 98503) and [Zoom](#)

Welcome and Introductions

9:00 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, attendance, review agenda

Share and Discuss Solutions

Workgroup members, Department of Ecology Staff, and facilitation team

- Revisit and discuss solutions related to non-bulk purchasing

Wrap up and Next Steps

10:50 a.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

Final meeting: September 21, 2023, 1:00 - 3:00 p.m. (Hybrid in Lacey and [Zoom](#))

Resource and Assistance

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- [Fuel Exemptions Workgroup webpage](#)



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

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

Location: Zoom and in-person in Lacey

Attendance

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

Welcome and Introductions

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

Share and discuss solutions

Introduction to the discussion

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

Solution scenarios open for discussion

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

1. No surcharge applied at retail station with operator present

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

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

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

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

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

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

1. No surcharge is applied at fuel station operator present

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

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

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

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

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

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

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

1. Surcharge refund from preferred fuel supplier

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

Key takeaways from the discussion

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

Next Steps and Action Items

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

Resource and Assistance

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



Cap-and-Invest Fuel Exemptions Workgroup

Agenda for Thursday, September 21, 2023 | 1:00 – 3:00 p.m.

Location: Hybrid – Lacey (300 Desmond Dr. SE, Lacey 98503) and Zoom

Welcome and Introductions

1:00 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

- Welcome to the meeting, attendance, review agenda

Workgroup recap and next steps

Workgroup members, Department of Ecology Staff, and Cascadia Consulting Group

- Overview of the workgroup meetings and solutions identified through the workgroup.
- List of the solutions to the issues discussed by the workgroup:
 - Cross-cutting solutions
 - Interim guidance
 - Reimbursement
 - Maritime fuel use
 - Mixed loads
 - Non-bulk purchases

Wrap up

2:50 p.m. | Gretchen Muller, Cascadia Consulting Group (facilitator)

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- [Fuel Exemptions Workgroup webpage](#)



Cap-and-Invest Fuel Exemptions Workgroup Meeting Summary

Thursday, September 21, 2023 | 1:00 – 3:00 p.m.

Location: Zoom and Lacey Ecology Office

Attendance

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

Welcome and Introductions

- The facilitation team welcomed workgroup members to the final workgroup meeting, shared the anti-trust reminder, and an overview of the meeting #8 agenda.

Workgroup recap and next steps

- Ecology staff shared a reminder of a few key aspects of the current fuel exemption program:
 - The focus of the workgroup was to find solutions to get end-users surcharge-free exempt fuels within current statute/rule.
 - Eligible end-users qualify for exempt fuels in statute/rule and should not be paying surcharges.
 - Compliance obligations for 2023 are not final – fuel suppliers can reduce their compliance obligations by accurately reporting exempt fuels.
 - The point of regulation cannot move and compliance obligations are non-transferable.
 - A covered entity may only report exempt fuels that they have a compliance obligation for, and it must be the same fuel product.
 - This is not a molecule tracking program.
- The facilitation team and Ecology staff first discussed a number of themes that crossed many issues identified through the workgroup. For each of these issues, Ecology shared with workgroup members the actions taken, as well as the next steps beyond the workgroup.
 - **Documenting exempt fuel use**
 - **Accountability, risk, liability**
 - **Line of sight**
 - **Third-party verification**
 - **Confusion about fuel tracking requirements**
- Following the crosscutting themes, the facilitation team and Ecology staff then shared a summary of solutions across five topical areas: **interim guidance, reimbursements, maritime fuel use, mixed loads, and non-bulk purchases**. The facilitation team and Ecology staff shared what they heard, the solutions moving forward and ideas shared by the workgroup, and the next steps beyond the workgroup.
- For each topical area, Ecology staff reviewed when the issue was discussed and welcomed additional solutions and clarifications from the workgroup members. **Additional solutions proposed by issue:**
 - **Interim guidance:** The workgroup meeting previously discussed interim guidance at meeting #2, #3, and #6. During this final meeting, workgroup members shared no further information, clarification, or solutions as it relates to the interim guidance.

September 21, 2023 Fuel Exemption Workgroup Meeting Summary

- **Reimbursement:** The workgroup meeting previously discussed reimbursements at meeting #2 and #4. During the final meeting, workgroup members shared concerns relating to the 3rd party verification process and potential liability in the event of fraudulent attestations.
 - **Maritime:** The workgroup meeting previously discussed maritime issues and solutions at meeting #2 and #5. During the final meeting, workgroup members asked Ecology about documenting exempt fuel used along the Columbia River. Ecology staff noted that this issue is being addressed directly with the impacted reporter and suggested suppliers contact Ecology if they share similar concerns of tracking fuel along the Columbia River. One workgroup member suggested Ecology generate a table of exempt volumes based on departure and return locations.
 - **Mixed loads:** The workgroup meeting previously discussed mixed loads at meeting #2, #5, and #6. During the final meeting, workgroup members asked several clarifying questions, and noted concerns relating to the attestation form and 3rd party verification process. Ecology clarified that 3rd party verification training recordings and materials will be shared once complete.
 - **Non-bulk purchases:** The workgroup meeting previously discussed non-bulk purchases at meeting #2, #5, and #7. One workgroup member noted concerns about the solutions discussed not being implementable. Another workgroup member shared an alternative solution of a shared database for pre-approved exempt fuel users.
- Ecology noted they will continue to explore alternative solutions, and requested that workgroup members continue to engage with Ecology staff directly.
 - Ecology shared that as additional resources become available, Ecology will email them to workgroup members. Ecology invited workgroup members to help in sharing the resources and updates to support end-users ability to access surcharge free fuel.

Wrap up

- Ecology staff thanked workgroup members for their participation in the workgroup and invited continued engagement beyond the workgroup.
- This concludes the Fuels Exemptions Workgroup meetings.

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