

### **WAC 173-424-800 Third Party Verification Definitions.**

The following definitions are applicable to the third party verification requirements in accordance with WAC 173-424-810 through 850, including fuel pathway applications submitted under WAC 173-424-610, annual fuel pathway reports required under WAC 173-424-610, quarterly reports submitted under WAC 173-424-410, and carbon sequestration project reports submitted under this chapter.

(1) “Adverse validation statement” and “adverse verification statement” means a statement rendered by a verification body attesting that (either or both):

(a) It cannot say with reasonable assurance the submitted report or fuel pathway application is free of a material misstatement under this chapter; or

(b) The submitted report or fuel pathway application contains correctable errors and thus is not in conformance with the requirements to fix such errors according to WAC 173-424-830(2)(f).

(2) “Conflict of interest” means a situation in which, because of financial or other activities or relationships with other persons or organizations, a verification body is unable or potentially unable to provide an impartial verification statement of a potential client’s report or fuel pathway application, or the verification body’s objectivity in providing verification services is or might be otherwise compromised.

(3) “Correctable errors” means errors identified by the verification team that affect data in the submitted report or fuel pathway application, which result from a nonconformance with this chapter, as applicable. Differences that, in the professional judgment of the verification team, are the result of differing but reasonable methods of truncation or rounding or averaging, where a specific procedure is not prescribed by this chapter, are not considered errors and therefore do not require correction.

(4) “Difference in CI” means the absolute value result of the reported operational CI minus the verifier’s calculation of CI for material misstatement of carbon intensity assessments for a CFS fuel pathway application or annual report. The verifier’s calculation of CI is based on site-specific data inputs modified to include discrepancies, omissions, and misreporting found during the course of verification services.

(5) “Full verification” means all verification services as required under WAC 173-424-830.

(6) “Independent reviewer” means a lead verifier within a verification body that has not participated in providing verification services for a responsible entity for the current reporting year and provides an independent review of verification services provided to the responsible entity.

(7) “Less intensive verification” means the verification services provided in interim years between full verifications for fuels other than electricity; less intensive verification does not require a site visit, and only requires data checks and document reviews of a

submitted report based on the analysis and risk assessment in the most current sampling plan developed as part of the most current full verification services. This level of verification may only be used if the verifier can provide findings with a reasonable level of assurance.

(8) “Member” means any employee or subcontractor of the verification body or related entities of the verification body and includes any individual with majority equity share in the verification body or its related entities.

(9) “Material misstatement” means any discrepancy, omission, misreporting, or aggregation of the three, identified during verification services that leads a verification team to believe that reported data or a submitted report or fuel pathway application contains one or more errors, as described in WAC 173-424-830(i) and (j), as applicable.

(10) “Performance Review” means an assessment conducted by ecology of an applicant seeking to become accredited or reaccredited as a verification body or lead verifier pursuant to WAC 173-424-840(8). Such an assessment may include a review of applicable past sampling plans, validation and verification reports, validation and verification statements, conflict of interest submittals, and additional information or documentation regarding the applicant's fitness for qualification.

(11) “Positive verification statement” means a verification statement from a verification body attesting that it can say with reasonable assurance that the submitted report or fuel pathway application is free of material misstatement and that it conforms to the requirements of this chapter.

(12) “Quarterly review” means a review process conducted by the verification team after quarterly data is submitted and before annual data is submitted and verified.

(13) “Reasonable assurance” means high degree of confidence in the accuracy and truth of a conclusion.

(14) “Recertification” of a pathway or a “recertified pathway” means a pathway certified by CARB or OR-DEQ and submitted to ecology with all necessary inputs to the WA-GREET CI calculator and that is the same as the one approved by CARB or OR-DEQ, except for the fuel transportation mode and distance.

(15) “Responsible entity” means an entity that is subject to or voluntarily agrees to be subject to the requirements of this chapter.

(16) “Sector specific verifier” means a person that has met the requirements to perform such a role and has been approved by ecology under WAC 173-424-840 to act as a sector specific verifier in providing verification services as described by this chapter.

(17) “Subcontractor” means an individual or business firm contracting to perform part or all of another’s contract.

(18) “Validation” means verification of a fuel pathway application using the requirements of this division.

(19) “Validation statement” means the final statement produced by a verification body attesting whether a fuel pathway application is free of material misstatement and whether it conforms to the requirements of this chapter.

(20) “Verification body” means a business entity that has met the requirements under WAC 173-424-840 and has been approved by ecology to provide verification services and produce verification statements.

(21) “Verification services” means services provided during full verification or less intensive verification, including but not limited to reviewing a report or fuel pathway application submitted by a responsible entity, assessing compliance with ecology regulations, ensuring accuracy according to the standards specified by ecology, and submitting a verification statement(s) to ecology.

(22) “Verification statement” means the final statement produced by a verification body attesting whether a report or fuel pathway application submitted by a responsible entity is free of or contains material misstatement and whether it does or does not conform to the applicable requirements.

(23) “Verification team” means all persons working for a verification body, including all subcontractors, to provide verification services.

(24) “Verifier” means an individual person that has met the requirements and been approved by ecology under WAC 173-424-840 to provide verification services as described in this chapter.

### **WAC 173-424-810 General requirements for verification of reports and fuel pathway applications.**

(1) **General.** The annual third party verification requirements set forth in this chapter apply beginning in 2027, using operational data from calendar year 2026 for fuel transactions data and operational data from calendar year 2025 and 2026 for fuel pathway reports. Quarterly review conducted as part of annual verification services that meet the requirements of this chapter may begin in 2027 for reports with data for the year 2026.

#### **(2) Each responsible entity must:**

(a) Engage the services of a verification body to perform verification under this chapter;

(b) Do the following before verification services begin:

(i) Conduct a conflict of interest evaluation in coordination with the verification body and develop a conflict of interest mitigation plan, if needed, according to WAC 173-424-850. Ensure both a complete and accurate conflict of interest evaluation and conflict of interest mitigation plan, as applicable, are submitted to ecology, and receive from ecology approval in writing to proceed with verification services;

(ii) Submit to ecology the report that is to be verified and attest that the data and information submitted to ecology in the report is true, accurate, and complete;

(iii) Ensure that a verification statement is submitted to ecology from the verification body for each report identified under WAC 173-424-820 by the deadline specified under subsection (3) of this section; and

(iv) Ensure the requirements of this chapter are met, including but not limited to, ensuring that verification services are provided in compliance with the requirements of WAC 173-424-830 and that a potential for a conflict of interest is evaluated, monitored, and mitigated according to WAC 173-424-850.

**(3) Verification deadlines.**

(a) Each responsible entity must ensure that a positive, qualified positive, or adverse verification statement is received by ecology from a verification body on or before September 15 of the year a report is submitted, for the following reports, for any CFP report as applicable under WAC 173-424-820.

(b) Ecology may extend verification deadlines in subsection (a) as necessary and will issue notice of any extensions.

**(4) Requirements for full or less intensive verification for certain responsible entities.**

(a) Full verification must be provided for all verification services required under this chapter, unless less intensive verification is permitted under (b) or (c)(ii) of this subsection.

(b) Responsible entities required to engage the services of a verification body to perform annual verification of CFS quarterly reports under WAC 173-424-820(3) may engage the services of a verification body to provide less intensive verification in place of full verification, for up to two years out of every three year period, if:

(i) There has not been a change in the verification body;

(ii) A positive verification statement was issued for the previous year;

(iii) No electricity-based transaction types are covered in the report(s) requiring verification; and

(iv) No change of operational control of the responsible entity occurred in the previous year.

(c) A verification body may choose to provide full verification, at its discretion, if it is deemed necessary to reach reasonable assurance. This may include instances where the responsible entity has made changes in sources, significant changes in emissions, significant changes in data management systems, or any combination therein, occurred compared to the previous year, based on the professional judgment of the verification body.

(i) The verification body must provide reasons why it opted for full verification to the responsible entity and to ecology.

(ii) The verification body must provide justification in the verification report if it did not opt for full verification in instances where the total reported emissions differ by greater than 25 percent relative to the previous year's emissions.

**(5) Verification body and verifier rotation requirements.**

(a) A responsible entity must not use the same verification body or verifier(s) to perform verification for a period of more than six consecutive years.

(i) The six-year period begins on the execution date of the entity's first contract for any validation or verification under this chapter and ends on the date the final verification statement is submitted. The six-year limit does not reset upon a change in ownership or operational control of the entity required to contract for validation or verification services.

(b) A responsible entity must wait at least three years before re-engaging the previous verification body or verifier(s) to perform verification.

(c) If a reporting entity is required to select a new verification body to verify a report or fuel pathway application that has been set aside according to WAC 173-424-830(3)(d)(ii), the reporting entity may continue to contract for verification services with its current verification body, subject to the six-year time limit, unless the verification body's approval to provide those services has been modified, suspended or revoked by ecology under WAC 173-424-840(10).

**WAC 173-424-820 Requirements for verification of CFS reports and validation of fuel pathway applications.**

**(1) Validation of CFS fuel pathway (carbon intensity or CI) applications.**

(a) Applicability. The following persons must meet the requirements of this chapter and engage the services of a verification body for the purposes of fuel pathway validation, including required site visit(s), for each fuel pathway application submitted under this chapter, except as otherwise provided under subsection (b):

(i) Fuel pathway applicants supplying site-specific CI data for fuel pathway applications that meet the requirements of this chapter; or

(ii) Specified source feedstock suppliers and other persons with site-specific CI data that apply for separate ecology recognition as a joint applicant and elect to be responsible for separate validation and verification as specified in WAC 173-424-610 (9)(g)(iii)(C)(II).

(b) Validation schedule.

(i) Fuel pathway applicants submitting fuel pathway applications to ecology that have been validated according to the requirements of this chapter must submit the validation statement at the same time the pathway application is submitted according to WAC 173-424-600 through 630.

(ii) Fuel pathway applications submitted to ecology that have been validated under CARB's Low Carbon Fuel Standard (LCFS) or Oregon's Clean Fuels Program (CFP) must include the following:

(A) Documents generated during the validation for the fuel pathway application submitted to CARB LCFS or OR-DEQ CFP, including a positive or qualified validation statement, and other fuel pathway application documents as required under WAC 173-424-610(2); and

(B) The annual fuel pathway report and verification statement of the annual fuel pathway report, if they were submitted under CARB's LCFS or OR-DEQ CFP, after the latest validation statement.

(iii) Fuel pathway applications submitted to ecology that include an adverse validation statement under ecology's CFS, CARB's LCFS, or Oregon's CFP will not be considered by Ecology.

**(2) Annual verification of CFS annual fuel pathway (carbon intensity or CI) reports.**

(a) **Applicability.** The following persons must meet the requirements of this chapter and engage the services of a verification body for the purposes of annual verification, including required site visit(s), for each annual fuel pathway report submitted under this chapter, except as otherwise provided under subsection (b):

(i) Holders of certified fuel pathways that supplied site-specific CI data for pathway certification and are required to update site-specific CI data on an annual basis; and

(ii) Specified source feedstock suppliers and other persons with site-specific CI data that apply for separate ecology recognition as a joint applicant and elect to be responsible for separate verification as specified in WAC 173-424-610 (9)(g)(iii)(C)(II).

(b) **Verification schedule.** Responsible entities that are subject to the subsection (a) requirement to engage the services of a verification body to perform verification of annual fuel pathway reports (CI) must ensure a fuel pathway verification statement for each fuel pathway report is submitted to ecology according to WAC 173-424-810.

(i) Annual Verification. Verification statements are due to ecology by September 15 of the year the annual Fuel Pathway Report is submitted, beginning in 2027 for 2026 data, unless eligible to defer verification, as specified in (b)(ii) of this subsection.

(ii) Deferred Verification. Fuel pathway holders producing alternative fuels may defer verification of their annual Fuel Pathway Reports for each production facility up to two years if the quantity of fuel produced at the production facility and reported by any entity does not result in 6,000 or more credits and/or deficits generated in WFRS-CBTS during the prior calendar year and does not include a fuel pathway with biomethane or hydrogen supplied using book-and-claim accounting pursuant to WAC 173-424-610 (9)(g)(iii)(C)(II)). Fuel pathway holders classified as joint applicants are not eligible to defer

verification. The verification body must submit fuel pathway verification statements to ecology for all prior unverified reports on or before September 15 of the year verification is required or conducted for the production facility.

(iii) Quarterly review of operational CI data is optional and may only be included as part of annual verification services if the fuel pathway holder submits quarterly data to ecology. Quarterly review may only be conducted after the fuel pathway holder submits the report and attests that the statements and information submitted are true, accurate, and complete. Quarterly review does not replace the requirements for the verification team to consider all quarterly data submitted during annual verification. Quarterly review must meet the requirements for verification under this chapter, but a verification statement and verification report are not submitted after quarterly review.

(iv) Facilities with California or Oregon pathways recertified in Washington. A responsible entity that must meet the requirements of this chapter for the purposes of annual verification for any fuel production facility that is also subject to annual or deferred verification under CARB's LCFS or OR-DEQ's CFP must submit its verification statement to ecology within ten calendar days of its comparable submittal to CARB or OR-DEQ. If the responsible entity received an adverse verification statement, it must also submit the log of issues as specified in WAC 173-424-830(2)(h) at the same time it submits the verification statement to ecology.

(A) For responsible entities that operate facilities with one or more Washington fuel pathway codes that are a recertification of California or Oregon fuel pathway codes, the verification statement submitted to CARB or OR-DEQ must be submitted to ecology according to the verification deadline specified under WAC 173-424-810.

(B) For responsible entities that operate facilities with one or more fuel pathway codes that are not a recertification of California or Oregon fuel pathway codes, but have active California or Oregon fuel pathway codes, the fuel pathway holder must ensure the following:

(I) That when verification services are provided, the inputs and annual operational carbon intensity are confirmed under WA-GREET as required under WAC 173-424-830(2)(i); and

(II) That a fuel pathway verification statement for each annual fuel pathway report is submitted to ecology according to WAC 173-424-810.

(v) If a fuel pathway holder is eligible for deferred verification under the California or Oregon program, the fuel pathway holder must notify ecology before April 30 of each year. If fuel from the facility results in 6,000 or more total credits and deficits in Washington, then the fuel pathway holder must engage the services of a verification body to perform verification and ensure a fuel pathway verification statement for each annual fuel pathway report is submitted to ecology according to WAC 173-424-810.

**(3) Annual verification of CFS quarterly reports.**

(a) Applicability. The following persons must meet the requirements of this chapter and engage the services of a verification body for the purposes of annual verification under this chapter, including required site visit(s), for CFP quarterly reports submitted under WAC 173-424-410, except as otherwise provided under (b) of this subsection:

(i) Regulated parties, credit generators, and aggregators subject to WAC 173-424-810. The scope of verification services is limited to the transaction types under paragraph (ii), including associated corrections submitted into CFS quarterly and annual reports.

(ii) Except as provided in subsection (b), reporters of volumes for any of the following transaction types must engage the services of a verification body to perform verification for the following transaction types:

(A) All liquid fuels, including:

(I) Production in Washington;

(II) Production for Import;

(III) All Import transactions;

(IV) Exports, or Position Holder Sale for Export if that transaction is used with the undefined business partner;

(V) Gain of inventory;

(VI) Loss of inventory;

(VII) Not used for transportation; and

(VIII) Transactions used to claim exempt fuel uses under WAC 173-424-130.

(B) NGV fueling;

(C) Propane fueling;

(D) For the following hydrogen-based transaction types:

(I) Forklift Hydrogen Fueling; and

(II) Fuel Cell Vehicle (FCV) Fueling.

(E) For the following electricity-based transaction types:

(I) eCHE Fueling;

(II) eGSE Fueling;

(III) eOGV Fueling;

(IV) eTRU Fueling;

(V) EV charging, except for non-metered residential EV charging as specified under WAC 173-424-420(3)(b);

(VI) Fixed Guideway Electricity Fueling; and

(VII) Forklift Electricity Fueling.

(F) FCV Fueling for hydrogen produced from biomethane supplied using book-and-claim accounting pursuant to WAC 173-424-610 (9)(g)(iii)(C)(II).

(b) **Verification schedule.** Responsible entities under subsection (a) required to engage the services of a verification body to perform annual verification of CFS quarterly reports must ensure a transactions data verification statement is submitted to ecology according to WAC 173-424-810.

(i) Annual Verification. The responsible entity must ensure a transactions verification statement is submitted annually by September 15, as specified in WAC 173-424-810(3), to ecology for the prior calendar year of data unless specified otherwise in items (ii) and (iii) of this subsection. Quarterly review of a Quarterly Fuel Transactions Report may only be included as part of annual verification services after the responsible entity submits the report and attests that the statements and information submitted are true, accurate, and complete.

(ii) Deferred Verification. Fuel reporting entities may defer annual verification of their Quarterly Fuel Transactions Reports up to two years if they do not generate 6,000 or more credits and/or 6,000 or more deficits in the WFRS-CBTS during the prior calendar year. Any fuel quantity reported under a pathway with biomethane or hydrogen supplied using book-and-claim accounting pursuant to WAC 173-424-610 (9)(g)(iii)(C)(II) is not eligible for deferred verification. The verification body must submit transactions verification statements to ecology for all prior unverified reports on or before September 15 of the year verification is required or conducted for the reporting entity.

(iii) Verification Exemption for Designated Liquid Fuel Transactions. Entities reporting fuel transactions as Export, Gain of Inventory, Loss of Inventory, and Not Used for Transportation, which do not result in 6,000 or more credits and/or 6,000 or more deficits generated in the WFRS-CBTS in a calendar year, are exempt from verification of the Quarterly Fuel Transactions Reports for that calendar year if all the following conditions are met:

(A) The entity did not report any liquid fuel using the transaction types: Production in Washington, Production for Import, or Import; and

(B) The entity did not report any transactions specified in section WAC 173-424-820(3)(ii)(B) through (F).

(c) **Optional quarterly review.** Quarterly review of a CFS quarterly report is optional and does not replace the requirements for the verification team to consider all quarterly data submitted during annual verification. Quarterly review must meet the requirements of this chapter, but a verification statement and verification report are not submitted after quarterly review.

#### **(4) Verification of Crude Oil Quarterly and Annual Volumes Reports.**

(a) Applicability. Entities submitting crude oil volume data must obtain the services of a verification body accredited by ecology for purposes of conducting verification

services, including required site visit(s), for Crude Oil Quarterly and Annual Volumes Reports submitted under this chapter.

(b) Verification Schedule. Entities required to contract for verification of Crude Oil Quarterly and Annual Volumes Reports must ensure a crude oil volume verification statement for the prior calendar year of data is submitted to ecology annually by September 15. Quarterly review of a Crude Oil Quarterly Volumes Report may only be conducted as part of annual verification services after the entity submits the quarterly report and attests that the statements and information submitted are true, accurate, and complete.

**(5) Annual verification of CFS annual carbon sequestration project reports.**

(a) Applicability. The following persons must meet the requirements of this chapter and engage the services of a verification body for the purposes of annual verification, including required site visit(s), for CFS carbon capture and sequestration project reports required to be submitted as a condition of a fuel pathway's continued approval under WAC 173-424-610(9)(g)(v).

(i) Project operators of carbon sequestration projects; and

(ii) Joint applicants for carbon sequestration projects.

(b) Verification schedule. Responsible entities under subsection (a) required to engage the services of a verification body to perform verification of CFS project reports must ensure a project report verification statement is submitted annually to ecology on or before September 15, as specified by WAC 173-424-810.

**WAC 173-424-830 Requirements for Validation and Verification Services.**

**(1) Notice of verification services.**

(a) Before a verification body commences any verification services for the responsible entity, the responsible entity must ensure the verification body submits a notice of verification services to ecology that meets the requirements of WAC 173-424-810 through 850. The notice must be submitted to ecology after ecology has provided a determination that the potential for a conflict of interest is acceptable, as specified in WAC 173-424-850(7), and that verification services may proceed.

(i) If the conflict of interest evaluation submitted by the responsible entity and the notice of verification services submitted by the verification body are submitted at the same time, verification services may not begin until ecology has determined the potential for conflict of interest is acceptable in writing.

(ii) Except as provided in subsection (a), the verification body may begin verification services for the responsible entity after the notice of verification services is received by ecology. However, the verification body must allow a minimum of 14 calendar days advance notice of a site visit unless an earlier date is approved by ecology. The site visit

may not take place prior to the applicable regulatory deadline for the reporting type to be verified, except under the conditions listed in WAC 173-424-830(2)(c)(ii)(A).

(b) The verification notice must include all of the following information:

(i) A list of the staff designated to provide verification services as a verification team, including the names of each individual, the lead verifier, and all subcontractors, and a description of the roles and responsibilities each member will have during verification. The independent reviewer must also be listed separately. The list must include any verifiers in training who will participate on the verification team.

(ii) Documentation that the verification team has the skills required to provide verification services for the responsible entity and the type of report or fuel pathway application requiring verification. The notice must include a demonstration that the verification team includes at least one individual approved by ecology as a sector-specific verifier that is not also the independent reviewer, but may be the lead verifier, as required under the following conditions:

(A) Specified competency as evidenced by experience in alternative fuel production technology and process engineering when providing validation services for fuel pathway applications or verification services for Fuel Pathway Reports; and

(B) Specified competency as evidenced by accreditation by CARB as an oil and gas systems specialist pursuant to Mandatory Reporting Requirements (MRR) when providing verification services for Quarterly Fuels Transactions Reports submitted by producers and importers of gasoline or diesel, Crude Oil Quarterly and Annual Volumes Reports, and Carbon Sequestration Reports as listed under WAC 173-424-820.

(iii) General information about the responsible entity, including the following:

(A) Name and list of facilities and other locations that will be subject to verification, and contact, address, telephone number, and e-mail address for each facility;

(B) The CFS company and/or facility ID(s) for the responsible entity, as required under WAC 173-424-420 and 610;

(C) The date(s) of the site visit, if full verification is required under WAC 173-424-810(4) and 173-424-830(2)(c), with physical address and contact information; and

(D) A brief description of expected verification services to be provided, including expected completion date and whether quarterly review is planned in the context of an annual verification requirement.

(c) The responsible entity must ensure the verification body submits an updated notice of verification services to ecology immediately if any of the information provided under this subsection changes after the notice of verification services is submitted to ecology. When an updated notice of verification services is submitted to ecology, the conflict-of-interest must be reevaluated and information must be resubmitted according to WAC 173-424-850(6) through 173-424-850(8), except WAC 173-424-850(7)(b) and 173-424-

850(7)(c). Verification services must be suspended until ecology approves the resubmitted conflict of interest evaluation information in writing.

**(2) Verification services must include, but are not limited to, the following:**

**(a) Scoping of Validation or Verification Services.**

(i) Before beginning work on a validation or verification, the responsible entity and the verification team must discuss the activities and scope of the validation or verification services, and the responsible entity must provide information and documents requested by the verification team to conduct the verification services.

(ii) The verification team must review original documents and supporting data provided to them by the responsible entity.

(iii) Before conducting any site visits, the verification team must create a validation or verification plan that meets the requirements of WAC 173-424-830(2)(b) and a draft sampling plan that meets the requirements of WAC 173-424-830(2)(d).

**(b) Validation or verification plan.**

(i) The verification team must develop a validation or verification plan that meets the requirements under WAC 173-424-810 through 850.

(ii) All validation and verification plans must contain information on the timing of verification services, including:

(A) Dates of proposed meetings and interviews with personnel of the responsible entity;

(B) Dates of proposed site visits;

(C) Types of proposed document and data reviews and, if applicable, how quarterly review is planned in the context of an annual verification requirement; and

(iii) The expected date for completing validation or verification services. The validation or verification plan must be based on the information from the responsible entity and must include all the following:

(A) Information to allow the verification team to develop an understanding of facility or entity boundaries, operations, accounting practices, type of CFS report(s) the entity is responsible for, CFS regulatory sections the entity is subject to, other renewable or low carbon fuels markets the entity participates in, and other mandatory or voluntary auditing programs the responsible entity is subject to, as applicable;

(B) Information regarding the training or qualifications of personnel involved in developing the report(s) or fuel pathway application(s);

(C) Description of the specific methodologies used to quantify and report data, as required in this chapter, which are needed to develop the validation or verification plan, including but not limited to calibration procedures and logs for measurement devices capturing site-specific data;

(D) Information about the data management systems and accounting procedures used to capture and track data for fuel pathway application(s) and each type of CFS report(s), as needed to develop the validation or verification plan;

(E) Information about the entities in the supply chain upstream and downstream of the fuel producer that contribute to site-specific CI data, including a list of feedstock suppliers and contact names with physical addresses;

(F) Evidence demonstrating that any joint applicants are being separately verified; and

(G) Previous CFS validation and verification reports, as applicable, and other audit reports including reports from production or management system certifications and internal audits; and

(H) For aggregators, information about the entities the aggregator reports on behalf of, including a list of reporting entities and the fuel type(s) they report.

(c) **Site visits.**

(i) Verification services must include site visit(s) that meet the requirements under WAC 173-424-810(4) and 830(2)(c).

(ii) Site visit(s) conducted as part of verification services for validation or verification of fuel pathway applications or CFS reports submitted must meet the requirements of this section:

(A) Site visits must occur after all data and CFS reports for the previous calendar year have been attested to and submitted to ecology, except that a site visit may be conducted as part of a quarterly review if:

(I) No aspects of the data management systems or accounting practices change following the site visit; and

(II) There are no significant changes to the fuel production process or facility when the verification is for an annual fuel pathway report.

(B) At least one ecology-approved lead verifier on the verification team, including the sector specific verifier, if applicable, must at a minimum make one site visit to each facility during each year full verification is required under WAC 173-424-810(4). If the responsible entity keeps records supporting a report or fuel pathway application subject to verification under this chapter in a location that is different from the fuel production facility, then such verifier(s) must at a minimum make one site visit to the location where those records are stored;

(C) A separate site visit is required if a responsible entity elects to engage the services of a verification body to provide verification services for a fuel pathway application; and

(D) For aggregators, the verifier(s) must make at least one site visit to the location where the aggregator's records are stored. Additional site visits to the entities using an

aggregator are to be performed at the verifier's discretion and must follow the requirements for sampling outlined in subsection (d) of this section.

(E) The following must be conducted during a site visit:

(I) Review supporting evidence used to develop CFS reports listed in WAC 173-424-820 submitted to ecology;

(II) Review and understand the data management systems and accounting practices used by the responsible entity to acquire, process, track, and report CFS data; and evaluate the uncertainty and effectiveness of these systems; and

(III) Carry out tasks that, in the professional judgment of the verification team, are needed in the verification process, including the following, at minimum:

(i) Conduct interviews with key personnel, such as process engineers, metering experts, accounting personnel, and project operators, as well as staff involved in compiling data and preparing the CFS reports;

(ii) Make direct observations of production equipment, confirming diagrams for processes, piping, and instrumentation; measurement system equipment; and accounting systems for data types determined in the sampling plan to be high risk;

(iii) Assess conformance with measurement accuracy, data capture, temporary measurement method requirements, and the monitoring plan for consistency with the requirements of this chapter; and

(iv) Review financial transactions to confirm complete and accurate reporting.

(d) **Sampling plan.** As part of validating fuel pathway applications and verifying CFS reports the verification team must develop a sampling plan that meets all the following requirements:

(i) The sampling plan must be developed based on a strategic analysis developed from document reviews and interviews to assess the likely nature, scale, and complexity of the verification services for a responsible entity and type of report or fuel pathway application. The analysis must review the inputs for the development of the submitted report(s) and fuel pathway application(s), the rigor and appropriateness of data management systems, and the coordination within the responsible entity's organization to manage the operation and maintenance of equipment and systems used to develop submitted report(s) and fuel pathway application(s);

(ii) The sampling plan must include a ranking of data sources by relative contribution to the data type to be assessed for material misstatement and a ranking of data sources with the largest calculation uncertainty, including risk of incomplete reporting, based on type of report or fuel pathway application;

(iii) The sampling plan must include a qualitative narrative of uncertainty risk assessment in the following areas:

(A) Data acquisition equipment;

- (B) Data sampling and frequency;
- (C) Data processing and tracking;
- (D) Tracking of fuel transportation into Washington State to include modes of transportation and distances traveled, as applicable for CFS fuel pathway applications or annual fuel pathway reports;

- (E) CI calculations, as applicable;

- (F) Fuel pathway code allocation methodology, as applicable; and

- (G) Management policies or practices in developing CFS reports.

(iv) After the verification team completes the strategic analysis and risk assessment required by WAC 173-424-830(2)(d)(i) through (iii), the sampling plan must include a list with the information described in WAC 173-424-830(2)(d)(iv)(A) through (C) below. The sampling plan list must be updated and finalized before the completion of verification services. The final sampling plan must describe in detail how the identified risks were addressed during the verification. When quarterly reviews are conducted as part of annual verification services, the final sampling plan must describe in detail how the risks and issues identified for the annual data set were addressed during each quarterly review and final annual verification.

- (A) Data sources that will be targeted for document reviews, data checks as specified under WAC 173-424-830(2)(e), and an explanation of why they were chosen;

- (B) Methods used to conduct data checks for each data type; and

- (C) A summary of the information analyzed in the data checks and document reviews conducted for each data type.

(v) Specified source feedstocks included in CFS fuel pathway applications and annual fuel pathway reports that require verification must be included in the scope of verification services. When verification is not required for a fuel pathway, specified source feedstocks must be included in the scope of verification of the CFS quarterly reports. The verification team must use professional judgment and include in its risk assessment and sampling plan its analysis of the need for a desk review or site visit for verification of any entity in the feedstock chain of custody. This analysis must include an evaluation of the need to trace feedstock through feedstock suppliers, including aggregators, storage or pretreatment facilities, and traders or brokers, to the point of origin. If an error is detected during data checks of records maintained by the responsible entity, the risk assessment and sampling plan must be updated to assure specified source feedstock characterization and quantities to the point of origin.

- (vi) Sampling plans for aggregators of credit generators must include the following:

- (A) A ranking of credit generators by relative contribution to the data type to be assessed for material misstatement and a ranking of credit generators with the largest calculation uncertainty;

(B) A qualitative narrative of uncertainty risk assessment for credit generations according to the requirements of (d)(iii) of this section; and

(C) An indication of whether the verification team intends to make a site visit(s) to credit generators listed based on the risk assessments described in this subsection.

(vii) The verification team must revise the sampling plan to describe tasks completed as information becomes available and potential issues emerge with material misstatement or nonconformance with this chapter.

(viii) The verification body must retain the sampling plan and all material received, reviewed, or generated according to the recordkeeping requirements of WAC 173-424-400(1). The sampling plan must be made available to ecology upon request.

(e) **Data checks.**

(i) Verification services must include data checks to determine the reliability of the submitted report in the fuel pathway applications and CFS reports, as applicable. Data checks must focus on the most uncertain data and on data with the largest contributions to greenhouse gas emissions (including life cycle greenhouse gas emissions) and greenhouse gas emission reductions.

(ii) The selection of data checks must meet all the following requirements:

(A) The verification team must use data checks to ensure that the appropriate methodologies and emission factors have been applied for the data submitted in applications and reports required in this rule;

(B) The verification team must choose data checks to ensure the accuracy of the data submitted in applications and reports required in this rule;

(C) The verification team must choose data checks based on the relative contribution to greenhouse gas emissions or reductions and the associated risks of contributing to material misstatement or nonconformance, as indicated in the sampling plan;

(D) The verification team must use professional judgment in establishing the extent of data checks for each data type, as indicated in the sampling plan, which are needed for the team to conclude with reasonable assurance whether the data type specified for the application or report is free of material misstatement.

(E) At a minimum, the data checks must include the following:

(I) Tracing data in the application or report to its origin;

(II) Reviewing the procedure for data compilation and collection;

(III) Recalculating intermediate and final data to check original calculations;

(IV) Reviewing calculation methodologies used by the responsible entity for conformance with this chapter; and

(V) Reviewing meter and analytical instrumentation measurement accuracy and calibration for consistency with the requirements of this chapter.

(F) The verification team is responsible for determining via data checks whether there is reasonable assurance that the application or report conforms to the requirements of this chapter.

(G) The verification team must compare its own calculated results with the submitted data in order to confirm the extent and impact of any omissions and errors. Any discrepancies must be investigated. The comparison of data checks must also include the following:

- (I) A narrative to indicate which data were checked;
- (II) The quantity of data evaluated for each data type;
- (III) The percentage of reported source data covered by data checks; and
- (IV) Any separate discrepancies that were identified in the CFS report or fuel pathway application.

**(f) Documentation of differences and modifications to reports and fuel pathway applications.**

(i) While conducting verification services and data checks, the verification team must:

A) Determine correctable errors using professional judgment, including whether differences are not errors but result from truncation, rounding, or averaging; and

B) Document the source of any difference identified, including whether the difference results in a correctable error or whether the difference does not require further investigation because it is the result of truncation, rounding, or averaging.

(ii) As a result of data checks conducted by the verification team and before completion of a verification statement(s), the responsible entity must fix all correctable errors that affect the data in the submitted report or fuel pathway application, and submit a revised report or fuel pathway application to ecology.

A) Failure to fix all correctable errors identified before the completion of the verification services and submit a revised report or fuel pathway application to ecology will result in an adverse verification statement.

B) Failure to fix misreported data that do not affect credit or deficit calculations in CFS reports submitted under this chapter represents a nonconformance but does not, absent other errors, result in an adverse verification statement.

**(g) Findings.**

(i) To verify that the application or report is free of material misstatements, the verification team shall make its own calculation of the specified data types reported by substituting the checked data from WAC 173-424-830(2)(e).

(ii) The verification team must determine whether there is reasonable assurance that the fuel pathway application or CFS report does not contain a material misstatement

calculated pursuant to WAC 173-424-830(2)(j) and (k) using the units required by the applicable parts of this chapter.

(iii) To assess conformance with this chapter, the verification team must review the methods and factors used to develop the fuel pathway application or report for adherence to the requirements of this chapter and identify whether other requirements of this chapter are met.

(h) **Log of issues.**

(i) The verification team must keep a log that documents any issues identified in the course of verification services that may affect determinations of material misstatement and nonconformance, whether identified by the verification team, the responsible entity, or ecology, regarding the original or subsequent application or report versions. The log of issues must:

A) Identify the regulatory section related to the nonconformance or potential nonconformance, if applicable, and indicate if the issues were corrected by the entity required to contract for verification services prior to completing the verification services;

B) Document any other concerns that the verification team has with the preparation of the application or report and communicate the concerns to the responsible entity during the course of verification services; and

C) Indicate whether each issue has a potential bearing on material misstatement, nonconformance, or both, and whether an adverse verification statement may result if not addressed.

(ii) If quarterly review is conducted before an annual verification for CFS reports, any issues identified that may affect determinations of material misstatement or nonconformance must be documented in the log of issues during the quarterly review. The log of issues for the annual verification must include the cumulative record of issues from all quarterly reviews, as well as the annual verification.

(i) **Material misstatement assessments for fuel pathways and quarterly fuel transactions.**

(i) The verification team must conduct separate assessments of material misstatement on each calculated operational CI value and each quarterly fuel transaction quantity for each fuel pathway code (expressed in units from the applicable sections of this chapter). Material misstatement assessments are not conducted for quarterly review.

(ii) Assessments of material misstatement of carbon intensity must meet all the requirements of WAC 173-424-830(2)(i).

(A) A controlled version of the Simplified CI Calculator for Tier 1 pathways, an ecology-approved WA-GREET for Tier 2 pathways, or another substantially equivalent model approved by ecology for the specific fuel pathway application under WAC 173-424-

600(1), as applicable, must be populated to assess whether a fuel pathway application or report contains a material misstatement of carbon intensity.

(B) Each fuel pathway CI is subject to data checks in WAC 173-424-830(2)(e) and must be assessed separately for material misstatement. The inputs and annual operational carbon intensity for fuel pathway codes that are not a recertification of a California or Oregon Fuel Pathway Code(s) but have an active California or Oregon Fuel Pathway Code(s) must be assessed.

(C) One or more material misstatements results in a finding of material misstatement for the fuel pathway application or for the fuel pathway report.

(D) Material misstatement of carbon intensity includes any discrepancy as described in paragraph (I) of this subitem, omission as described in paragraph (II) of this subitem, or misreporting as described in paragraph (III) of this subitem, or aggregation of the three, identified in the course of verification services that leads a verification team to believe that the reported operational CI (grams of carbon dioxide equivalent per megajoule or gCO<sub>2</sub>e/MJ) in a CFS fuel pathway application or report contains one or more errors that, individually or collectively, result in an overstatement or understatement more than five percent of the reported operational CI, or 2 gCO<sub>2</sub>e/MJ, whichever absolute value expressed in gCO<sub>2</sub>e/MJ is greater.

(I) Discrepancies means any differences between the reported site-specific CI inputs and the verifier's calculated site-specific CI inputs subject to data checks under WAC 173-424-830(2)(e).

(II) Omissions means any site-specific CI inputs or associated source data the verifier concludes must be part of a fuel pathway application or report but were not included.

(III) Misreporting includes duplicate, incomplete, or other CI input data the verifier concludes should or should not be part of a fuel pathway application or report.

(E) The following equations for percent error, relative error threshold, and absolute error threshold must be used to determine whether any reported operational CI value contains a material misstatement of carbon intensity and must be in the final verification report pursuant to WAC 173-424-830(3)(c)(i)(A)(IX).

$$\text{Percent error} = \left( \frac{\sum | \text{Difference in CI} |}{| \text{Reported Operational CI} |} \right) \times 100\%$$

$$\text{Relative error threshold (CI)} = | \text{Difference in CI} | \geq 0.05 \times | \text{Reported Operational CI Value} |$$

$$\text{Absolute error threshold (CI)} \geq 2.00 \text{ gCO}_2\text{e/MJ}$$

Where:

"| Difference in CI |" means the absolute value result of the reported operational CI minus the verifier's calculation of CI. The verifier's calculation of CI is based on site-

specific data inputs modified to include discrepancies, omissions, and misreporting found during the course of verification services;

“|Reported Operational CI Value|” means the absolute value of the operational CI submitted in the fuel pathway application or fuel pathway report.

(iii) Assessments of material misstatement of quarterly fuel quantity for each fuel pathway code must meet all the requirements of this section.

A) Each aggregated quarterly fuel quantity for each fuel pathway code is subject to data checks under WAC 173-424-830(2)(e) and must be assessed separately for material misstatement of quarterly fuel quantity.

B) One or more material misstatements of quarterly fuel quantity will result in a finding of material misstatement for the annual verification of the quarterly fuel quantity for each fuel pathway code.

C) Material misstatement of quarterly fuel quantity includes any discrepancy as described in paragraph (I) of this subsection, omission as described in paragraph (II) of this subsection, or misreporting as described in paragraph (III) of this subsection, or aggregation of the three, identified in the course of verification services that leads a verification team to believe that the reported fuel quantity for each fuel pathway code per quarter in a CFS quarterly report contains one or more errors that, individually or collectively, result in an overstatement or understatement greater than five percent.

(I) Discrepancies include any differences between the fuel quantity for the fuel pathway code reported and the verifier’s review of calculation of fuel quantity subject to data checks under WAC 173-424-830(2)(e).

(II) Omissions include any fuel quantity the verifier concludes must be part of a quarterly report but was not included.

(III) Misreporting includes duplicate, incomplete, or other fuel quantity data the verifier concludes should or should not be part of a quarterly report.

D) The following equation for percent error must be used to determine whether any quarterly fuel quantity for each fuel pathway code contains a material misstatement of quarterly fuel quantity and must be included in the final verification report according to WAC 173-424-830(3)(c)(i)(A)(IX).

$$\begin{aligned} & \textit{Percent error (fuel quantity)} \\ &= \frac{\sum(\textit{Discrepancies} + \textit{Omissions} + \textit{Misreporting})}{\textit{Reported quarterly fuel transaction quantity for FPC}} \times 100\% \end{aligned}$$

Where:

“Reported Quarterly Fuel Transaction Quantity for FPC” means the total of all reported fuel quantities for each fuel pathway code for each transaction type specified in WAC 173-424-820(3)(a) for each quarter for which the verifier is conducting a material misstatement assessment.

E) When evaluating material misstatement of quarterly fuel quantity, correctly substituted missing data must be deemed to be accurate, regardless of the amount of missing data.

**(j) Material misstatement assessment for carbon sequestration project reports.**

(i) The verification team must conduct separate assessments of material misstatement of project data for each carbon sequestration project report submitted under this chapter. The assessments of material misstatement of project data must meet all the requirements of this rule.

(ii) Material misstatement of project data includes any discrepancy as described in subsection (A) of this section, omission as described in subsection (B) of this section, or misreporting as described in subsection (C) of this section, or aggregation of the three, identified in the course of verification services that leads a verification team to believe that the project report contains one or more errors that, individually or collectively, result in an overstatement greater than five percent of the responsible entity's reported emissions reductions.

(A) Discrepancies include any differences between the reported GHG emissions reductions in the project report and the verifier's calculated value based on data checks under WAC 173-424-830(2)(e).

(B) Omissions include any emissions, excluding any GHG emissions reductions, the verifier concludes must be part of the project report, but were not included.

(C) Misreporting includes duplicate, incomplete, or other GHG emissions or emissions reductions data the verifier concludes should or should not be part of the project report.

(iii) A material misstatement of project data is not found when discrepancies, omissions, or misreporting, or an aggregation of the three, result in an understatement of reported emissions reductions in the project report.

(iv) The following equation for percent error must be used to determine whether the greenhouse gas reductions quantified and reported in the project report contain a material misstatement of project data and must be included in the final verification report according to WAC 173-424-830(3)(c)(i)(A)(IX).

$$\begin{aligned} & \textit{Percent error (project data)} \\ &= \frac{\sum(\textit{Discrepancies} + \textit{Omissions} + \textit{Misreporting})}{\textit{Reported GHG emissions reduction}} \times 100\% \end{aligned}$$

Where:

“Reported GHG emissions reduction” means the total of all greenhouse gas emissions reductions reported in the Project Report for which the verifier is conducting a material misstatement assessment.

(v) Any discrepancies, omissions, or misreporting found must include the positive or negative impact on the reported emissions reductions when entered in the material misstatement equation in WAC 173-424-830(2)(j)(iv). The reported project data contain a material misstatement if the 5.00 percent error threshold is exceeded.

(vi) When evaluating material misstatement of project data, correctly substituted missing data must be deemed to be accurate, regardless of the amount of missing data.

(k) **Crude Oil Quarterly and Annual Volumes Reports.** Material misstatement assessment does not apply to data submitted in crude oil quarterly and annual volumes reports, but the data must be assessed for reasonable assurance of conformance with this chapter.

(l) **Review of Missing Data Substitution.**

(i) If a source selected for a data check was affected by a loss of data used for the reported data in the fuel pathway application or CFS report, then the verification team must confirm that the reported data were calculated using:

(A) The applicable missing data procedures under this chapter; or

(B) A temporary method as permitted under WAC 173-424-610 and described in WAC 173-424-110(186). A temporary method may be used for a source that was affected by a loss of data for a period not to exceed six months. Missing data covering a period longer than six months during a calendar year requires an ecology-approved alternate method; or

(C) An ecology-approved alternate method.

(ii) If a source selected for a data check was affected by a loss of data used for the reported data in the report or fuel pathway application, the verification team must note the date, time, and source of any plan substitutions discovered during the course of verification in the validation or verification report.

(3) **Independent review and completion of verification services.**

(a) **Validation or verification statement.** The verification body must complete a validation or verification statement(s) upon completion of verification services, provide its statement to the responsible entity, and submit its statement to ecology by the applicable verification deadline specified under WAC 173-424-810(3). Each positive, qualified positive, or adverse verification statement must describe the findings of the verification; and

i) For every qualified positive validation or verification statement, the verification body must explain the nonconformances contained within the report or fuel pathway application and cite the sections(s) in this chapter that corresponds to the nonconformance and why the nonconformances do not result in a material misstatement; and

ii) For every adverse validation or verification statement, the verification body must explain all nonconformances or material misstatements leading to the adverse verification statement and cite the sections(s) in this chapter that corresponds to the nonconformance(s) and material misstatement(s).

(b) **Independent review.** The verification body must have the verification services and findings of the verification team independently reviewed by an independent reviewer before each validation or verification statement is completed. The independent reviewer must:

(i) Be employed by the verification body and must be a lead verifier not involved in verification services for the responsible entity during that reporting year or for that fuel pathway application period, but does not need to be a sector specific verifier;

(ii) Serve as a final check on the verification team's work to identify any significant concerns, including:

(A) Errors in planning;

(B) Errors in data sampling; and

(C) Errors in judgment by the verification team that are related to the draft validation or verification statement.

(iii) Maintain independence from the verification services by not making specific recommendations about how the verification services should be performed; and

(iv) Review documents applicable to the verification services provided, and identify any failure to comply with requirements of this chapter and with the verification body's internal policies and procedures for providing verification services. The independent reviewer must concur with the verification findings before the verification body issues the validation or verification statement.

(c) **Completion of Findings and Validation or Verification Report and Statement.**

(i) The verification body must provide the responsible entity with the following:

(A) A detailed validation or verification report, which must at a minimum include:

(I) A list of all verification team members that provided verification services, including identification of verifiers, lead verifiers, sector specific verifiers, verifiers in training and the independent reviewer;

(II) A detailed description of the facility or entity including all data sources and boundaries;

(III) A detailed description of entities in the supply chain contributing CI parameters;

(IV) A detailed description of the accounting procedures and data management systems, including data acquisition, tracking, and emissions calculation, as applicable;

(V) The validation or verification plan;

(VI) The detailed comparison of the data checks conducted during verification services;

(VII) The log of issues identified in the course of verification services and their resolution;

(VIII) Any qualifying comments on findings during verification services; and

(IX) Findings of omissions, discrepancies, and misreporting and the material misstatement calculations required in WAC 173-424-830(2)(i) and (j).

(B) The validation or verification statement(s) at the same time as or before the final validation or verification statement is submitted to ecology. The detailed validation or verification report must be made available to ecology upon request.

(v) The verification team must have a final discussion with the responsible entity explaining the verification team's findings and notify the responsible entity of any unresolved issues noted in the issues log before the validation or verification statement is finalized.

(vi) Attestations in the validation or verification statement. The validation or verification statement must contain the following attestations:

(A) The verification body must attest whether it has found the submitted report or fuel pathway application to be free of material misstatement, and whether the report or fuel pathway application is in conformance with the requirements of this chapter;

(B) The lead verifier on the verification team must attest in writing that the verification team has carried out all verification services as required by this chapter. The lead verifier must attest in writing to ecology as follows:

"I certify under penalty of perjury under the laws of the State of Washington that the verification team has carried out all validation or verification services as required by this chapter."; and

(C) The lead verifier that has performed the independent review of verification services and findings must attest to their independent review on behalf of the verification body and their concurrence that the findings are true, accurate, and complete. The lead verifier who has conducted the independent review must attest in writing to ecology as follows:

"I certify under penalty of perjury under the laws of the State of Washington that I have conducted an independent review of the validation or verification services and findings on behalf of the verification body as required by this chapter and that the findings are true, accurate, and complete."

(vii) Procedures for potential adverse validation or verification statement and petition process.

(A) Prior to the verification body providing an adverse validation or verification statement for the application or report to ecology, the verification body must notify the

responsible entity of the potential of an adverse validation or verification statement, and provide at least 14 days to modify the application or report(s) to correct any material misstatement or nonconformances found by the verification team. When a verification body has provided notification to a responsible entity under this subsection:

- (I) The responsible entity must make modifications to correct any material misstatements or nonconformance found by the verification team;
- (II) The modified report, and validation or verification statement must be submitted to ecology before the applicable verification deadline specified in WAC 173-424-810, even if the responsible entity makes a request to ecology according to WAC 173-424-830(3)(c)(iv)(B) below; and
- (III) The verification body must provide notice to ecology of the potential for an adverse verification statement at the same time it notifies the responsible entity, and include in its notice to ecology the current issues log.

(B) When a verification body has provided notice under subsection (a) and the responsible entity and the verification body cannot reach agreement on modifications that result in a positive or qualified validation or verification statement because of a disagreement on the requirements of this chapter, the responsible entity may petition ecology before the verification deadline and before the validation or verification statement is submitted to make a final decision as to the verifiability of the submitted report or fuel pathway application. When the responsible entity files such petition with ecology:

- (I) The responsible entity must submit all information it believes is necessary for ecology to make a determination with its petition;
- (II) The responsible entity and the verification body must submit to ecology within ten calendar days any additional information requested by ecology;
- (III) Ecology will review the information submitted and, based on the requirements of this chapter and the submitted information, will make a determination on whether modifications are necessary in order for the verification body to issue a positive or qualified positive validation or verification statement, or if such a statement could be issued without modifications; and
- (IV) Ecology will notify both the responsible entity and the verification body of its determination.

**(d) Ecology review and approval of validation or verification statement and re-verification requirements.**

- (i) Ecology review of verification.
- (A) In addition to any other enforcement authority ecology may have, ecology retains full authority in determining whether to approve, modify, or reject any verification statement submitted to ecology for a report or fuel pathway application by a verification body on behalf of a responsible entity under this chapter.

(B) Ecology may issue an adverse verification statement for a report or fuel pathway application if it has information to support such a conclusion, even if it has received a positive verification statement from a verification body.

(C) Ecology may also issue an adverse verification statement for:

(I) Failure to submit a complete or accurate fuel pathway application or annual or quarterly report in a timely manner;

(II) Failure to conduct or complete third-party verification as required by this chapter; or

(III) Any other violation of this chapter.

(D) A responsible entity may file petition with ecology to resolve disagreement with the verification body on the requirements of this chapter.

(ii) **Re-verification requirements.**

(A) If a verification body submits a positive or qualified positive verification statement to ecology, ecology may reject and set aside the submitted validation or verification statement and require the applicable responsible entity to have a CFS report or fuel pathway application re-verified by a different verification body within 90 days if:

(I) Ecology finds an unacceptable level of conflict of interest according to WAC 173-424-850(2);

(II) Ecology finds a potential conflict of interest has arisen between the responsible entity and the verification body or any verifier engaged by the responsible entity to perform verification through monitoring as required under WAC 173-424-850(8);

(III) Ecology makes a determination that any of the bases for modification, suspension, or revocation of ecology approval under WAC 173-424-840(10) for a verification body or verifier engaged by the responsible entity to perform verification have occurred, and impacted the verification services provided, or impacted the verification statement(s) submitted to ecology;

(IV) An error is identified that affects the credit or deficit calculations in a CFP report(s) or fuel pathway application(s) submitted under this chapter; or

(V) A report that received a positive or qualified positive verification statement fails ecology verification or audit under WAC 173-424-830(3)(e).

(B) If ecology identifies an error and determines that the error does not affect the credit or deficit calculations in a CFP report or fuel pathway application, a correction may be made by the responsible entity without ecology set aside of the positive or qualified positive verification statement.

(C) A verification body may not continue to provide verification services to a responsible entity, and the responsible entity must have any report(s) or fuel pathway application(s) verified by a different verification body, upon receiving notification from the

verification body with which it is currently engaged to provide verification services of either of the following:

(I) A modification to ecology approval of the verification body or any members of the verification team that is relevant to the verification services being performed; or

(II) Suspension or revocation of ecology approval of the verification body or any members of the verification team.

(D) A responsible entity that must have a report or fuel pathway application verified by a different verification body according to paragraph (d)(ii)(C) of this subsection may contact ecology to request an extension if it believes it cannot meet the applicable verification deadline under WAC 173-424-810(3) and it must receive written approval from ecology of any extended deadline(s).

**(e) Data requests and audits.**

(i) Ecology Data Requests and Audits of responsible entity.

(A) Upon written request by ecology, the responsible entity must provide the data used to generate the application or report including all data available to the verification team in the conduct of validation or verification services, within 14 days of ecology's request.

(B) Upon written notification by ecology, the responsible entity must make itself, its personnel, and other entities in its feedstock and finished fuel supply chain, as applicable, available for an ecology audit.

(ii) Ecology Data Requests and Audits of verification bodies.

(A) Upon request by ecology, the verification body must provide ecology the validation or verification report given to the responsible entity, as well as the sampling plan, contracts for verification services, and any other supporting documents and calculations, within 14 days.

(B) Upon written notification by ecology, the verification body must make itself and its personnel available for an ecology audit.

**WAC 173-424-840 Applications and Criteria for Ecology Approval of Verification Bodies and Verifiers.**

**(1) Application for approval.** A business entity or person seeking ecology approval or renewal of ecology approval to perform verification under this chapter as a verification body or verifier must submit an application to ecology, on a form approved by ecology, that includes the following information:

(a) For verifier applications, a statement about whether the application is for approval as a verifier, a lead verifier, or a sector specific verifier;

(b) A statement about which specific types of fuel pathway applications or specific types of CFS reports submitted under Chapter 173-424-610 WAC, or any combination therein, for which the applicant is seeking approval to perform verification;

(c) Documentation demonstrating that the person or business entity holds the accreditation requirements described in subsection (2);

(d) Additional information as required by subsections (2) through (7), as applicable;

(e) A certification that the person or business entity agrees to comply with and be subject to the requirements of this chapter in relation to all verification work for responsible entities; and

(f) Any other information requested by ecology that ecology determines is relevant to determine whether to approve the applicant.

**(2) Application information and accreditation criteria for approval.** Any person or business entity that wants to perform verification under this chapter must provide documentation that the person has met all the following criteria for approval, as applicable for the type of verification approval the applicant seeks:

(a) The person or business entity holds an active accreditation under at least one of the following programs:

(i) CARB's Low Carbon Fuel Standard program (LCFS);

(ii) CARB's Mandatory Reporting of Greenhouse Gas Emissions program (MRR);

(iii) American National Standards Institute for Greenhouse Gas

Validation/Verification Bodies (ANSI); or

(iv) OR-DEQ's Clean Fuels Program (CFP); or

(v) A substantially equivalent program to one of the programs described in (i), (ii), (iii), or (iv) and approved by ecology.

(b) To provide verification services for CFS reports or fuel pathway applications submitted under this chapter, the person or business entity must hold accreditation under CARB's LCFS or OR-DEQ's CFP, or a substantially equivalent program approved by ecology;

(c) All applicants must submit additional information in the application with details of accreditation and verification experience, including but not limited to, recognition or designation as a lead verifier or sector specific verifier, and sector specific accreditations by CARB or organization-level sector accreditations by ANSI, as applicable, to demonstrate qualifications to provide verification services for specific types of fuel pathway applications or specific types of CFS reports submitted under Chapter 173-424-610 WAC, or any combination therein.

**(3) Application information and criteria for approval for a verification body.** To be approved as a verification body, the applicant must also submit the following information to ecology in the application:

(a) A list of all verification staff and subcontractors and a description of their duties and qualifications, including ecology-approved verifiers on staff. The applicant must demonstrate staff qualifications by listing each individual's education, experience, professional licenses, accreditations, status as verifier, lead verifier, or sector specific

verifier, and other relevant information. A verification body must employ or retain at least two lead verifiers, which may include retention as subcontractors. Any subcontractor used to meet minimum lead verifier requirements must be approved as a lead verifier by ecology.

(b) A list of any judicial proceedings, enforcement actions, or administrative actions filed against the verification body within the previous five years, with an explanation as to the nature of the proceedings;

(c) Documentation that demonstrates that the body maintains a minimum of four million U.S. dollars of professional liability insurance;

(d) Identification of services provided by the verification body, the industries that the body serves, and the locations where those services are provided;

(e) A detailed organizational chart that includes the verification body, its management structure, and any related entities; and

(f) The verification body's internal conflict of interest policy that identifies activities and limits to monetary or non-monetary gifts that apply to all employees and procedures to monitor potential conflicts of interest.

**(4) Application information and criteria for approval as a verifier.** To be approved as a verifier, the applicant must also submit the following information to ecology in the application:

(a) Applicants must indicate their employer or affiliated verification body on the application; and

(b) Applicants must demonstrate verification qualifications by providing information on education, experience, professional licenses, accreditations, status as verifier, lead verifier, or sector specific verifier, and other relevant information or other personal development activities that demonstrate communication, technical, and analytical skills necessary to perform verification. Evidence demonstrating necessary skills may include, but is not limited to:

(i) A bachelor's level college degree or equivalent in engineering, science, technology, business, statistics, mathematics, environmental policy, economics, or financial auditing; or

(ii) Work experience in a professional role involved in emissions data management, emissions technology, emissions inventories, environmental auditing, financial auditing, life cycle analysis, transportation fuel production, or other technical skills necessary to perform verification.

**(5) Application information and criteria for approval as a lead verifier for the CFS.** To be approved as a lead verifier for verification of CFS reports or fuel pathway applications submitted under this chapter, in addition to submitting information as

required by subsection (4), the applicant must also submit the following documentation to ecology in the application:

(a) Indication that the applicant is accredited as a lead verifier by CARB for the LCFS program, or is designated as a lead verifier by a substantially equivalent program approved by ecology;

(b) To be approved as a lead verifier for verification of fuel pathway applications or annual fuel pathway reports, the applicant must also submit documentation to ecology in the application that demonstrates experience in alternative fuel production technology and process engineering; and

(c) To be approved as a lead verifier for the verification of fuel transaction reports submitted by producers and importers of gasoline or diesel, crude oil quarterly and annual volume reports, and carbon sequestration project reports, the applicant must submit documentation to ecology in the application that demonstrates experience with oil and gas systems. This evidence may include accreditation as an oil and gas systems sector specific specialist.

**(6) Application information and criteria for approval as a sector specific verifier.**

To be approved as a sector specific verifier, in addition to submitting information as required by subsection (4), the applicant must also submit documentation to ecology in the application demonstrating at least two years of professional experience related to the sector in which the individual is seeking approval.

**(7) Verification training and exam requirements.**

(a) To be approved by ecology, applicants must take ecology-approved general verification training, sector specific verification training, CARB LCFS verification training, and Washington CFS specific verification training, as made available and deemed applicable by ecology based on the application submitted to ecology and for the type of approval the applicant has requested.

(b) Applicants must receive a passing score of greater than an unweighted 70 percent on an exit examination.

(i) If the applicant does not pass the exam after the training, the applicant may retake the exam a second time.

(ii) Only one retake of the examination is allowed before the applicant must retake the applicable training.

**(8) Ecology application review and approval process for verification bodies and verifiers.**

(a) After receipt of an application under this section, ecology will inform the applicant either that a submitted application is complete or that additional specific information is required to make the application complete. If the application is incomplete,

ecology will not consider the application further until the applicant provides the additional information requested by ecology.

(b) Ecology will review submitted applications and prescreen to ensure the applicant met all applicable regulatory requirements and passes the performance review as defined in WAC 173-424-800(10), prior to notifying an applicant in writing which verification training(s) and exam(s) are required to be completed according to WAC 173-424-840(7). An applicant may choose to take trainings and exams in addition to those required by ecology.

(c) Ecology will not consider or issue final approval until ecology finds an application for approval as a verification body or verifier is complete and meets all applicable requirements under WAC 173-424-840(1) and all required verification training(s) and exam(s), as deemed applicable by ecology under subsection (b), have been completed according to WAC 173-424-840(7).

(d) Following completion of the application process and all applicable training and examination requirements, ecology will notify the applicant in writing if approval has been granted or denied.

(i) Ecology may issue approval to verification bodies, verifiers, lead verifiers, and sector specific verifiers that apply and meet the criteria under WAC 173-424-840 and successfully complete verification training(s) and exam(s) as required under WAC 173-424-840(7).

(ii) Ecology approval will be limited to certain report types, data types, sources of emissions, or sectors, according to the information in the application and the qualifications of the applicant, and based on ecology's determination of whether the applicant demonstrates, to ecology's satisfaction, sufficient knowledge of the relevant methods and requirements in this chapter, as applicable.

(iii) Ecology will maintain a current list of approved verification bodies, verifiers, lead verifiers, and sector specific verifiers on ecology's website.

(e) Ecology approval is valid for a period of three years from the date the approval is issued by ecology, provided the applicant has not been subject to ecology action under subsection (10) of this section. Ecology may require accredited entities to take additional training as a condition of maintaining accreditation. The applicant may re-apply for approval as a verification body, verifier, lead verifier, or sector specific verifier following the same application procedures according to WAC 173-424-840 and must satisfy all ecology training and examination requirements applicable at the time of re-application. The performance review requirement set forth in WAC 173-424-840(8)(b) must be met for accreditation to be renewed.

**(9) Requirements to maintain ecology approval.**

(a) Except as provided under subsection (c) below, a verification body, verifier, lead verifier, or sector specific verifier must notify ecology within 30 calendar days of when it no longer meets the requirements for approval under WAC 173-424-840(1) through (7), as applicable.

(b) A verification body must notify ecology of any verifier staffing changes within 30 calendar days of any such change as these changes are considered an amendment to the verification body's approval.

(c) Ecology must be notified immediately if a verification body or verifier loses or withdraws from accreditation under any program specified or approved under WAC 173-424-840(1)(a).

(d) Within 20 calendar days of being notified of any nonconformance in another voluntary or mandatory greenhouse gas emissions reporting program or fuels program, an ecology-approved verification body or verifier must provide written notice to ecology of the non-conformance, including a copy of any written notification of nonconformance from the agency or body that administers the program, and information about any corrective actions taken by the verification body or verifier. That notification must include reasons for the corrective action and the type of corrective action. The verification body or verifier must provide additional information to ecology upon request.

(e) Verification bodies and verifiers must provide in a reasonably timely manner any and all information that ecology reasonably requires for the purpose of evaluating continued compliance with the requirements of this chapter, including the criteria for approval.

**(10) Modification, suspension, or revocation of ecology approval.**

(a) Ecology may modify, suspend, or revoke an approval to perform verification if a verification body or verifier:

(i) Fraudulently obtained or attempted to obtain accreditation under any program specified under WAC 173-424-840(1);

(ii) Fraudulently obtained or attempted to obtain approval from ecology under this chapter;

(iii) Failed at any time to satisfy the eligibility criteria and requirements specified under WAC 173-424-840(1) through 173-424-840(7);

(iv) Does not satisfy the requirements to maintain approval according to WAC 173-424-840(9);

(v) Provided verification services that failed to meet the requirements under WAC 173-424-830;

(vi) Violated the conflict of interest requirements under WAC 173-424-850; or

(vii) Knowingly or recklessly submitted false or inaccurate information or verification statement(s) to ecology.

(b) A verifier or verification body that is subject to an ecology action to modify, suspend, or revoke an approval to perform verification may contest ecology's action by providing ecology with a written request for a hearing within 20 calendar days of being notified of ecology's action.

(i) The hearing will be conducted as an adjudicative proceeding under Chapter 34.05.413 RCW through 34.05.476 RCW.

(ii) Any ecology action taken in subsection (a) will remain in place pending the outcome of the contested case.

(iii) A verification body or verifier that has had approval to perform verification revoked may re-apply according to WAC 173-424-840(1) through (7) after the applicant demonstrates to ecology that the cause of the revocation has been resolved.

**(11) Voluntary withdrawal from ecology approval.** An approved verification body or verifier may request to voluntarily withdraw its approval by providing a written notice to ecology requesting such withdrawal.

**WAC 173-424-850 Conflict of interest requirements.**

(1) **Conflict of interest evaluation.** Before verification services may begin, each responsible entity must coordinate with the verification body with which it has engaged to perform verification to conduct a conflict of interest evaluation between itself and any verification bodies, verifiers, lead verifiers, sector-specific verifiers, independent reviewers, and subcontractors intending to perform verification under the requirements of this chapter.

(2) **High conflict of interest.** The potential for a conflict of interest must be deemed to be high where:

(a) The responsible entity and the verification body share any management staff or board of directors membership, or any of the senior management staff of the responsible entity have been employed by the verification body, or vice versa, within the previous five years;

(b) Any employee of the verification body, or any employee of a related entity or subcontractor who is a member of the verification team, has provided to the responsible entity any of the following services within the previous five years:

(i) Designing, developing, implementing, reviewing, or maintaining an information or data management system for data submitted under this chapter or Chapter 173-441 WAC unless the review was part of providing independent quality assurance audit services, attestation engagement services, verification services according to the U.S. EPA RFS or EU RED, or third-party engineering services according to the U.S. EPA RFS;

(ii) Developing CI or fuel transaction data or other greenhouse gas-related engineering analysis that includes facility-specific information;

(iii) Preparing or producing CFP fuel pathway application or CFP reporting manuals, handbooks, or procedures specifically for the responsible entity;

(iv) Owning, buying, selling, trading, or retiring CFP credits, RINs, Climate Commitment Act allowances, or credits in any carbon or greenhouse gas-related markets;

(v) Dealing in or being a promoter of credits on behalf of the responsible entity.

(vi) Designing or providing consultative engineering or technical services in the development and construction of a fuel production facility; or energy efficiency, renewable power, or other projects which explicitly identify greenhouse gas reductions as a benefit;

(vii) Any service related to the development of information systems, or consulting on the development of environmental management systems, except for accounting software systems and systems that will not be part of the validation and verification process;

(viii) Verification services that are not provided in accordance with, or equivalent to, the requirements of this chapter, unless the systems and data reviewed during those services, as well as the result of those services, will not be part of the verification process;

(ix) Reporting under this chapter or Chapter 173-446 WAC, or uploading data for ecology, on behalf of the responsible entity;

(x) Bookkeeping and other non-attest services related to accounting records or financial statements, excluding services and results of those services that will not be part of the verification process;

(xi) Designing, developing, implementing, conducting an internal audit for, consulting, or maintaining a greenhouse gas emissions reduction or greenhouse gas removal offset project as defined in Chapter 173-446 WAC, or a carbon sequestration project report submitted under this chapter;

(xii) Directly managing any health, environment, or safety functions for the responsible entity;

(xiii) Appraisal services of carbon or greenhouse gas liabilities or assets;

(xiv) Brokering in, advising on, or assisting in any way in carbon or greenhouse gas-related markets;

(xv) Appraisal and valuation services, both tangible and intangible;

(xvi) Any actuarially-oriented advisory services involving the determination of amounts recorded in financial statements and related accounts;

(xvii) Any internal audit service that has been outsourced by the responsible entity that relates to its internal accounting controls, financial systems, or financial statements, unless the result of those services will not be part of the verification process;

(xviii) Fairness opinions and contribution in-kind reports in which the verification body has provided its opinion on the adequacy of consideration in a transaction, unless the resulting services will not be part of the verification process;

(xix) Acting as a broker-dealer (registered or unregistered), promoter, or underwriter on behalf of the responsible entity;

(xx) Any legal services;

(xxi) Expert services to the responsible entity, a trade or membership group to which the responsible entity belongs, or a legal representative for the purpose of advocating the responsible entity's interest in litigation, regulatory or administrative proceedings, or investigations;(c) Any member of the verification body or verification team has provided verification services for the responsible entity except with the time periods in which the responsible entity is allowed to use the same verification body or team members as specified under WAC 173-424-810(5).

(d) Any member of the verification body provides any type of incentive, monetary or otherwise, to the responsible entity to secure a contract for verification contract, influence verification documentation, or influence verification findings.

(3) **Low conflict of interest.** The potential for a conflict of interest must be deemed to be low where;

(a) No potential for a high conflict of interest is identified under subsection (2);

(b) No potential for a medium conflict of interest is identified under subsection (4);

and

(c) Any non-CFS verification services provided by any member of the verification body within the last five years are valued at less than 20 percent of the fee for the proposed clean fuels verification services, except where a medium conflict of interest based on personal, employment, or familial relationships is identified under subsection (4) of this section.

(4) **Medium conflict of interest.** The potential for a conflict of interest must be deemed to be medium where;

(a) The potential for a conflict of interest is not deemed to be either high or low; or

(b) No potential for a high conflict of interest is identified under subsection (2), but there are instances of personal, employment, or familial relationships between a member of the verification body and a member of the responsible entity. For purposes of this subsection only, "employment" means the condition of having been paid for work as documented in a W-2 form.

(5) **Conflict of interest mitigation plan and submittal requirements.**

(a) If a medium potential for conflict of interest is identified and the responsible entity intends to engage the verification body for verification, the responsible entity must coordinate with the verification body with which it has engaged to perform verification to submit a plan to ecology to avoid, neutralize, or mitigate the potential conflict of interest situation, in addition to the evaluation submittal requirements specified under subsection (6). At a minimum, the conflict of interest mitigation plan must include:

(i) A demonstration that any individuals with potential conflicts have been removed and insulated from working on or discussing the project;

(ii) An explanation of any changes to the organizational structure or verification body to remove the potential conflict of interest, including a demonstration that any unit with potential conflicts has been divested or moved into an independent entity or any subcontractor with potential conflicts has been removed; and

(iii) Any other circumstance that specifically addresses other sources for potential conflicts of interest.

**(6) Conflict of interest self-evaluation plan and submittal requirements.**

(a) Before verification services are performed under the requirements of this chapter, the responsible entity, verification body, and any related entities must submit to ecology a conflict of interest self-evaluation that includes the following:

(i) Identification whether the potential for conflict of interest is high, low, or medium based on the factors specified under subsections (2) through (4);

(ii) Identification of whether the verification body, related entities, or any member of the verification team has previously provided verification services for the responsible entity or related entities and, if so, a description of the work and years of service;

(iii) Identification of whether any member of the verification team, verification body, or related entity has engaged in services of any nature with the responsible entity or related entities either within or outside Washington during the previous five years. If services other than ecology verification under this chapter have previously been provided, the following information must also be submitted:

(A) The nature and location of the work performed for the responsible entity or related entity and whether the work is similar to the type of work to be performed during verification, such as emissions inventory, auditing, energy efficiency, renewable energy, or other work with implications for the responsible entity's greenhouse gas emissions;

(B) The nature of past, present, or future relationships of any member of the verification team, verification body, or related entities with the responsible entity or related entities including:

(I) Instances when any member of the verification team, verification body, or related entities has performed or intends to perform work for the responsible entity or related entities;

(II) Identification of whether work is currently being performed for the responsible entity or related entities, and if so, the nature of the work;

(III) How much work was performed for the responsible entity or related entities in the last five years, in dollars;

(IV) Whether any member of the verification team, verification body, or related entities has contracts or other arrangements to perform work for the responsible entity or a related entity; and

(V) How much work related to greenhouse gases the verification team has performed for the responsible entity or related entities in the last five years, in dollars; and

(C) Explanation of how the amount and nature of work previously performed is such that the credibility and lack of bias of any member of the verification team should not be under question;

(iv) A list of names of the staff that would perform verification services for the responsible entity, and a description of any instances of personal, employment, or familial relationships identified that potentially represent a conflict of interest under subsection (4)(b) of this section;

(v) Identification of any other circumstances known to the responsible entity or verification body that could result in a conflict of interest; and

(vi) Attestation, in writing, to ecology as follows: "I certify under penalty of perjury of the laws of the state of Washington the information provided in the conflict of interest self-evaluation is true, accurate, and complete."

**(7) Approval of conflict of interest submittals.**

(a) Ecology will review the conflict of interest self-evaluation and conflict of interest mitigation plan, if applicable, submitted by the responsible entity and will notify the responsible entity in writing whether the verification body is authorized to proceed with verification services.

(b) If ecology determines the verification body or any member of the verification team meets the criteria for a high conflict of interest pursuant to subsection (2) of this section, verification services may not proceed. Ecology may, at its discretion, determine that a high conflict of interest exists when a member of the verification team provided services within the previous five years, but the services were not services that result in a high conflict of interest under subsection (2) of this section. If ecology makes such a determination, it must explain in writing why it believes the work performed creates a high conflict of interest.

(c) If ecology determines that there is a low potential conflict of interest pursuant to subsection (3) of this section, verification services may proceed.

(d) If ecology determines that the verification body and the verification team have a medium potential for a conflict of interest, ecology will evaluate the conflict of interest mitigation plan submitted and may request additional information from the applicant to complete the determination. In determining whether verification services may proceed, ecology may consider factors including, but not limited to, the nature of previous work performed, the current and past relationships between the verification body, related

entities, and its subcontractors with the responsible entity and related entities, and the cost of the verification services to be provided. If ecology determines that these factors when considered in combination demonstrate an acceptable level of potential conflict of interest, ecology will authorize the verification body to proceed with verification services.

**(8) Monitoring conflict of interest situations.**

(a) After commencement of verification services, both the verification body and the responsible entity must each:

(i) Monitor and immediately make full disclosure in writing to ecology any potential conflict of interest situation that arises. This disclosure must include a description of actions that the verification body and the responsible entity have taken or propose to take to avoid, neutralize, or mitigate the potential for a conflict of interest;

(ii) Continue to monitor arrangements or relationships that may be present for a period of one year after the completion of verification services. During that period, within 30 days of the verification body or any verification team member entering any contract with the responsible entity or related entity for which the body has provided verification services, the responsible entity must notify ecology of the contract and the nature of the work to be performed. ecology will determine whether the relationship constitutes a conflict and, if it does, whether the responsible entity must re-verify its reports or fuel pathway applications, and if modification, suspension, or revocation of ecology approval of the verification body or any verification team is warranted; and

(iii) Notify ecology within 30 days of any conflicts of interest that arise after verification services begin and until one year after verification services are completed. When such notification is made:

(A) If ecology determines that a disclosed potential conflict of interest is medium risk and the responsible entity and verification body agree to mitigate this risk in a manner acceptable to ecology, the verification body may continue to provide verification services to the responsible entity and will not be subject to suspension or revocation of ecology accreditation; and

(B) If ecology determines that a disclosed potential conflict of interest is medium or high risk and this risk cannot be adequately mitigated, the verification body may not continue to provide verification services to the responsible entity and may be subject to suspension or revocation of ecology accreditation based on conflict of interest.

(b) Each verification body must report to ecology any changes in its organizational structure, including mergers, acquisitions, or divestitures, that occur within one year after completion of offset verification services.