



RULE-MAKING ORDER PERMANENT RULE ONLY

CR-103P (December 2017) (Implements RCW 34.05.360)

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STATE OF WASHINGTON
FILED

DATE: February 21, 2024
TIME: 8:17 AM

WSR 24-05-080

Agency: Department of Ecology AO #23-02

Effective date of rule:

Permanent Rules

- 31 days after filing.
- Other (specify) _____ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?

- Yes No If Yes, explain:

Purpose: Ecology is making two clarifications to the rules governing the cap-and-invest program under RCW 70A.65 (Chapter 173-446 WAC). These rule clarifications concern the operation of the Allowance Price Containment Reserve (APCR). Ecology will make two rule changes to clarify:

1. That the existing holding limits specified in WAC 173-446-150(2)(a), that apply to allowances with a "vintage," also apply to the "vintage less" allowances that are acquired through APCR auctions. "Vintage year" means the annual allowance allocation budget year to which an individual Washington greenhouse gas (GHG) allowance is assigned. Holding limits ensure that one entity can hold only a certain number of allowances in its account at a time.
2. That any allowances purchased in an APCR auction must be deposited directly into the entity's compliance account. This change to WAC 173-446-370 prevents APCR allowances from being sold or traded on the secondary market, thereby ensuring that the allowances will be used to meet compliance obligations and not for trading purposes.

Citation of rules affected by this order:

New:

Repealed:

Amended: Chapter 173-446 WAC Sections -150 (Accounts for registered entities) and -370 (Allowance price containment reserve account)

Suspended:

Statutory authority for adoption: RCW 70A.65 (GREENHOUSE GAS EMISSIONS—CAP AND INVEST PROGRAM)

Other authority: N/A

PERMANENT RULE (Including Expedited Rule Making)

Adopted under notice filed as WSR 23-19-007 on September 7, 2023 (date).

Describe any changes other than editing from proposed to adopted version: No changes made between proposal and adoption.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

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Climate Pollution Reduction Program
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Other: N/A

**Note: If any category is left blank, it will be calculated as zero.
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.
A section may be counted in more than one category.**

The number of sections adopted in order to comply with:

Federal statute:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Federal rules or standards:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Recently enacted state statutes:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>

The number of sections adopted at the request of a nongovernmental entity:

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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The number of sections adopted on the agency's own initiative:

New	<u>0</u>	Amended	<u>2</u>	Repealed	<u>0</u>
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The number of sections adopted in order to clarify, streamline, or reform agency procedures:

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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The number of sections adopted using:

Negotiated rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Pilot rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Other alternative rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>

Date Adopted: February 21, 2024	Signature: 
Name: Laura Watson	
Title: Director	