

Clean Air Rule Webinar will begin shortly

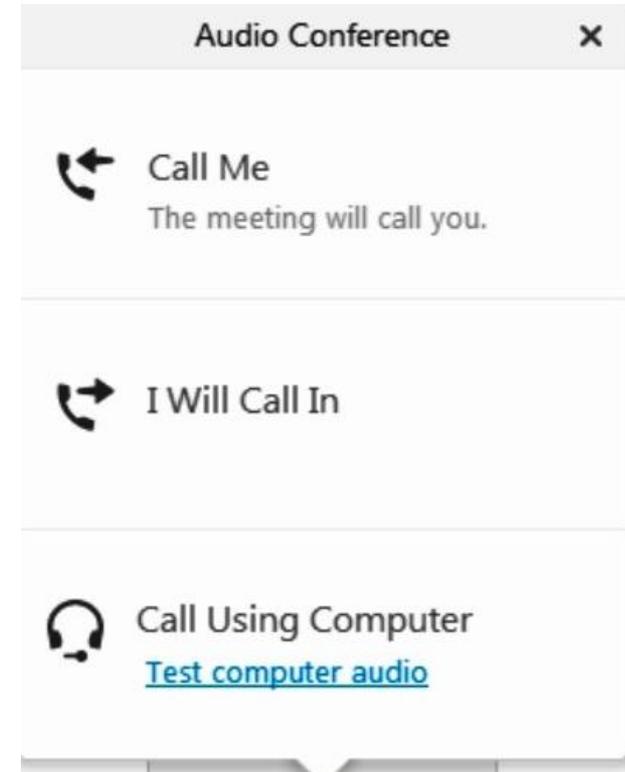
Connecting to Audio: 3 Options

Phone (use option 1 or 2 for best sound quality)

1. Select **“Call Me”**
 - Enter your phone number
 - You will be called
2. Or select **“I Will Call In”** and dial the number provided

Computer microphone and speakers

3. Select **“Call Using Computer”** and follow directions



5 minutes before the start of the webinar we will conduct a couple of sound checks.

If you do not hear any of these, please let us know at aqcomments@ecy.wa.gov



Clean Air Rule: Feedback Themes & Progress Webinar

Facilitator

Jocelyn W. Jones
Public Involvement Coordinator

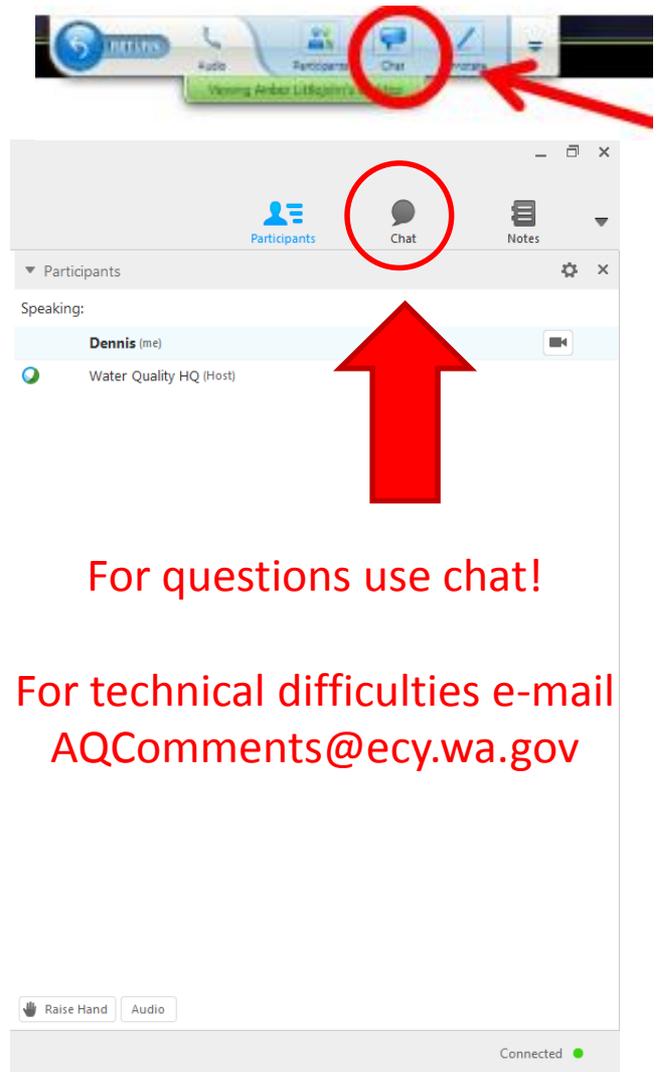
#ActOnClimate

#WACleanAir



Clean Air Rule: Feedback themes & progress Webinar

The webinar is starting –
you should be able to
hear us now!



For questions use chat!

For technical difficulties e-mail
AQComments@ecy.wa.gov



Today's Presenters

Stu Clark, Air
Quality Program
Manager

Bill Drumheller,
Climate &
Energy Specialist

Neil Caudill,
GHG Reporting
Specialist





Stu Clark

Air Quality Program Manager

Strategic Priority: Slow climate change



Clean Air Rule Outreach to Date

Three educational webinars to share information about the Clean Air Rule

2 daytime and 2 evening public sounding board sessions
(Western and Eastern Washington)

Online forum and online comment form



Themes from Sounding Board Sessions

The rule should safeguard against leakage (economic and environmental).

Weather and annual rainfall fluctuations significantly affect emissions.

More discussions with regulated sectors are needed.

The scope is too narrow. Include mobile sources and all fuels including imported and exported.

Use a multi-year average to determine the baseline.

The CAR credit system must work with the CPP and existing markets/programs.

Will there be accommodations for energy-intensive, trade-exposed industries?

Reductions and credits must be real and have very clear criteria.



Neil Caudill

GHG Reporting Specialist

Outline

What types of emissions are covered by the program

Applicability and threshold

Baseline

Emissions reduction pathway



Covered Categories

Applicable GHG
Emissions Include:

Stationary
Sources

Petroleum fuel
producers and
Importers

Natural Gas
Distributors

Stationary Sources

Large
Industrial
Plants

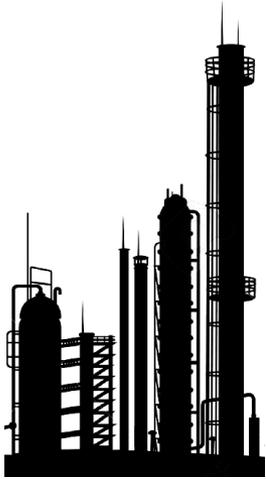
Power Plants

Landfills

Petroleum and
Natural Gas
Infrastructure

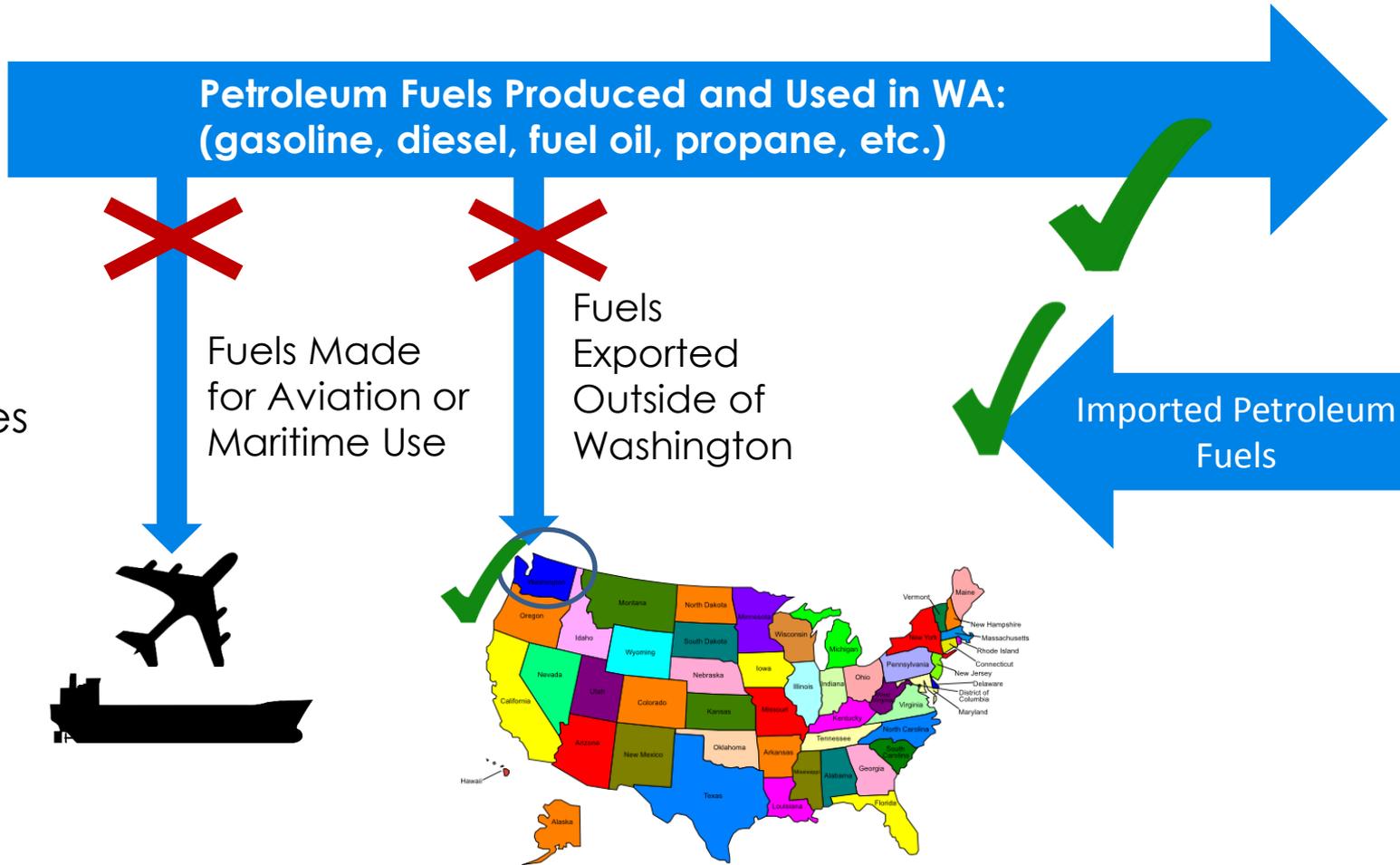


Petroleum Fuel Producers and Importers

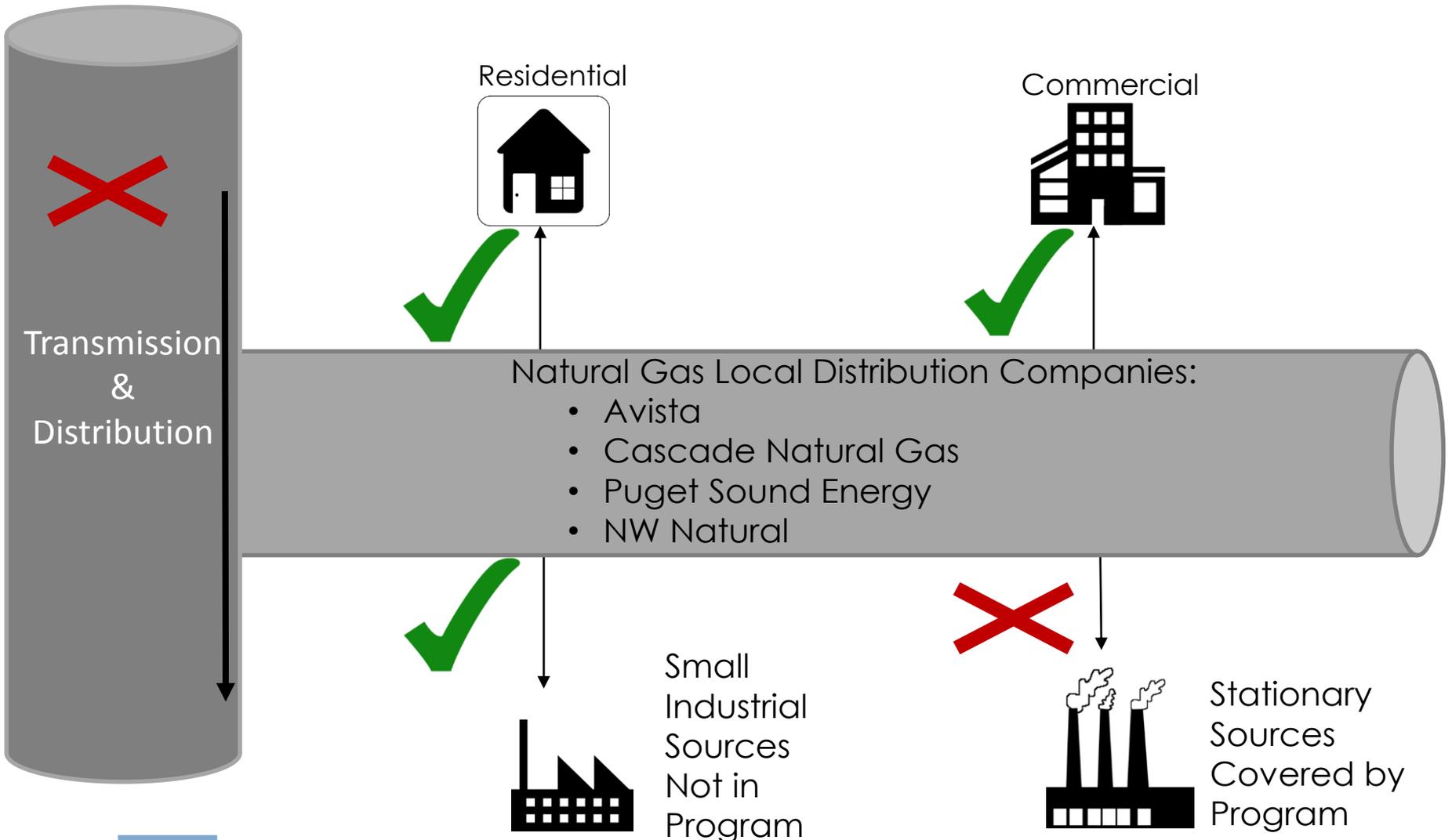


WA Refineries

- British Petroleum
- Phillips 66
- Shell
- Tesoro
- U.S. Oil



Natural Gas Distributors



GHG Emissions Not Covered

TransAlta Coal
Power Plant

Agricultural
Practices

Emissions
Associated with
Imported
Electricity

Industrial
Combustion of
Woody Biomass



Applicability

Requirements to reduce GHG emissions begin with the 1st year an entity exceeds the compliance threshold.

Program begins in 2017.

New entities enter based on the 1st year their 3 year average is above the threshold.

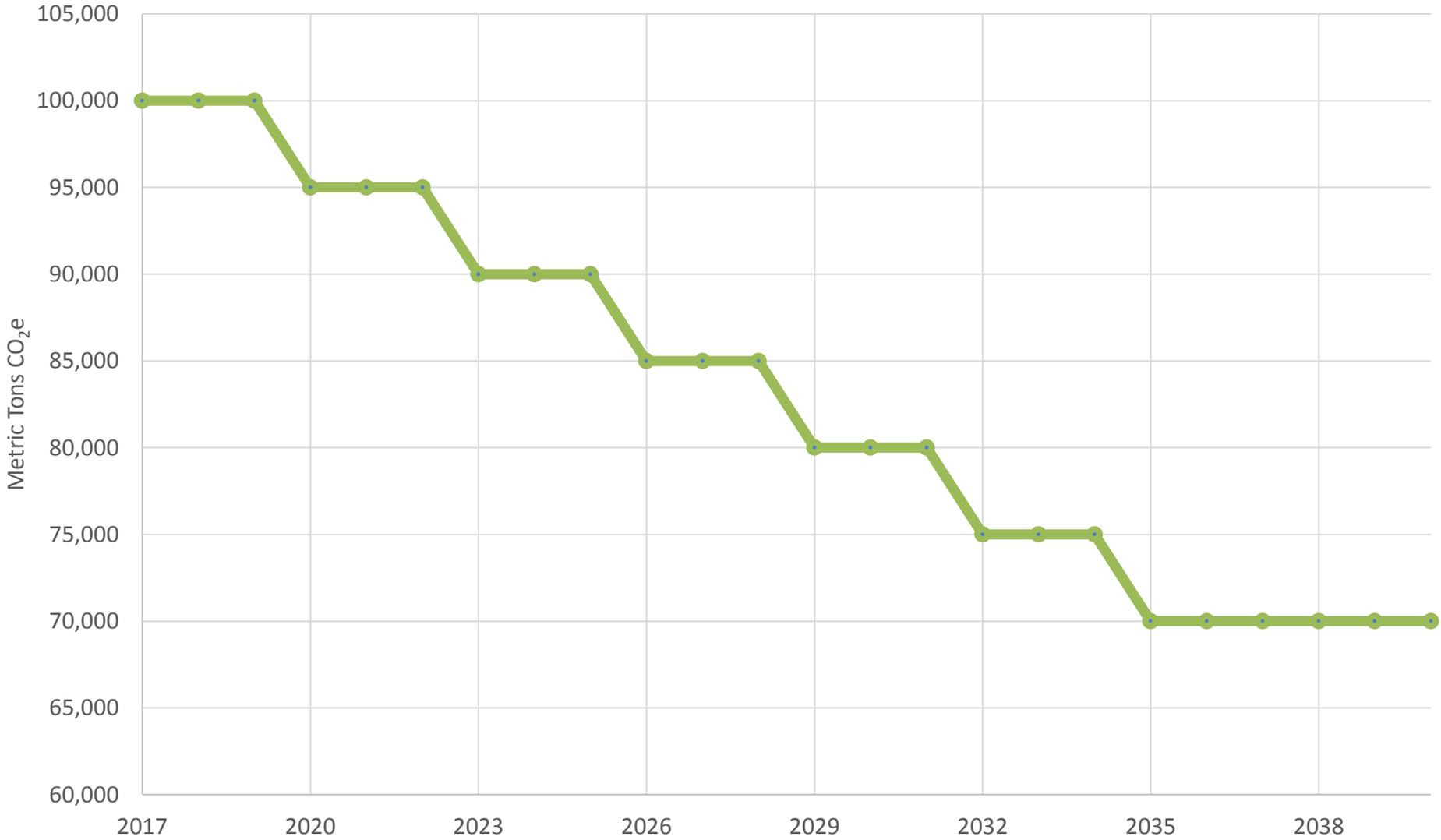
Once in the program entities may leave if:

- Their emissions stay < 50,000 MT CO₂e, or
- All applicable GHG emissions processes cease to operate.

Option for voluntary participation.



Threshold



Baseline GHG Emissions

Each entity gets a baseline that defines their GHG emissions reduction pathway

Existing entities: 2012-2016 average

New entities:

- Average of 1st 3 years available data, or
- Benchmarking



GHG Emissions Reduction Pathway

Each entity gets an assigned GHG emissions reduction pathway.

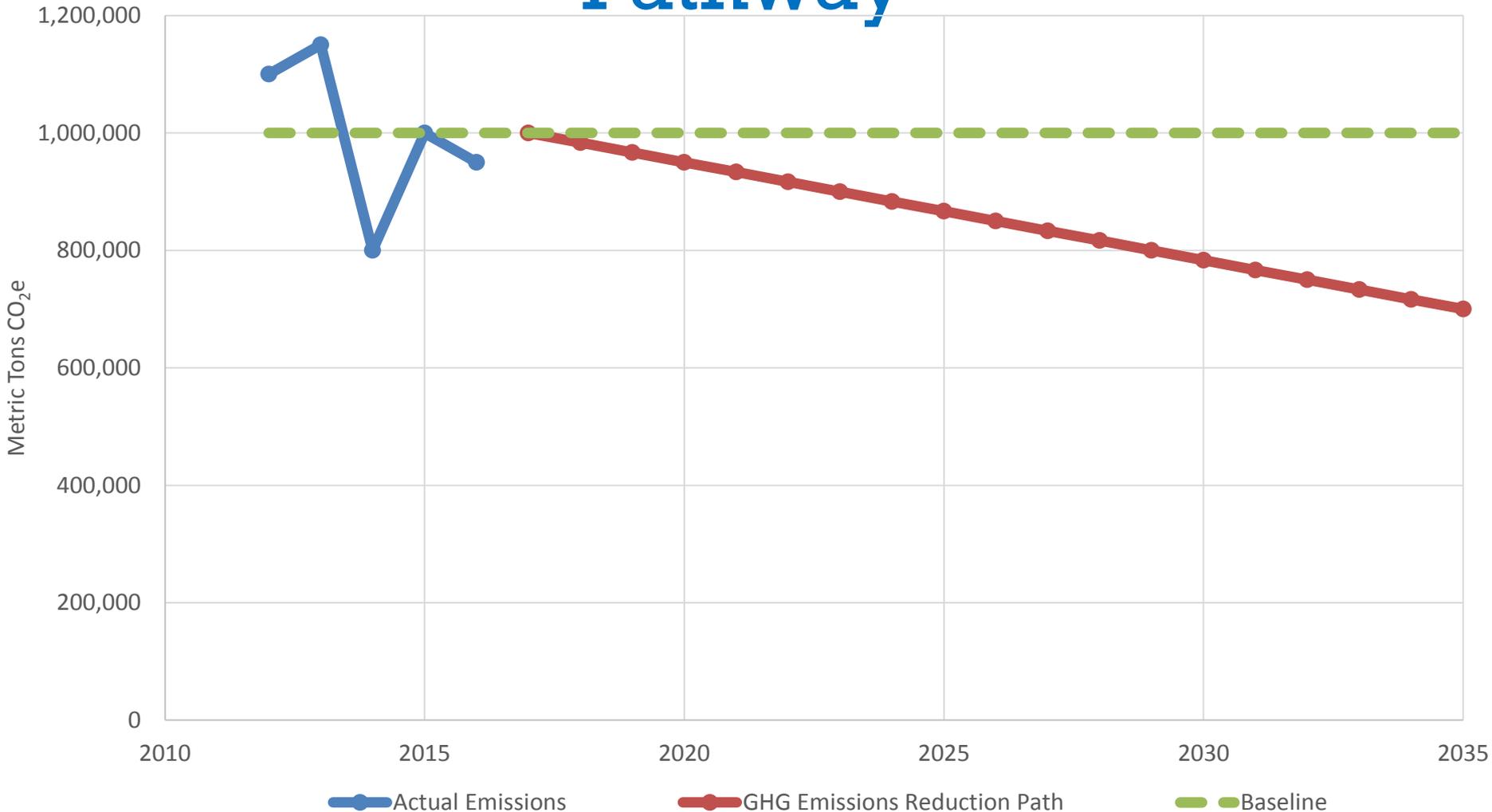
First year = same as baseline value.

Declines at 1 & 2/3 percent of baseline value each subsequent year.

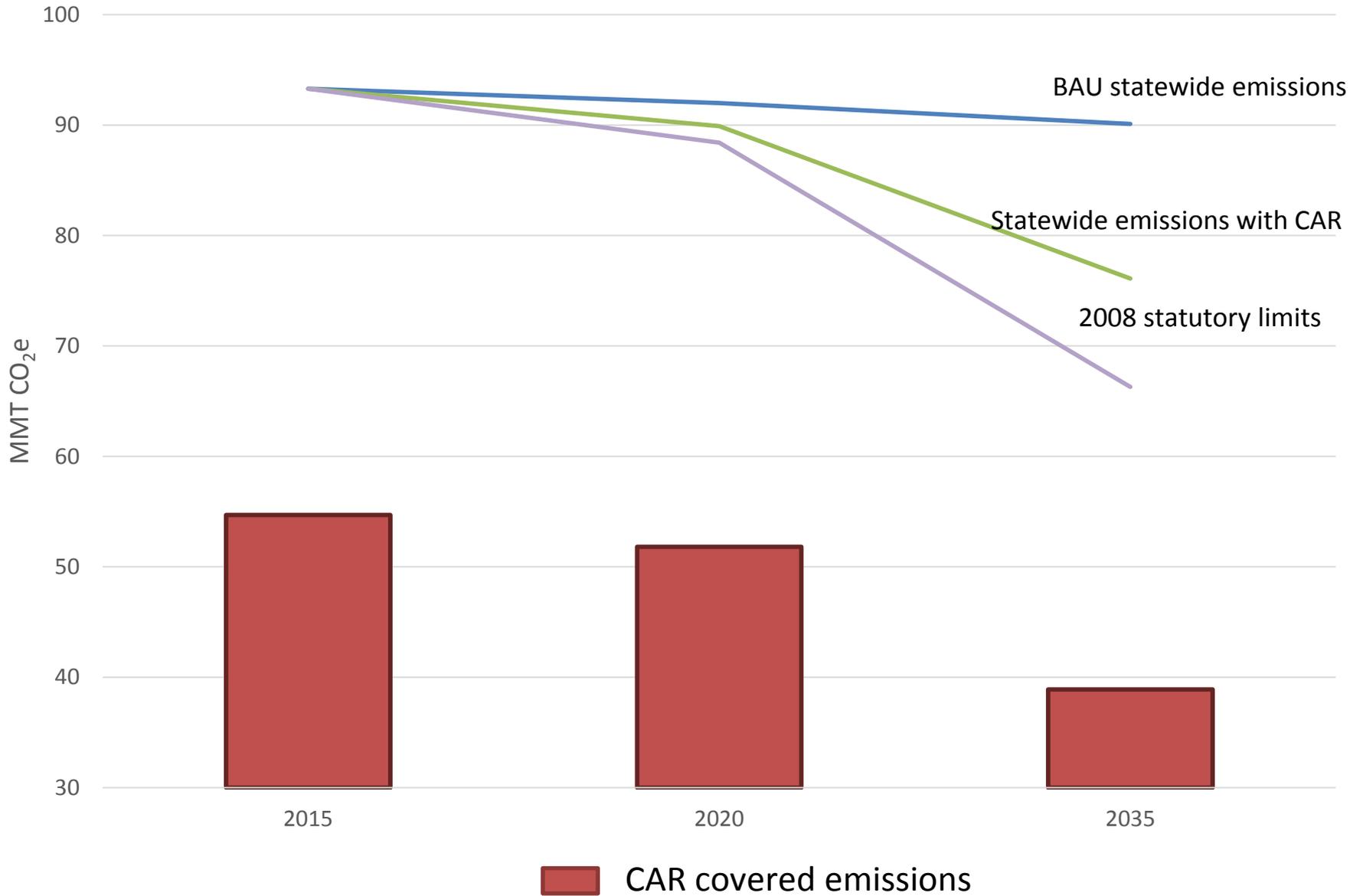
Follows the 2035 target in statute.



GHG Emissions Reduction Pathway



CAR Potential Emission Reductions





Bill Drumheller
Climate & Energy Specialist

Outline

Compliance Requirements and Options

Emission Reductions and Credits

Sources of Credits

Clean Power Plan



Compliance Obligation

3-year compliance periods

2017 - 2019

2020 - 2022

2023 - 2025

and so forth



Compliance Reporting

Submit compliance report in year following each compliance period

Demonstrate achievement of cap through:

- Greenhouse gas reporting data
- Acquiring emission reductions through other means



Credits Representing Emission Reductions

Generate credits from:

Reducing
emissions
below cap

Reporters
voluntarily
participating
in program

Projects,
programs, or
emission
reduction
activities

Instruments
from external
carbon
markets
(e.g.,
allowances)



Credit Flexibility

Once generated, credits can be:

Banked: Held for future use for up to 10 years

Traded: Trade, barter, or otherwise exchange credits as needed



Credits need to be retired upon use and not used again



Compliance report acts as a “ledger” for tracking credits used, held, banked, or exchanged



Criteria for Emission Reductions

Real

Specific, identifiable, and quantifiable reduction

Permanent

Not reversible or, if so, an insurance mechanism is in place

Enforceable

Washington jurisdiction or external instruments over which limits could be placed

Verifiable

Third-party verification

Additional



What Does Additional Mean?

**Above and Beyond
Requirements**

**Not otherwise required
by law or regulation, with
exceptions:**

**Federal
Clean
Power Plan
("111d")**

**Certain
other
broad
sector-
wide
policies**

Not Business-as-Usual

**Would not
have
occurred
but for this
program**

**Defined on
a project or
protocol
basis, as
appropriate
for this
program**

Emission Reduction Measures

Must meet criteria, and by extension:

- Be in Washington or under its jurisdiction
- Be emission reductions (not sequestration)

Use existing infrastructure to ensure criteria are met:

- Recognized emission reduction protocols
- Data collection “nodes” in other WA agencies

Recognize existing law regarding industrial combustion of woody biomass



Example Sources of Emission Reduction Measures

Transportation

Overachievement of workplace Commute Trip Reduction goals

Fleet efficiency and truck protocols from American Carbon Registry

Methane Management

Livestock protocol from Climate Action Reserve

Landfill and waste protocols from Climate Action Reserve



Example Sources of Emission Reduction Measures (cont'd)

Energy

Energy efficiency above cost-effective threshold required by Energy Independence Act

Renewable energy not used for Energy Independence Act renewable portfolio standard

Industrial

Refrigerant and other gas management protocols from the American Carbon Registry

Pneumatic controller protocols from American Carbon Registry

Combined heat & power projects (cogeneration), as documented by Ecology



Instruments from External Carbon Markets

“Pre-packaged”, high-quality emission reductions from existing carbon markets

Allowances from cap-and-trade systems

Western Climate Initiative (California, Quebec)

Regional Greenhouse Gas Initiative (RGGI, Northeast US)

Offset credits from the *California cap-and-trade system* (except sequestration)

Credits from qualifying project types derived from *Independent Qualified Organizations* recognized by the Washington Energy Facility Site Evaluation Council (EFSEC)



Verification of Emission Reductions

Emission reduction projects must be verified by a third-party

Similar procedures and protocol as proposed for reporting program

Instruments from carbon markets will have been verified by standards of those programs

Ecology will use the compliance report to verify overall program compliance



Clean Power Plan Interactions

The CPP is unlikely to reduce power sector emissions in Washington

- According to EPA modeling, under the CPP Washington could more than double its future power plant emissions
- Ecology has been asked to cap greenhouse gas emissions, and reduce them over time, across the economy

The CPP and CAR are separate processes, on separate timelines

No design feature of the CAR will eliminate options for CPP compliance

Emission reductions used for the CPP will count for the CAR

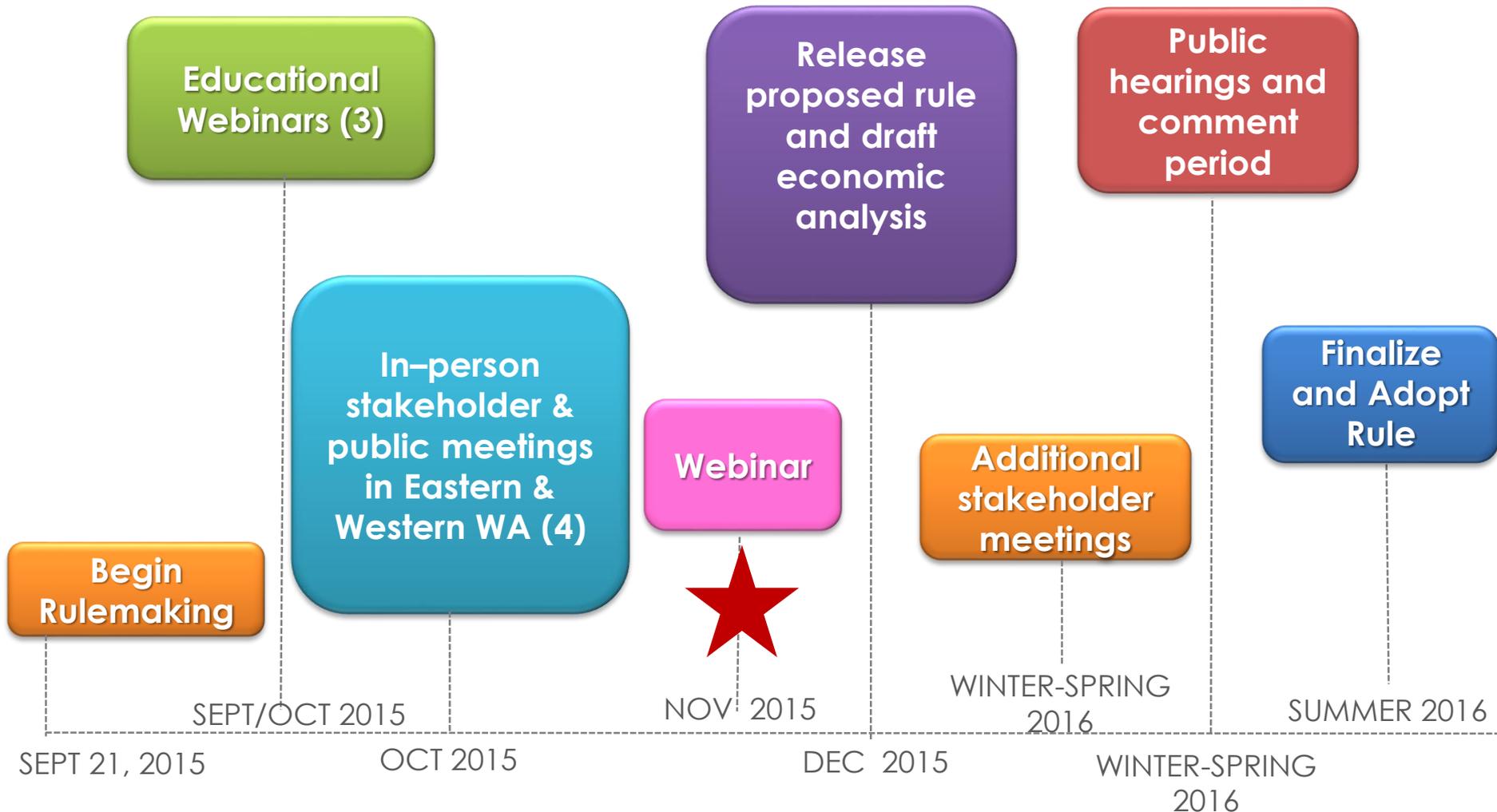
Washington can adapt its CPP as needed for the CAR as it develops the plan





Jocelyn W. Jones
Public Involvement Coordinator

Next Steps



Stay Engaged – Participate!



- Join the online discussion board
- Attend a webinar
- Submit a comment on the rule
- Attend a hearing

Thank you!

More information or to sign up for
the listserv visit:

<http://www.ecy.wa.gov/climatechange/carbonlimit.htm>