



DEPARTMENT OF
ECOLOGY
State of Washington

Chapter 173-446 WAC – Cap-and-Invest Offsets

Climate Pollution Reduction Program

November 14, 2023

Welcome to the Zoom meeting

Please connect your audio & join.

No Sound? We will conduct a sound check
at 3:00 pm

Join

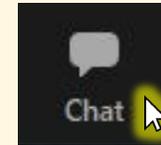
Connect Audio & Join



Try your computer audio first.

If you'd like, you can test your speaker and microphone before joining.

Participate



**Question?
Need help?**
Chat with us!

Audio

A

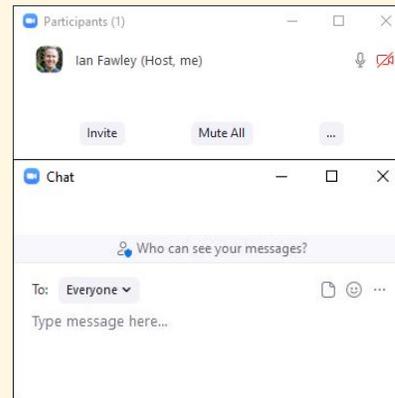
Best Option: Use computer for audio

B

If selecting "Phone Call" ...



- Dial: **253-215-8782 (Tacoma)**
- Enter Zoom Meeting ID 812 5955 9134, followed by "#"
- Enter your unique Zoom Participant ID, followed by "#"
- (If you do not enter the Participant ID, you will be prompted to enter the Passcode.)

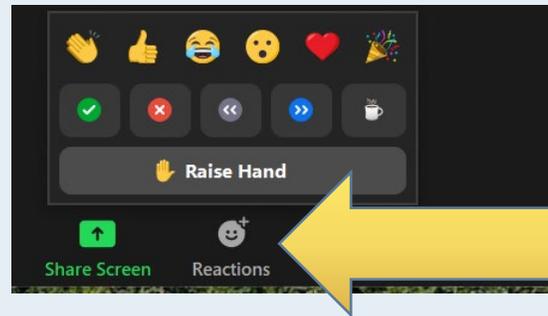


Turn on the Chat box
and Participant list
from your toolbar.

How To Participate

During today's question-and-answer period:

- Participants using computer app: To raise your hand, press the “Reactions” icon and then press the “Raise Hand” button. This button is located in the lower right corner of the participant list window. You can also use the “Chat” icon to access the chat box.



- Participants calling in on the phone: Press *9 on your phone. The system will show you raised your hand. The host will call on you when it is your turn to speak.

Ecology Staff

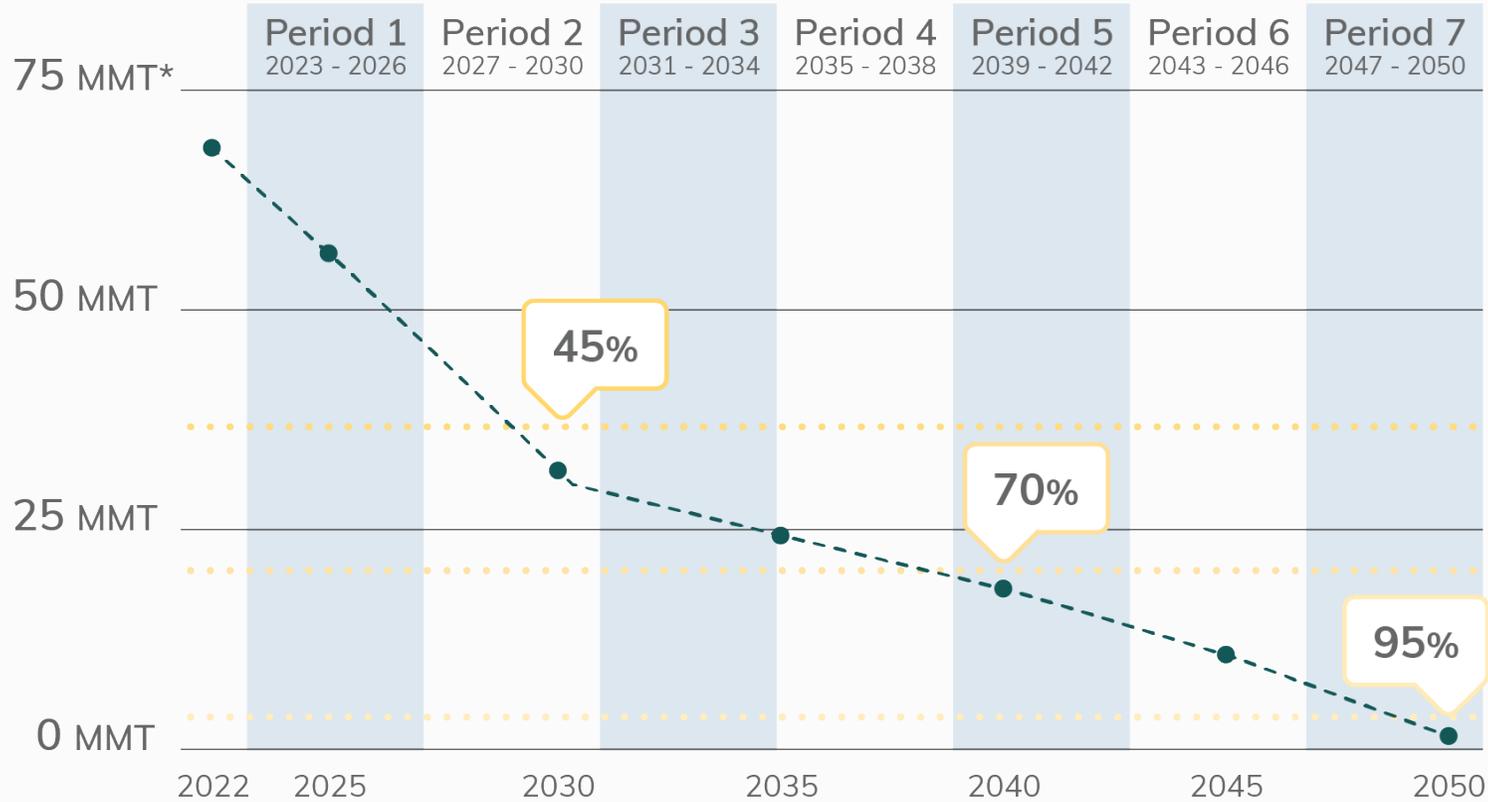
- Nick Bourgault – Host
- Joshua Grice – Policy and Planning Section Manager
- Nikki Harris – Rule Lead
- Andy Hayes – Cap-and-Invest Policy Section Manager
- Jordan Wildish – Cap-and-Invest Offsets Lead

Overview

- 1** Offsets in the Cap-and-Invest Program
- 2** Rulemaking Scope and Timeline
- 3** Requests for Public Input
- 4** Q&A
- 5** Next Steps

Projected Emissions Cap Over Time

* million metric tons of CO₂ equivalent



The Basics – Baseline & Cap Decline

The Basics – Offsets

There are two types of compliance instruments:



Emissions
Allowances

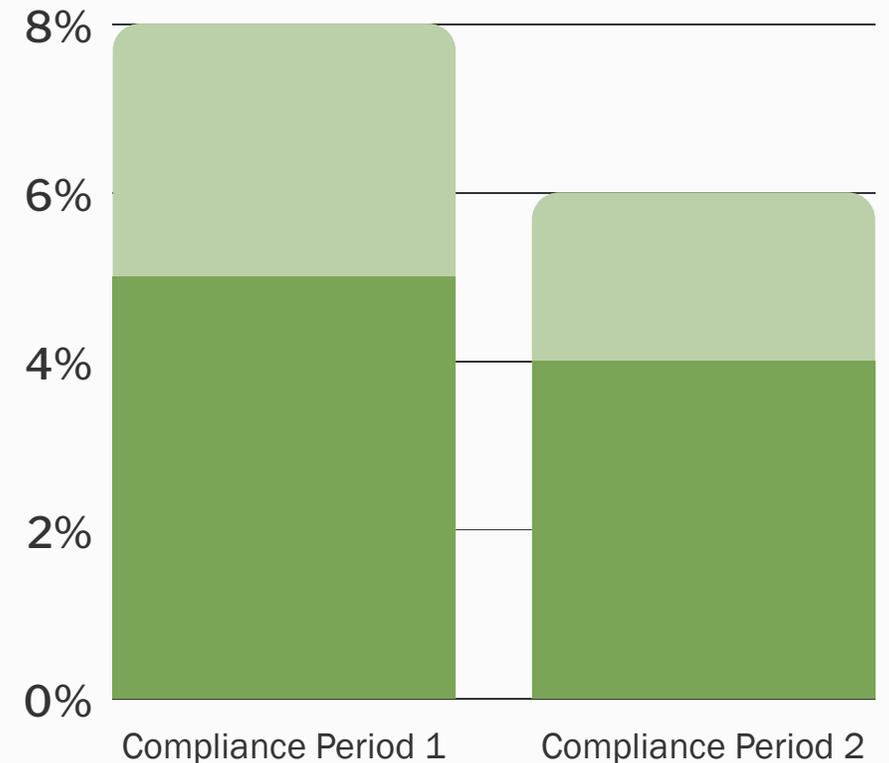


Offset
Credits

For an offset project to qualify under the CCA, it must meet the following requirements:

- Result in greenhouse gas reductions or removals that are real, permanent, quantifiable, verifiable, and enforceable
- Reduce, remove, or avoid emissions that are not covered by cap-and-invest or other programs to avoid double counting of emissions reductions
- Result in emissions reductions in addition to those which would normally or naturally occur without the financial incentive provided by the program
- Provide Direct Environmental Benefits (DEBs) to Washington

Percentage of Entity's Compliance Obligation Eligible to be Covered by Offsets



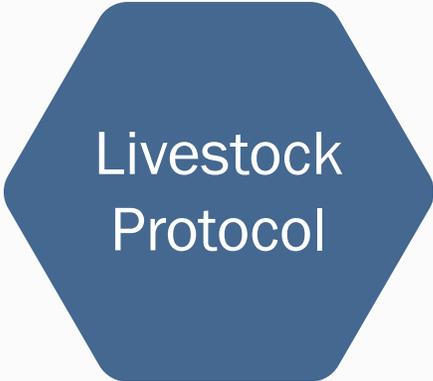
Ecology has adopted four offset protocols:



U.S. Forest
Protocol



Urban Forest
Protocol



Livestock
Protocol



Ozone
Depleting
Substances
Protocol

Chapter 173-446 WAC Offsets Rulemaking

- Ecology will consider:
 - Revisions and updates to adopted offset protocol(s)
 - Adoption of new offset protocols
- Public comment invited throughout the rulemaking process

Planned Scope of Offset Rulemaking

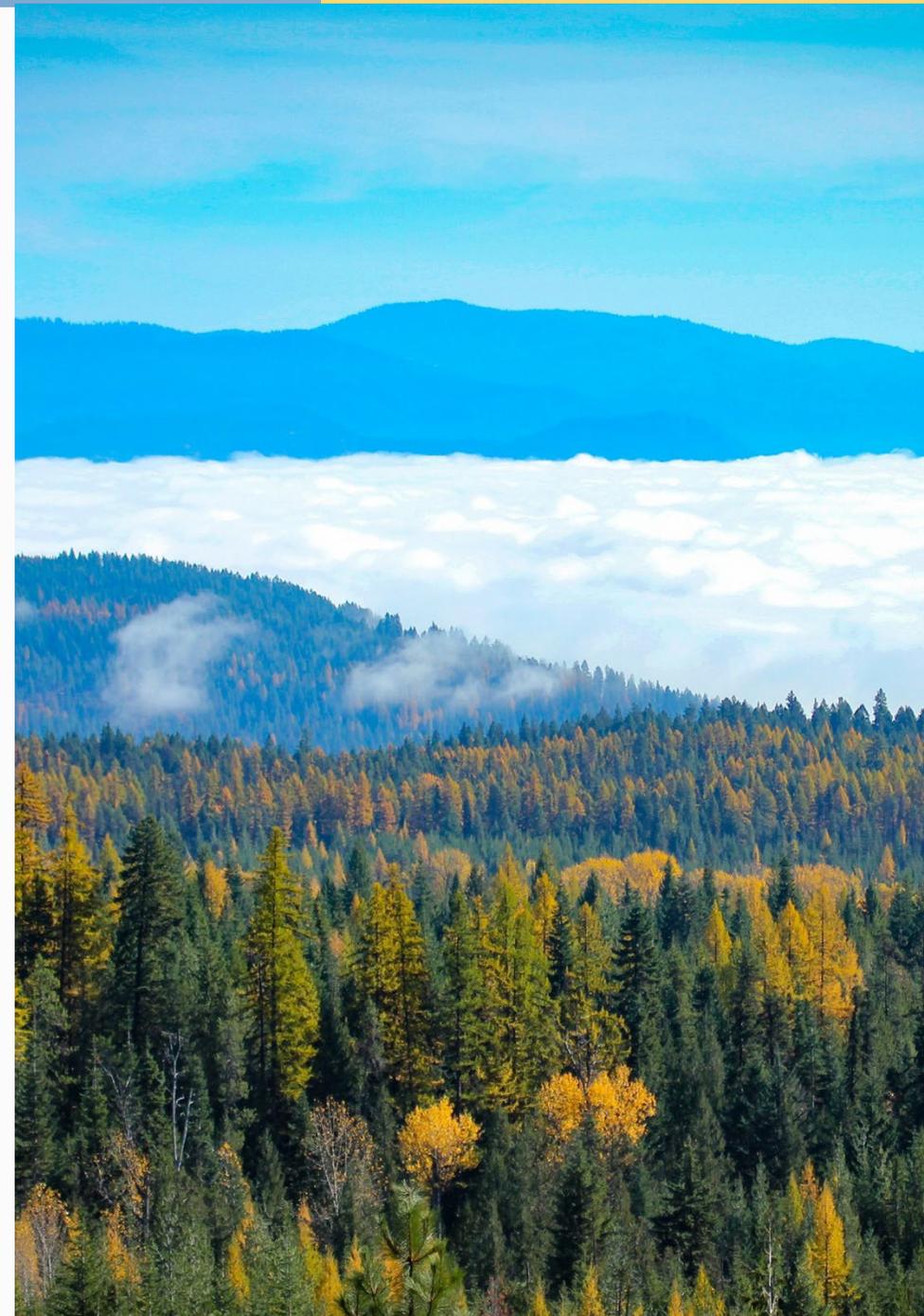
- Relevant regulatory requirements
 - Real, permanent, quantifiable, verifiable, and enforceable
 - Direct Environmental Benefits to Washington State
- Ecology anticipates that this will be the first of multiple rulemakings to update and expand offset protocols

Planned Scope of Offset Rulemaking

- Consider revisions to U.S. Forest Protocol
- Consider revisions to Ozone Depleting Substances Protocol
- Consider adoption of Blue Carbon Offset Protocol
- Public comments are invited on this scope of work, or any element of this rulemaking

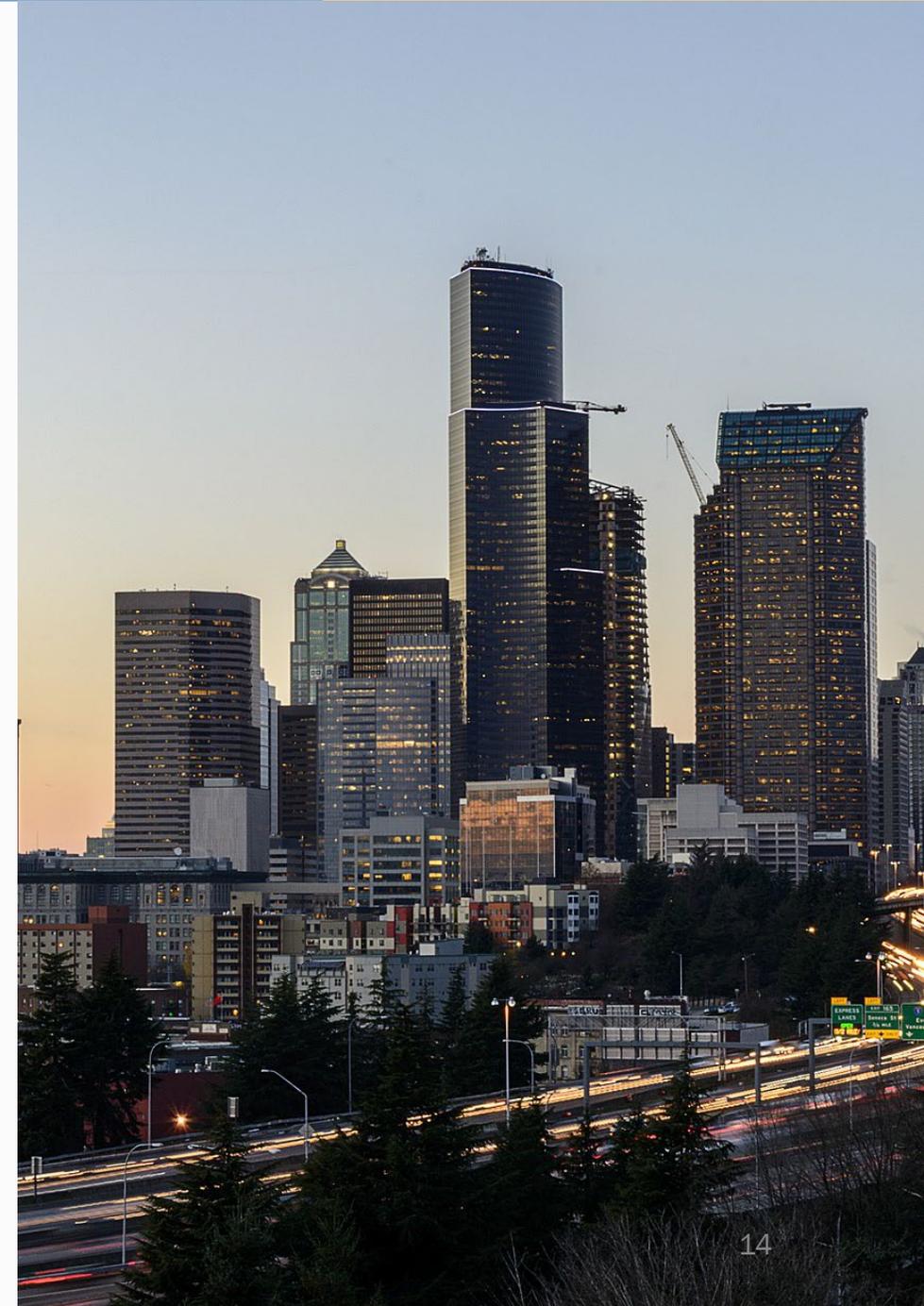
US Forestry Offset Protocol

- Rationale for considering revisions to US Forest Offset Protocol
 - Public comments received during 446 rulemaking
 - Most active California offset protocol for new projects



Ozone Depleting Substances Protocol

- Rationale for considering revisions to Ozone Depleting Substances Protocol
 - Public comments received during 446 rulemaking
 - After forestry, most active California offset protocol for new projects



Blue Carbon Offset Protocol

- Rationale for considering adoption of a Blue Carbon Offset Protocol
 - Public comments received during 446 rulemaking
 - CO₂ Removal Project Standards Analysis completed by SCS Global



Planned Scope of Offset Rulemaking

- Planned scope is preliminary
- Public comments are invited this scope of work
- Consider adoption of Blue Carbon Offset Protocol
- Public comments are invited on this scope of work, or any element of this rulemaking

Proposed approach to consider protocol revisions and additions

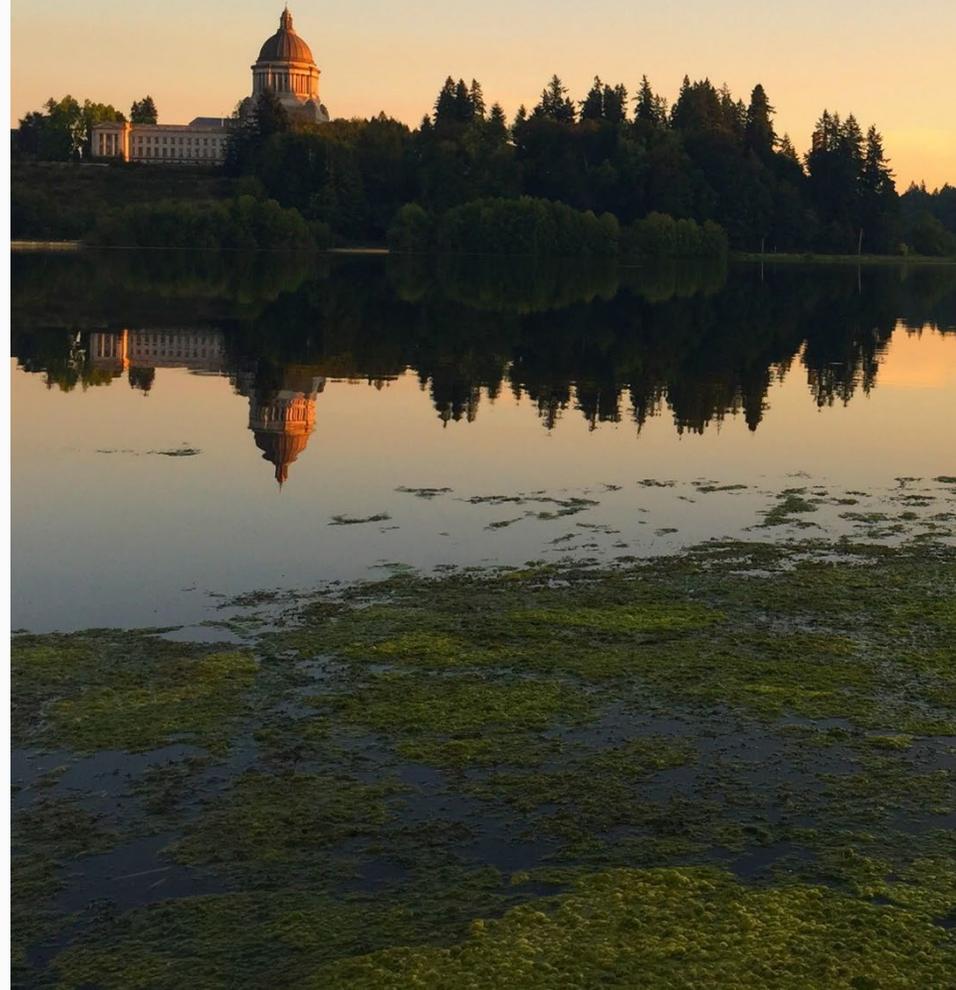
- Technical working groups
- Public comments throughout rulemaking process
- Informational meetings
- Tribal consultation

Environmental Justice

- Environmental Justice Council consultation
- Environmental Justice Assessment
 - We invite comments to inform our assessment of impacts to overburdened communities and strategies for mitigating impacts.

Sources of revisions for consideration

- Public comments
- Input from technical working group members
- CARB Compliance Offset Protocol Task Force Report (2021)
- Comparable voluntary offset market protocols

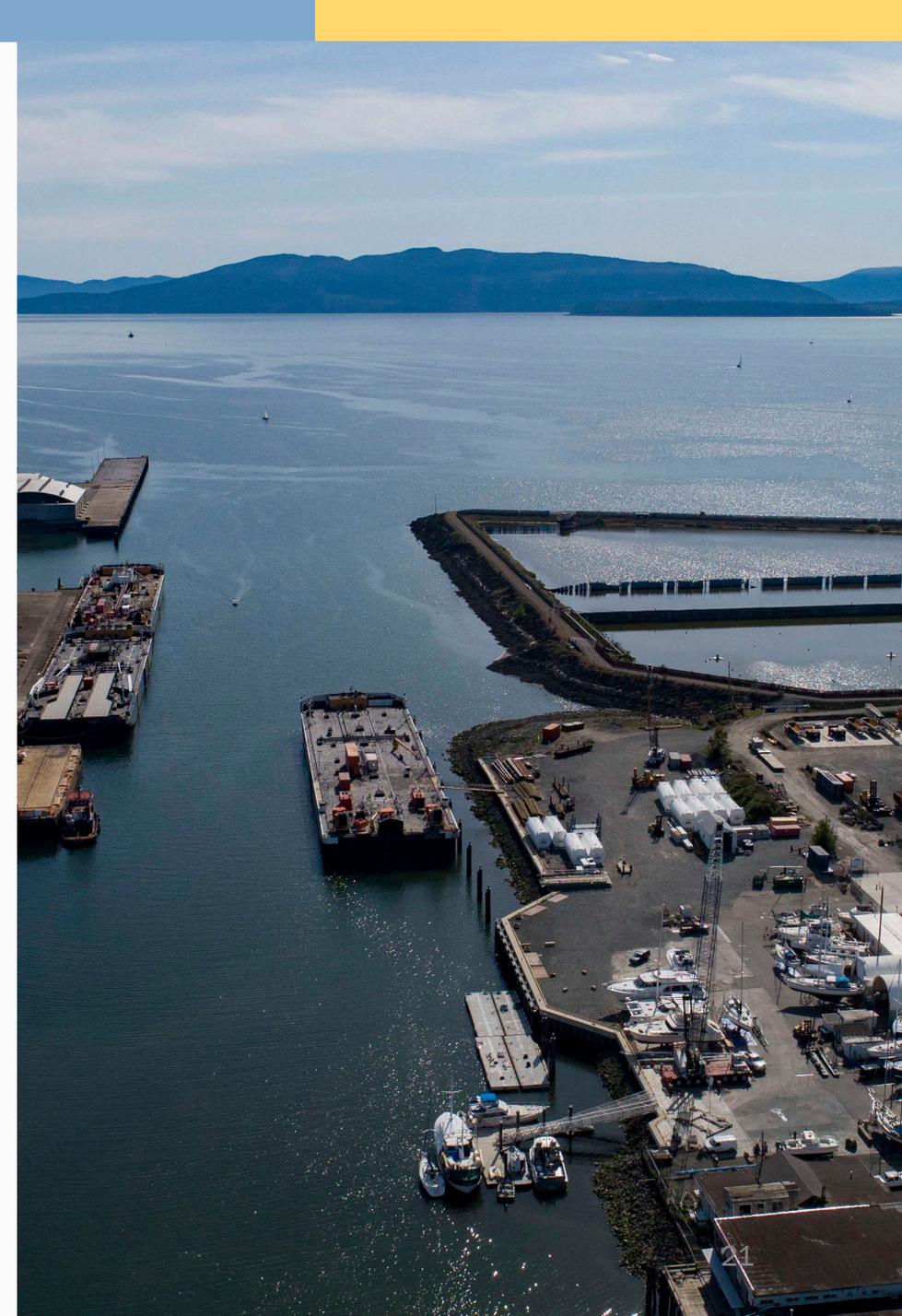


Example U.S. Forest Protocol Revisions

- Alternative approaches to baseline calculations
 - Dynamic baselines, updated common practice data, simplified baseline approach for certain projects types
- Conservation easement flexibility
 - Phased approach to easement development, allow multiple easements to cover a project area
- Verification frequency, alternative approaches to sampling
- Approaches facilitate project aggregation

Example Ozone Depleting Substances Revisions

- Expand list of eligible refrigerants
- Review and update global warming potential factor for refrigerants
- Allow destruction of ODS at any TEAP-compliant facility



Example Blue Carbon Protocols

- Consider applicability and adaptability of voluntary blue carbon protocols to Washington state regulatory program



Technical Working Groups

- Ecology intends to form a technical working groups to inform specific technical issues related to each of the following protocols:
 - US Forest Protocol,
 - Ozone Depleting Substances
 - Blue Carbon offset protocol
- Working group applications will be open to the public; selections will be made based on applicant experience relevant to each protocol

Technical Working Groups

- Each working group is anticipated to meet 6-12 times, meetings will be facilitated by Ecology
 - Meeting recordings will be made available to the public
- Ecology will propose revisions and additions to offset protocols based on public comment, technical working group input, and internal review
 - Working group members will each be asked for input on specific issues, but consensus will not be required

Rule Development Timeline*

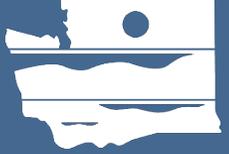
Timeline and scope may shift to accommodate full technical consideration of protocols revisions and editions, as well as other rulemakings



**Timeline is tentative and subject to change.*

Impact on Project Development

- Rulemaking will have no impact on any projects currently in development, or developed prior to adoption of the rule
- After rule adoption, all projects with a commencement date after the adoption of the rule may be expected to follow the latest version of the offset protocol

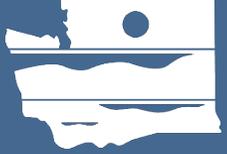


Questions

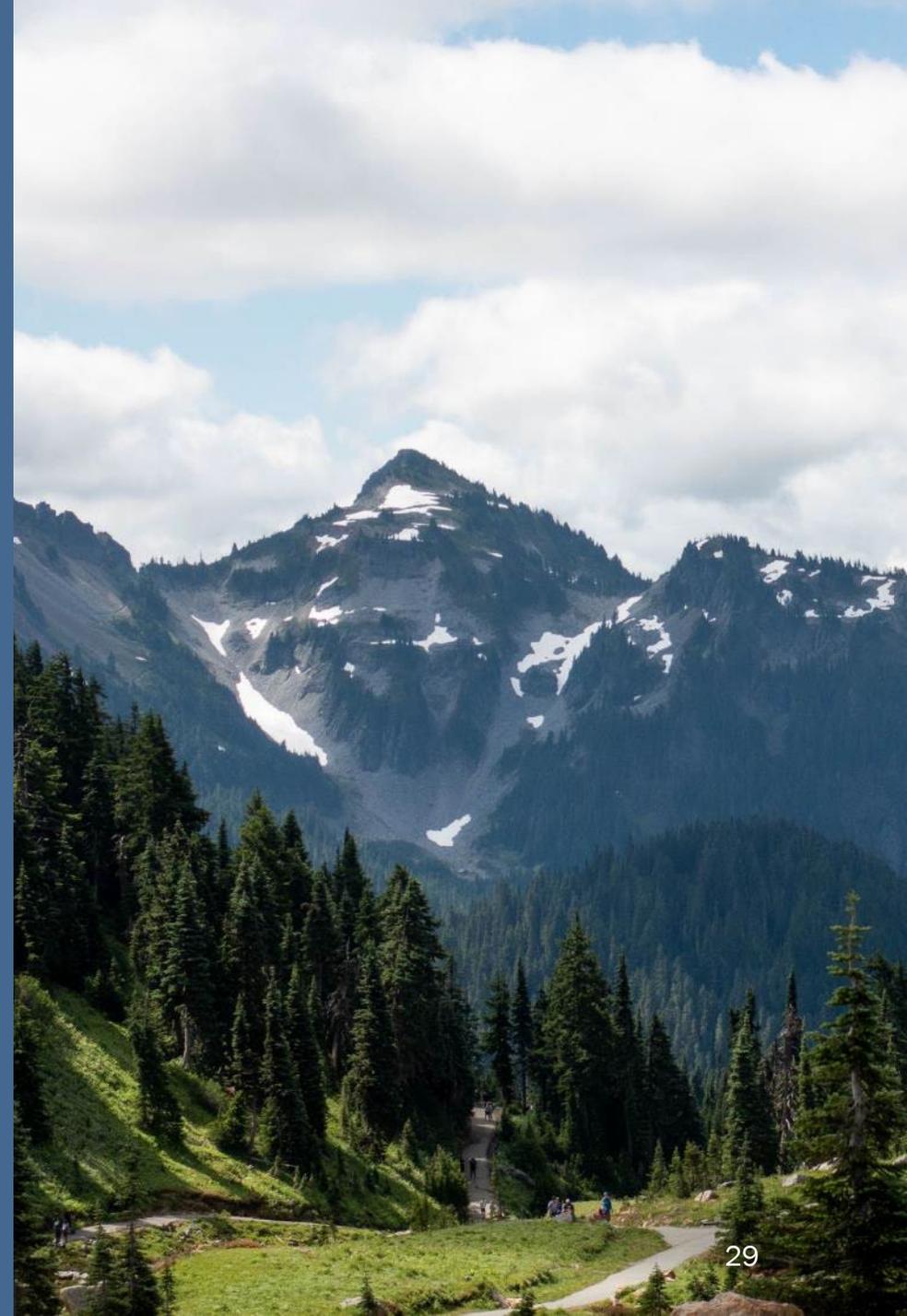


Public Comments

- Ecology encourages public comments related to the scope and process of this rulemaking
 - In particular, Ecology requests comments on protocol revisions or additions that should be considered
- Informal public comments can be made via email or online at <https://aq.ecology.commentinput.com?id=Fe4JckrA9>
- Ecology will invite formal public comment on proposed rule language in Fall 2024



Comments



Stay engaged

- Rulemaking site email list
- Online comments
- Tribal consultation

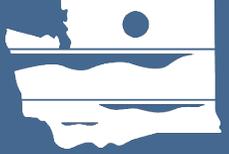
**For rulemaking inquiries and public or Tribal
engagement:**

Nikki Harris

Environmental Planner

Nikki.harris@ecy.wa.gov

Contact



Thank you





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