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Submitted electronically at <https://aq.ecology.commentinput.com/?id=DpgZ3>

April 12, 2022

Rachel Assink
Rulemaking Lead
Washington Department of Ecology

Dear Ms. Assink,

SRECTrade is a technology driven platform and services provider that helps provide equitable access to complex regulatory markets. As the largest third-party manager of environmental commodities in the United States, our goal is to accelerate deployment of clean energy assets while minimizing the time, cost, and risk associated with achieving financial return and compliance. As one of the largest third-party managers of fuel supply equipment (FSEs), we facilitate participation in the California Low Carbon Fuel Standard (LCFS) program and Oregon Clean Fuels Program (CFP) for a variety of public and private clean energy asset owners across multiple industries and sectors. SRECTrade is a wholly-owned subsidiary of Xpansiv, the global environmental commodity platform that enables organizations to achieve decarbonization and ESG goals with differentiated and renewable fuels, RECs, offsets and more while establishing market transparency, stability and financeability.

SRECTrade respectfully submits the following comments to the Department of Ecology (“Ecology”) in response to the draft Clean Fuels Program (CFP) rule discussed at the Stakeholder Meetings on October 6, 2021, November 16, 2021, January 27, 2022, and March 15, 2022.

Immediate Implementation of the Program

SRECTrade supports the immediate implementation of the CFP compliance schedule, with 0.5% reduction beginning in 2023 and compliance obligations beginning in 2024. Immediate implementation will ensure entities investing in clean fuels are able to start benefiting from the program and driving the intended emissions reductions.

Support for Aggregator Role and Suggested Improvements

SRECTrade strongly supports Ecology’s proposed rule language distinguishing the aggregator role from other participants. Aggregators play an important role by reducing both barriers to participation and administrative burdens for participants and regulators alike, ensuring better program outcomes. SRECTrade suggests the following clarifications and considerations when implementing the aggregator role:



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- Clarify language so that any entity under WAC 173-424-200, WAC 173-424-210, and 173-424-220 may designate an aggregator to facilitate credit generation and trading on their behalf.
- Specify that designation of an aggregator by a credit generator to take effect the same calendar quarter that the designation request is submitted, provided all other requirements and deadlines are met. This will allow designators to immediately participate in the program and generate credits, thus benefiting from the program immediately.
- Enable entities pursuing credits under any zero emission infrastructure pathways (FCI and HRI in the LCFS program), to designate an aggregator to facilitate all programmatic activities on their behalf
- Consider using a standardized Aggregator Designation Form, similar to the Oregon Clean Fuels Program (CFP). This removes any variability in the language used to confirm the designation and ensure all parties are abiding by the same provisions.

Application Programming Interface (API) for Washington FRS

SRECTrade strongly encourages Ecology to implement an Application Programming Interface (API) for the Washington Fuel Reporting System (WA-FRS). As Ecology shifts to implementing the adopted rules, WA-FRS will become the central platform where program participants interact with the program - managing credit and deficit balances; submitting pathway reports, fuel transactions, and verification statements; registering facilities and assets; and formalizing credit transactions. This is also the central interface for regulatory staff to review, approve, and synthesize program data. The manual nature of using the California and Oregon reporting tool interfaces have proven labor intensive, prone to human-input error, and stifling to innovation that can dramatically improve how users interact with the program, especially as those programs grown in size.

An API is essentially a software intermediary that allows two applications to communicate. If API enabled, once Ecology establishes the WA-FRS, third-party developers would be able to build software tools that interact with the WA-FRS in the same way that a user will through their own interface, but with the efficiency and capability of computer software. Innovation costs are borne by the private industry, not Ecology staff.

APIs are already in use with success across environmental commodity programs. through various registries - the New England Power Pool Generation Information System (NEPOOL GIS) and PJM's Generation Attribute Tracking Systems (GATS) currently have APIs in place that are widely used as an acceptable means of data transfer. The benefits of APIs in these programs could be shared by the CFP program and participating community. We believe that these benefits would spur innovation and increase CFP program participation and program success.



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Electric Forklifts Reporting Requirements

SRECTrade supports requiring metered data for electric forklift reporting for better precision and alignment across other vehicle applications. SRECTrade suggests the following considerations:

- Enable reporting of metered forklift data to be prorated based on the allocation of forklifts in a given fleet (FSE) between pre-model year 2016 and post-model year 2015. For example, if 75% of the fleet are manufactured prior to 2016, then 75% of the kWh collected during a reporting period would be reported under that electricity application. Many forklift charging and metering solutions are not able to separate between forklift types.
- Should an estimation model be allowed, assign conservative default inputs such as battery capacity in order to ensure usage data is not overreported.

Zero-CI Electricity Reporting Requirements

SRECTrade supports Ecology's proposal to allow offsite renewables to achieve low-CI electricity and provides the following recommendations:

- Require the use of WREGIS to retire RECs. WREGIS is an effective and widely used registry that has enabled the registration, reporting, credit issuance, and verification of RECs for low-CI electricity in both the CA and OR programs.
- Remove the Green-e certification requirement. This requirement will layer unnecessary complexity, costs, and conflicting requirements onto electricity users. This may hamper program participation and the use of renewable resources in the CFP. Requirement for retirement in WREGIS provides Ecology staff with the best path to ensuring RECs are valid, traceable, and not being double-counted. SRECTrade supports the draft rule limiting the geographic requirements of eligible RECs to within the WECC region.
- Expand in-service eligibility to 2015 or earlier. Limiting the pool of eligible renewable energy assets to those placed in service after 2023 will drive up the cost of achieving low-CI electricity. Incentivizing new renewable resource deployment, which will occur even with a longer runway for in-service data, is not a primary intent of this program.

Multi-family housing designated as nonresidential charging

SRECTrade supports the assignment of the first fuel reporting entity for multi-family housing to the charging station owner or operator. This clear categorization, similar in structure to the Oregon CFP, provides better clarity to property owners on its eligibility to participate in the program and incentivizes investment in accessible charging stations to all building tenants.

Clarification on nonresidential first fuel reporting entity

SRECTrade requests further clarification on the nonresidential first fuel reporting entity, designating such the owner or service provider of the FSE. Aligning the ownership and rights with the California LCFS



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and Oregon CFP ensures clarity of fuel reporting responsibilities and credit generation. For reference, the California LCFS determines that “the owner of the FSE is eligible to generate credits”.

Facilitate Exchange-Based Trading of CFP Credits

SRECTrade encourages Ecology to consider enabling exchange-based trading of CFP credits. Current rules as drafted would only allow for over-the-counter (OTC) transactions. Exchanges provide more secure and cost-efficient means of transacting by removing barriers to entry and enabling better pricing transparency. This greater access and efficiency will increase confidence in the CFP market and ensure clear pricing signals translate to investment and utilization of low carbon fuels. To achieve this, SRECTrade recommends the following:

- Add rule language that creates a new category of program participant, Clearing Service Provider (CSP), for the purposes of enabling spot and futures exchanges clearing services. A CSP would take temporary custodial ownership of CFP credits for clearing purposes.
- Required entities seeking to provide futures clearing to be a licensed Derivatives Futures Trading Organization (DCO) registered with the Commodities Futures Trading Commission (CFTC). Entities seeking to provide spot clearing of credits should not be subject to this requirement, since it is not applicable.
- Limit temporary holding of CFP credits for the purposes of clearing spot transactions for up to 30 days. This would enable greater transparency and price discovery by giving sellers time and flexibility to find fair market value.

Thank you very much for your time and consideration as you review these comments. We welcome the opportunity for further clarification and discussion of our comments.

A handwritten signature in black ink, appearing to read "Michael Saxton", written over a horizontal line.

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