

January 26, 2022

Cooper Garbe, Rulemaking Lead
Washington Department of Ecology
300 Desmond Dr SE
Lacey, WA 98503

Submitted via <https://aq.ecology.commentinput.com/?id=mgir9>

RE: 3Degrees Comments in Washington Department of Ecology's Pre-Rulemaking for WAC 173-446 Climate Commitment Act

Dear Cooper Garbe,

3Degrees Group, Inc. ("3Degrees") appreciates this opportunity to provide informal comments to the Washington Department of Ecology ("Ecology") in response to the recent workshop and proposed rules for WAC 173-446 to implement the Climate Commitment Act Program.

3Degrees is a provider of renewable energy and carbon mitigation products, programs, and services. To this end, 3Degrees supports hundreds of corporate and institutional customers in meeting carbon reduction and renewable targets, and works closely with utilities across the country to help them serve thousands of residential customers through our utility green power program partnerships. 3Degrees is also a leading carbon project developer working with dozens of emissions reductions projects in various sectors to produce high-quality carbon credits.

Proposed carbon credit protocol adoption

We encourage Ecology to consider the inclusion of carbon credit protocols beyond those that have been adopted by the California Air Resources Board (CARB). We recommend that Ecology allow projects that can meet the requirements of robust voluntary offset protocols offered by reputable registries like the Climate Action Reserve (CAR), Verra, and the American Carbon Registry (ACR) to be eligible to generate credits under the program. Many of these voluntary protocols were included in Ecology's draft rules to implement the Clean Air Rule 2017.

In particular, there are a number of projects located in Washington that do not qualify to generate credits under the livestock protocol approved by CARB, but which would qualify under the voluntary protocols included in the Clean Air Rule proposed rules. For example, we have recently registered a project in Royal City, Washington, that uses vermifiltration, an alternative manure management practice using worms. This project type differs from the more common anaerobic digester projects in that it *avoids* methane production altogether and provides a better solution for small- to medium-sized dairies. Our first project was successfully validated against CDM's *Methane Avoidance Through Separation of Solids from Wastewater or Manure Treatment Systems* methodology using Verra's VCS Standard. We are presently working on registering a second such project using another alternative manure management practice in the Yakima Valley. The methodology could easily be adapted to an Ecology-specific methodology and could achieve widespread adoption by Washington dairies.

CAR's Organic Waste Digestion protocol is another example of a protocol that could lead to new emissions reducing projects in Washington if approved for use under the Climate Commitment Act rules. 3Degrees currently manages the creation of voluntary offsets from a Washington organic waste digestion project that avoids methane emissions from food processing; with the certainty of a compliance market, we believe more Washington projects would potentially come online.

Proposal to remove allowances from auctions for carbon credit usage

We see the potential benefits of requiring that an allowance be removed from the system for every carbon credit retired for compliance. However, we believe additional consideration should be given to how this new program proposal would be implemented and the impacts it would have on program design. Initial questions that should be addressed include:

- How will Washington address the situation where a compliance entity retires the entirety of its maximum carbon credit usage for a three year compliance period in a single year?
- How will Washington address instances where invalidation of credits occurs and additional credits must be retired to cover the invalidated credits?

Voluntary Reserve Account

We are generally supportive of the proposed language for managing allowances in the voluntary renewable electricity reserve account. We would recommend that Ecology make the following minor changes to proposed language on managing allowances in the reserve account:

(1) Allocation of allowances to the voluntary reserve account after the first compliance period.

WAC 173-446-230 (2) states: "The number of allowances allocated to the voluntary renewable electricity reserve account for the first compliance period will be 1/3 of one percent (0.33%) of the total program budget for each year as provided in Table 210-1."

We request that Ecology clarify that and how allowances will be allocated after the first compliance period.

(2) Assessing voluntary market demand in future years.

WAC 173-446-250 (6)(g)(ii) states that if the account "surplus grows for three or more consecutive years, and if forecasts of voluntary renewable electricity purchases project a decrease or lesser increase of voluntary renewable electricity purchases than the corresponding increase in the account, then Ecology may reduce the surplus of allowances in the reserve account[.]"

We recommend that Ecology adjust this to state that if the surplus grows for three or more years, Ecology will undertake an assessment into why the reserve account is not being used, including a review of whether the volume of voluntary renewable electricity purchases are decreasing as well as whether there are administrative reasons why the voluntary market is not adequately leveraging the reserve account.

3Degrees appreciates this opportunity to provide comments to Ecology as the department seeks to develop an effective cap and invest program. The suggestions outlined above support a Climate Commitment Act Program Rule that will encourage and preserve opportunities in the state for private investment in renewable energy and carbon reduction projects. We look forward to continuing to engage with Ecology throughout this process and welcome the opportunity to answer any questions or discuss our comments in more detail.

Sincerely,

/s/ Maya Kelty

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