



Evergreen Carbon Comments to Ecology – Climate Commitment Act Rulemaking:

Hello DOE –

Following are my comments to the CCA

WAC 173-446-080 (5) Allowances do not expire and may be banked.

Allowances should not be allowed to languish and should be either retired or eventually removed from the system as being “unused”. I believe that CARB uses a 3-year window. I think a 3yr. window is reasonable. This “sunsetting” of allowances, particularly those granted for free to EITE’s, for example allows the market pricing to be better managed.

Imagine a situation where someone has been buying up relatively cheap allowances, sit on them for 10 years, then make a killing in the market, selling viable allowances for a fraction of the current going rate. The affect of this on the “floor” and “ceiling” prices for that auction could be perturbed. If there are protections about that – then the problem with creating the proper volume of allowances that keep the market stable – and effective at reducing GHGs will be less effective if there are long-term plays in banking allowances.

Considering that general-market participants – each may hold 1,875,000 annually – or in perpetuity (as they are not under a compliance obligation). Will the value of older vintaged allowances be set at the price of that vintage – or reset to the current “floor” of the year those holdings are sold? According to WAC 173-446-150 (2) (e) a situation could result in five “general-market participants” holding half the available allowances.

An allowance sunset will force the turnover of allowances in a timely manner, keeping the market reaction truer to current conditions.

WAC 173-446-505 Requirements for compliance offset protocols

“(2) (D) Only projects located in the United States and its territories are eligible under this protocol.” is in conflict with WAC 173-446-510 (c) and WAC 173-446-595 Direct Environmental Benefit in the State.

Rule WAC 173-446-505 should indicate that all projects are to be compliant with WAC 173-446-595 (2) (a) (b) and (c).

WAC 173-446-520. Listing of Offset Projects Using Ecology Compliance Offset Protocols

This list should be expanded as quickly as reasonable. At the launch of this rule, there will be a deficit of available carbon credits. In review of current projects on the Climate Action Reserve for projects located in WA State, currently, there are only two forest projects and two Livestock (digester) projects that are ARB eligible. That’s all.

There are no ODS projects located in our State. The two closest ODS projects are in Arkansas, and the A-gas project in Ohio. Both these projects will have to follow the pathway laid out for 173-446-595 (2) for



out of State projects. The analysis will be subjective by Ecology, to decide if the scientific literature, gov't reports, etc. will be sufficient. Project owners outside the State (ODS, for example) may just not bother with WA, particularly so, if they have customers elsewhere. Don't assume that the WA market will be robust enough, particularly at the get go, to encourage a handful of potentially eligible project owners to go through the Ecology review that holds uncertain outcomes for the project proponents.

I recommend including Coal Mine Methane immediately, another CARB acceptable protocol. A project of this type could be implemented fairly quickly – much quicker than a US Forest project – or even ODS, which requires very specialized handling and management of ODS gases in their collection, analysis, and destruction.

Then, I would quickly expand to reviewing other Climate Action Reserve's (CAR) protocols and decide if some of those not yet acceptable by CARB will be valuable and hold Direct Environmental Benefit to WA, if developed. I recommend accepting the CAR Nitric Acid Protocol. There are several fertilizer plants (large sources of N₂O) in WA that could start planning today to install the N₂O destroying catalyst in their plants, if there was incentive to this industry for this million-dollar investment.

I'd also consider the CAR Grasslands protocol, and the new Soil Organic Carbon – both of which, WA growers could quickly take advantage of, improving WA's farms and rangeland, while providing an avenue for our Agriculture sector to participate in the CCA.

Thank you for reviewing these comments.

Regards,
Wolf Lichtenstein
Owner, Lightstone Consulting dba Evergreen Carbon
206-923-2656
wolf@evergreencarbon.com