

SRECTrade, Inc

Please see the attached comment letter.

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

August 30, 2022

Rachel Assink
Rulemaking Lead
Washington Department of Ecology

Dear Ms. Assink,

SRECTrade respectfully submits the following comments to the Department of Ecology (“Ecology”) in response to the draft Clean Fuels Program (CFP) rule published on July 18, 2022 and the public hearing to receive comments regarding the rulemaking on August 23, 2022.

About SRECTrade

SRECTrade is a technology driven platform and service provider providing equitable access to complex regulatory markets. As one of the largest third-party managers of environmental commodities in the United States, we accelerate deployment of clean energy and clean transportation assets while minimizing the time, cost, and risk of participating in such complex regulatory programs. SRECTrade is a wholly owned subsidiary of Xpansiv, the global marketplace for environmental commodities. Xpansiv built and operates the largest carbon market in the world. Collectively we fund budgets to deploy and operate zero-emission equipment and energy generation, while helping ensure broader environmental commitments are met with carbon offsets, renewable energy, and digital fuels.

Support for Aggregator Role and Suggested Improvements

SRECTrade commends Ecology’s proposed rule distinguishing the aggregator role from other program participants and reiterates the important role aggregators play to reduce barriers to entry and to ease the administrative burden for both credit generators and regulators alike.

SRECTrade reiterates the following suggestions to further clarify and strengthen the aggregator role:

- Allow for the designation of an aggregator by a credit generator to take effect the same calendar quarter that the designation request is received by Ecology, provided all other requirements and deadlines are met. This would prevent unnecessary delays to credit generation, including for parties designating aggregators in the first quarter of the program (Q1 2023) who may inadvertently be excluded from credit generation for that first quarter.
- Implement 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.

Annual Clean Fuels Program Fee Structure

SRECTrade requests further clarification regarding the amount of the program fee and how it will be implemented, particularly with regard to whether and how these fees will be assessed for aggregators working on behalf of multiple credit generators.

Zero-CI Electricity Reporting Requirements

SRECTrade supports most provisions in the proposed rule regarding utilizing off-site renewables to achieve zero-CI electricity. SRECTrade strongly recommends expanding the in-service eligibility of electric generators to 2015 or earlier to ensure accessibility to the pool of renewable energy assets, as limiting the inventory will drive up the cost of achieving zero-CI electricity. SRECTrade also seeks clarification on the current proposed rule requiring RECs retired for zero-CI electricity to be

“...generated by an electric generator that was placed in service after 2023”, as this effectively prohibits the use of RECs for the first four or five quarters of the program. The program should ensure that the REC book-and-claim mechanism can be used to reduce the CI of electricity upon program implementation.

Exchange-Based Trading of CFP credits

SRECTrade encourages Ecology to consider enabling exchange-based trading of CFP credits by creating a clearing account designation. The clearing account would exist solely for the purpose of facilitating trades that occur on an exchange. Exchanges provide more secure and cost-efficient means of transacting while removing barriers to entry and enabling better pricing transparency. As with mature commodity markets, more streamlined transaction capability also provides clearer pricing signals, increases market confidence, and accelerates investment and use of low carbon fuels. This discussion topic should be included for consideration in future rulemaking sessions.

Creating Efficient Data Management Systems

Upon program implementation, the Washington Fuel Reporting System (WA-FRS) and associated data management systems will support the key activities that underpin the effectiveness of the CFP: registering facilities and assets; submitting pathway reports, fuel transactions, and verification statements; managing credit and deficit balances, and formalizing credit transactions. SRECTrade recommends Ecology create a stakeholder committee upon program launch to create a forum for program participants to provide feedback on the efficacy of these data management systems and support Ecology in continuous improvement. Some initial improvements to explore are the implementation of Automatic Program Interfaces (APIs) that allow machine to machine interactions that unlock much greater market participation, efficiency, and innovation.

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.



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