



June 27, 2024

Harrison Ashby  
Attn: Climate Commitment Act (CCA) Funds Reporting Rulemaking  
Department of Ecology  
P.O. Box 47600  
Olympia, WA 98504-7600

RE: Comments on Draft New Rule Chapter 173-446B WAC, CCA Funds Reporting Rulemaking

Dear Ms. Ashby:

The Washington State Department of Transportation (WSDOT) is pleased to submit comments regarding the Department of Ecology's proposed new rule Chapter 173-446B WAC for the CCA Funds Reporting. The rule will establish reporting requirements for recipients of funding from the CCA accounts, highlight the state's efforts to reduce greenhouse gas (GHG) emissions from the transportation sector, and ensure the equitable distribution of funds as mandated by the State Legislature.

WSDOT seeks the following revisions and clarifications:

- WAC 173-446B-010 – The rule references the RCW and the seven CCA-related accounts. We recommend clarifying whether these references should be updated to include any newly created accounts, such as the Consolidated Climate Account; and incorporating corresponding language in the Definition section outlined in WAC-173-446B-020(2).
- WAC 173-446B-010(2)(3). This introductory section is intended to summarize the requirements of RCW 70A.65.300 but may be misunderstood as listing the specific reporting elements for recipients under the rule (which is done in WAC 173-446B-050). We suggest clarification such as revising subsection (2) to state “The annual reporting requirements set forth in this chapter are adopted to comply with RCW 70A.65.300, which requires that the report must include, at a minimum:”, and revise subsection (3) to state “For projects or programs that produce verifiable reductions in greenhouse gas emissions or other long-term impacts to emissions, RCW 70A.65.300 further requires that the annual report must also identify:”

- WAC 173-446B-020(1) – We recommend further clarification of the term “single line-item”. In some cases, the Legislature may not proviso, or “line item” an investment of CCA funds, but that item or programmatic investment is referenced in either LEAP project lists or Legislative Budget Notes. Or is Ecology referring only to an expenditure authority (EA) code or a project list item, which would be a narrower list of items?
- WAC 173-446B-020(6) We recommend defining “Long-term” in "Long-term impact to emissions" as a project’s useful life.
- WAC 173-446B-030 – “By June 30th of each year, ecology will notify recipients of the manner and date by which they must submit their data for the upcoming fiscal year.” We seek clarification of which fiscal year’s data and reporting cycle this statement is referring to. WSDOT recommends that the notification occurs more than a year in advance of associated fiscal year reporting. This would give recipients (state agencies) a year to prepare for any required changes in reporting.
- WAC 173-446B-030 – The due date requirement increases uncertainty regarding reporting expectations. We recommend clarifying the following points: Does the annual report need to include both future and past data? Is it intended to be (a) a plan for expenditures/estimated appropriations, (b) an update on actual expenditures; or (c) is it both?
- WAC 173-446B-040 See comment above for section WAC 173-446B-020 (6).
- WAC 173-446B-040(2)(i) – We recommend clarifying whether all full-time equivalent (FTE) expenditures (objects A & B) are not required to report, and whether this also includes consultant services for agency staff augmentation.
- WAC 173-446B-050 – We recommend that reporting requirements also include: (1) the estimated start date for anticipated benefits, (2) the expected duration of these benefits or useful life of the infrastructure/equipment/vehicle or vessel, and (3) the projected emissions reductions over the project’s useful life.
- WAC 173-446B-050(1)(j)(ii) – We seek clarification for how the “estimated cost per carbon dioxide equivalent metric ton of GHG reduced” should be calculated. Should this calculation be based solely on the fiscal year reported, or over the lifetime (useful life) of the project? Additionally, we recommend clarifying the definition of project lifetime as a project’s useful life (e.g., a new vehicle’s useful life). Furthermore, cost needs to be defined. WSDOT has proposed an approach for calculating the cost per metric ton of carbon dioxide equivalent at the conclusion of this comment letter, based on global standards for determining marginal abatement costs.

- WAC 173-446B-050(2)(g)(i)(iii)(iv) – We believe these requirements greatly expand the amount and variety of information that the report could collect based on the qualitative nature of these requests, which could pose challenges in record retention and usability. We recommend adding the language “reference state and local plans where such information is available”.
- **General: Comparison of benefits for different projects** -The basis for comparison is unclear. Spot improvements toward a total active transportation network goal differ significantly from fleet or ferry electrification. Similarly, transportation improvements are distinct from home energy improvements. We recommend allowing for the reporting of co-benefits in a narrative form when numerical data is unavailable or not meaningful. This approach will help avoid creating win/lose comparisons between different types of investments.
- **General: Projects with funding from multiple sources** – We raised this question in our January 2024 review but do not see it addressed in the new chapter. How should recipients report on expenditures for projects that receive funding from multiple sources? Should benefits from such expenditures be prorated to reflect the portion funded by the specific expenditure being reported on? Additionally, if a project receives CCA funding through multiple agencies, how will this be handled? Although such cases are not common, WSDOT recommends that Ecology work with reporting agencies to clarify these situations.
- **General: Programmatic and system improvements from multiple projects** - Multiple projects must often be completed collectively to achieve a system’s full potential of benefits. Without collective reporting, individual project reporting is likely to under value the greater benefit gained from full system improvements. Also, many programs and systems realize the full potential of benefits over the long-term, where individual project reporting may only capture short-term benefits where quantifiable. In addition, not all projects result in quantifiable benefits, even if the project is critical to the success and completion of a program. By program level, WSDOT is describing broad funding categories from the legislature such as ferry electrification, active transportation. Examples of WSDOT’s programmatic investments where it is difficult to capture total benefits by project include:
  - To achieve projected benefits in the WSDOT ferry system, multiple projects must often be completed together, including utility improvements, terminal enhancements, and vessel upgrades. It is difficult to apportion the benefits to an individual project.
  - To achieve projected benefits of complete active transportation networks requires many spot improvements, such as pedestrian and bicyclist treatments. These will have a long-term impact on emissions by supporting a mode shift. Measuring this impact will be challenging in the short term, as the full effect will only be realized when these networks are complete.

WSDOT recommends recipients have the flexibility to report at the overall system level in addition to the individual project level for the full potential benefit at estimated system improvement completion.

- **WSDOT's Recommendation for calculating \$/MT CO<sub>2</sub>e** – We recommend that Ecology reach out to legislative staff to seek clarification on which approach for calculating \$/MT CO<sub>2</sub>e will meet the legislature's needs (see potential options below). Once the legislature has provided guidance, WSDOT recommends Ecology establish the calculation methodology for \$/MT CO<sub>2</sub>e to be used uniformly for CCA reporting.

For calculating \$/MT CO<sub>2</sub>e, WSDOT recommends Ecology consider three calculation methodology options:

- **Option 1:** [Total CCA Funds] / [Total Project MT CO<sub>2</sub>e Reduced]
- **Option 2:** [Total Project Funds] / [Total Project MT CO<sub>2</sub>e Reduced]
- **Option 3:** [(Total Project Capital Expenditures) + (Incremental Operating Expenditures)] / [Total MT CO<sub>2</sub>e Abated]
  - Option 3 is the marginal abatement cost and aligns reporting requirements with the global standard for calculating marginal abatement costs and comparing GHG mitigation potential of varying projects. Consultation with legislative staff to clarify statutory intent may be helpful to inform which approach is best suited for this report. WSDOT can provide equation definitions upon request.

In addition to the clarifications requested and suggestions above, WSDOT would like to extend our appreciation for the collaborative efforts between state agencies in this rulemaking process. We look forward to working with the Department of Ecology staff to confirm the methodologies and calculator tools to use for reporting, and to implement the provisions of the CCA funds reporting requirements in the WAC. Please contact Jonathan Olds at [jonathan.olds@wsdot.wa.gov](mailto:jonathan.olds@wsdot.wa.gov) with any questions or to discuss how we can assist with the process.

Sincerely,



Ahmer Nizam  
Environmental Services Director

cc: Jonathan Olds, Branch Manager for Climate Mitigation and Adaptation