

October 2, 2024

Washington Department of Ecology
Attn: Adam Saul, Environmental Planner
300 Desmond Drive SE
Lacey, WA 98503

RE: Third public comment period – Clean Fuel Standard Draft Rule

Dear Department of Ecology CFS rulemaking team,

Christianson PLLP is a full-service public accounting firm based in Willmar, Minnesota, with over 35 years of experience serving the renewable fuels industry. We specialize in providing technical assistance and professional services that ensure industry compliance and support sustainable practices.

As a trusted third-party verification body for several biofuel producers participating in Washington's Clean Fuel Standard program, we have actively engaged in the rulemaking process since its announcement last December, including submitting public comments at each stage.

In response to the recent draft rule, we would like to address two key areas of importance:

1. Request for CPA Exemption from Firm Rotation
2. Appreciation for Less Intensive Verification

Partner Rotation Exemption or Extension

The proposal to implement firm or partner rotation requirements for verification bodies has emerged in U.S. low-carbon fuel programs. Partner rotation allows the verification team to retain its client by switching out the lead verifier, thereby preserving the knowledge and understanding built over years of working with the client. This contributes to a more efficient and effective audit.

We respectfully request that the Department of Ecology and other state programs consider amending the mandatory firm rotation regulation to include an exemption or extended timeline for licensed CPA firms. Of the 30 California Air Resources Board

(CARB)-approved Low Carbon Fuel Standard (LCFS) verification bodies, only four are licensed CPA firms.

An approved verification body, that is also a licensed CPA firm, exceeds the standards in place for verification bodies and is already subject to additional oversight on the entity's quality control system in accounting and auditing practices through the required AICPA peer review process.

Due to the increased regulatory oversight, we suggest a CPA firm not be subject to the audit firm rotation but would instead adhere to a Lead Verifier rotation after six consecutive years.

A licensed CPA firm differs from other consulting agencies by adhering to more rigorous standards and oversight at a state and national level. If a verification body were to violate a lead verifier rotation requirement, it would put the firm license at risk. The CPA firm license is required for all services provided by the firm, not just the LCFS verification services, thereby ensuring adherence to requirements.

Licensed CPA firm requirements

- **CPA Ownership:** A licensed CPA firm must be comprised of over 50% of the ownership being licensed CPAs
 - To earn the accreditation to be a CPA, individuals must pass a rigorous four-part CPA exam, accumulate education hours, and in many states, one must fulfill 1-2 years of work experience.

- **3-year Peer Review Audit:**
 - Licensed CPA firms are subject to an AICPA-mandated peer review every three years. This external review ensures the firm's accounting and auditing practices meet established quality control standards. Peer review results are publicly available on the AICPA's website under the [Peer Review Public File Search](#).

- **State Boards of Accountancy (SBOA):** are found in each state's statute to aid state governments in the licensing and regulation of the public accounting profession.
 - SBOAs provide further oversight on CPA firms by evaluating CPA licensees' examinations and regulatory oversight to ensure a firm is practicing within their statutory scope.

We have shared our concerns regarding firm rotation with California and Oregon as well, as these programs look to streamline requirements amongst the state programs, so that the CPA exemption language is adopted by all.

Less Intensive Verification

Verification bodies play a crucial role in ensuring fuel producers meet the necessary criteria to be classified as low carbon. The provision that allows for less intensive verification—by waiving the site visit requirement if a site was visited within the past two years and a positive verification statement was issued—is particularly valuable.

We believe this approach offers significant time and cost savings for both verification bodies and producer clients, while also reducing greenhouse gas emissions associated with travel to site visits for our clients, who are often dispersed across the state. Furthermore, we greatly appreciate that this streamlined verification process is applied uniformly, without favoring certain fuel types over others, ensuring a level playing field.

We at Christianson PLLP thank you for your time and consideration and are grateful for the opportunity to contribute in the rulemaking process. Please reach out to us if you have any questions.

Sincerely,



Kari Battenhoff, CPA
Partner, Christianson PLLP

Christianson PLLP
302 5th St. SW
Willmar, MN 56201