



PUGET
SOUND
ENERGY



NW Natural®
We grew up here.

Joint Comments of Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy Regarding Cap-and-Invest Program Updates and Linkage

September 5, 2025

Washington State Department of Ecology
Air Quality Program
P.O. Box 47600
Olympia, WA 98504-7600

Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy, Inc. (collectively, the “Utilities”) appreciate the opportunity to submit comments on the draft rules released in July 2025 by the Washington Department of Ecology (“Ecology”) to facilitate linkage of Washington’s cap-and-invest program with other jurisdictions.

The Utilities strongly support linking Washington’s cap-and-invest program with the California-Québec market and appreciate the action Ecology is taking pursuant to Senate Bill 6058 (2024), House Bill 1975 (2025), and House Bill 1912 (2025) to make upfront changes to Washington’s Climate Commitment Act Program and Greenhouse Gas Reporting regulations that will facilitate linkage. In addition to the comments the Utilities previously submitted in May, the Utilities highlight the following comments below:

- **Provide greater clarity regarding agricultural emissions exemptions.** The Utilities support the exemption of fuels used for transporting agricultural products on public highways through 2029.¹ This amendment is consistent with House Bill 1912 (2025), which mandates that Ecology extend this exemption from 2027 to 2029. The exemption will help ease the impacts of the energy transition on Washington’s agricultural sector. Relatedly, the Utilities also appreciate that Ecology has defined special fuel in the proposed Greenhouse Gas Reporting regulations.² However, to reduce confusion, we request that Ecology provide greater clarity regarding exempt agricultural end uses. Utilities have received outreach from customers who are unclear about the scope of this exemption. As service companies, we want to reduce confusion and provide clear guidance.
- **Clarify changes to no-cost allowance allocations for the gas sector based on adjusted allowance budgets required by House Bill 1975.** Under House Bill 1975 (2025), Ecology must adjust allowance budgets for the Climate Commitment Act Program to achieve the statewide emissions limits established in RCW 70A045.020 by December 31st of 2030, 2040, and 2050. By changing the date of achievement from January 1st to December 31st,

¹ Washington Department of Ecology, Draft Proposed Changes to the Climate Commitment Act Program Rule for the Cap-and-Invest Program Updates and Linkage Rulemaking, WAC 173-446-040(2)(b)(iv), (July 2025).

² Washington Department of Ecology, Draft Proposed Changes to the Reporting of Emissions of Greenhouse Gases Rule for the Cap-and-Invest Program Updates and Linkage Rulemaking, WAC 173-441-122 (5)(d)(xi)(C), (July 2025).

Ecology will need to adjust the program cap to reflect this less steep trajectory of decline. The Utilities request that their allocation of no-cost allowances be adjusted in line with the adjustments that will be made for the program cap.

- **Provide for carbon capture mechanisms.** The proposed amendments should provide for carbon capture mechanisms so that greenhouse gas emissions permanently captured are not associated with a Climate Commitment Act compliance obligation. For example, Ecology could exempt from covered emissions the emissions avoided where the use of natural gas results in greenhouse gas emissions captured and stored, if documented by information provided to Ecology under approved protocols. Carbon capture is an emerging technology that will grow in importance in the future,³ and Washington should be a leader and do what it can to incentivize developments in this sector.
- **Consider emissions reduction benefits of hydrogen.** The Utilities are supportive of the development of hydrogen as a technology, seeing its value as a potential peaking resource, and its potential for gas emissions reductions, among other uses for other industries. For example, distributed methane pyrolysis technology is a groundbreaking solution that removes carbon from natural gas at the point-of-use for commercial and industrial operations in traditionally hard-to-decarbonize sectors. This technology has the potential to help large gas customers accelerate their decarbonization projects and reduce their greenhouse gas emissions in line with Washington State’s clean energy goals. Given this potential, there’s an opportunity to make changes to the Climate Commitment Act Program to ensure that these emissions reduction technologies are incentivized under this program. Changes may also include definitional updates and modifications to the Greenhouse Gas Reporting regulations to enable these technologies.⁴

The Utilities appreciate the opportunity to engage with Ecology regarding amendments to Washington’s cap-and-invest program. If you would like to further discuss this letter or have any questions, please reach out to Lorna Luebbe (lorna.luebbe@pse.com), Jillian Caires (jillian.caires@avistacorp.com), Abbie Krebsbach (abbie.krebsbach@mdu.com), and Mary Moerlins (mary.moerlins@nwnatural.com).

/s/ Lorna Luebbe

Lorna Luebbe
Senior Vice President,
Chief Sustainability Officer, and
General Counsel

/s/ Mary Moerlins

Mary Moerlins
Director of Environmental Policy &
Corporate Responsibility
NW Natural

³ See, e.g., James Temple & Casey Crownhart, *UN climate report: Carbon removal is now “essential”*, (Apr. 4, 2022), <https://www.technologyreview.com/2022/04/04/1048832/un-climate-report-carbon-removal-is-now-essential/>.

⁴ See, e.g., Washington Department of Ecology, Draft Proposed Changes to the Reporting of Emissions of Greenhouse Gases Rule for the Cap-and-Invest Program Updates and Linkage Rulemaking, WAC 173-441-120(1) Table 120-1, (July 2025).

Puget Sound Energy

/s/ Jillian Caires

Jillian Caires

Director of Environmental Affairs

Avista

/s/ Abbie Krebsbach

Abbie Krebsbach

Environmental Director

Cascade Natural Gas Corporation