



Energizing Life in Our Communities

August 1, 2025

Department of Ecology
Climate Pollution Reduction Program
Adam Saul
PO Box 47600
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Via website upload

Re: 173-424 WAC, Clean Fuels Program Rulemaking update

Clean Fuels Program Team:

The Public Utility District #1 of Snohomish County (Snohomish) is the second largest publicly owned utility in the Pacific Northwest and 13th largest in the nation with 2,200 square miles of service area, serving electricity to over 380,000 homes and businesses in Snohomish County and Camano Island. Snohomish appreciates the opportunity to provide comments on the current draft rulemaking and respectfully submits the following comments.

The electric utility sector plays a distinct and foundational role in Washington's Clean Fuels Program—as both a regulated entity and a generator of credits that support broad transportation electrification goals. Unlike other participants, electric utilities are not fuel suppliers, but public service providers that reinvest credit revenues directly into programs benefiting ratepayers and advancing statewide decarbonization. This unique role warrants a regulatory approach that is appropriately tailored to the sector's structure, responsibilities, and accountability to the public.

Electric utilities are already subject to extensive oversight under laws like the Clean Energy Transformation Act (CETA) and the Climate Commitment Act (CCA), and operate within a transparent planning and reporting framework. While it is essential for the Department of Ecology to establish and enforce carbon intensity values across all program participants, the electric sector's emissions data and fuel mix calculations are already publicly available and readily derived from established reporting—making them inherently verifiable and less susceptible to the types of risks that warrant more intensive regulatory scrutiny. Accordingly, we urge the Department to ensure that new requirements—particularly around third-party verification—reflect the unique characteristics of the electric sector and its strong foundation of public accountability. We believe it is critical for the state to allow electric utilities the flexibility to grow these programs, particularly with uncertainty around on-going federal incentives.

Delay third-party verification requirements for electric utilities for 5 years

Due to the delayed allocation of residential base credits, lower than expected credit prices and limited clarity for revenue expenditures, many utility electric transportation programs and activities utilizing the CFP credit revenue are currently under development or beginning implementation. A delay of the verification requirements would

- 1) allow programs and activities to become established and have measurable results,
- 2) provide sufficient time to recruit, train, test and build a competitive pool of qualified verifiers for utility residential revenue expenditures reports and
- 3) create enough revenue and expenditures to justify the cost of hiring a qualified verification team.

Eliminate the on-site requirement for verification of files and data

Files and data are all stored electronically on a local server or in the cloud. It is unclear to Snohomish what verification activities would require on site access, or that any benefits of on-site verification would outweigh the time and cost savings of a virtual option.

Modify the credit transaction timeline to provide certainty and consistency for credit buyers and sellers

Snohomish understands and supports Ecology's goal of distinguishing between agreements for near-term transfer (Type 1) and agreements for future transfer (Type 2). Based on our experience in the market and initiating transactions in WFRS, the 10 calendar day limit after the agreement date for the buyer to accept a Type 1 credit transfer can be challenging in some instances. Sellers may not be able to initiate credit transfers on the same day as the trade date due to internal administrative processes, or an agreement that requires payment prior to credit transfer. Under Ecology's proposed rule change, if the seller initiates a Type 1 transfer several days after the agreement date, then the buyer will not have the full 10 days described in 173-424-530(4) to confirm the accuracy of the credit transfer form and accept the credits. This could result in the transfer expiring and requiring re-initiation as Type 2.

We recommend that Ecology make a modification to the proposed rules such that the distinction between Type 1 and Type 2 transfers is based on the transfer *initiation* date rather than the transfer *delivery* (i.e., acceptance) date.

- Type 1: credit transfer is *initiated* (rather than accepted) within 10 days of the agreement date
- Type 2: credit transfer is *initiated* (rather than accepted) more than 10 days after the agreement date
- For all transfers (Type 1 and Type 2): buyer has 10 days after initiation to accept the transfer before it expires

Snohomish believes this adjustment would provide the following benefits:

- A 10-day window prior to *initiation* provides sufficient time for administrative processes associated with transactions;
- Provides a consistent 10-day window for buyers to review the credit transfer prior to their acceptance deadline, as described in WAC 173-424-530(4);
- Provides certainty to sellers at the time of transfer initiation whether the transaction will be a Type 1 or Type 2 transfer;

- Reduces the potential that transfers will need to be re-initiated in WFRS; and
- Preserves Ecology's goal of distinguishing between agreements for near-term and future transfer.

Accordingly, Snohomish proposes the following modifications to the draft rule language:

173-424-530(2) Credit transfers between registered parties.

(e) "Type 1 credit transfer." Over-the-counter agreement for the sale or transfer of CFS credits for which ~~delivery~~ **transfer initiation** will take place no more than 10 days from the date the parties enter into the transaction agreement.

(f) "Type 2 credit transfer." Over-the-counter agreement for the sale or transfer of CFS credits for which ~~delivery~~ **transfer initiation** is to take place more than 10 days from the date the parties enter into the transaction agreement or that involve multiple transfers of CFS credits over time.

Thank you for your consideration of our comments and continued engagement regarding the Clean Fuels Program. Please do not hesitate to contact Suzanne Frew at SFrew@snopud.com for any questions or additional information.