NW Natural®

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June 26, 2026

Washington State Department of Ecology
Cap-and-Invest Carbon Management Team
CCA_carboncapture@ecy.wa.gov

RE: Carbon Management under the Cap-and-Invest Program

Dear Carbon Management Team,

As an energy utility, Northwest Natural Gas Company ("NW Natural") will play a key role in addressing and implementing solutions to help address climate change. We appreciate the opportunity to comment on the development of Carbon Management under the Cap-and-Invest Program. NW Natural has long supported the development of programs that effectively and equitably meet the State's greenhouse emissions reduction goals. We provide the following background information and comments for consideration.

NW Natural's Business

In existence since 1859, NW Natural is a local distribution company (LDC) that provides natural gas service to roughly 2.5 million people via over 800,000 meters in Oregon and Washington (roughly 10% of which are in Washington). Throughout the region, the Company owns pipelines that carry gas to homes and businesses for water and space heating, cooking, and industrial processes. NW Natural provides the following comments from a viewpoint that emphasizes the importance of regulatory compliance and supporting innovations in decarbonization.

<u>Comments</u>

Overall, NW Natural is supportive of carbon management as a compliance tool for the Climate Commitment Act (CCA). As a covered entity under the program, NW Natural will be looking at utilizing a variety of decarbonization tools to comply with the program cap on behalf of our customers. As Ecology is working on this rulemaking, we encourage the agency to be cautious about defining acceptable carbon management too narrowly. This may create rules that are not flexible enough to allow for and encourage the development of future carbon management applications. We hope that Ecology takes this opportunity to create enabling policies that support

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existing and future carbon management technologies and pathways. Washington could be a leader in carbon management practices if these policies are crafted thoughtfully to maintain carbon accounting rigor and minimize costs without creating unnecessary barriers to innovation and deployment.

Point Source Carbon Capture and Storage

The geology of Washington and Oregon are opportunistic for carbon mineralization and geologic sequestration to occur. NW Natural is pleased to see these as potential pathways to decarbonization and believes the CCA should allow for point source carbon capture and storage. In our most recent Integrated Resource Plan, carbon capture and sequestration was identified as a compliance resource for the CCA and the company is working towards creating a Geological Screening Study for CO_2 Sequestration in Northwest Oregon (Action Item B-14)1. The goal of the study is to identify investments and pathways needed to realize CO_2 sequestration in the company's territory to minimize cost and risk to customers. The path to decarbonization will require many routes, and if the CCA includes carbon mineralization, geologic sequestration, and the ability for other sequestration technologies or pathways to be added in the future, the program will provide opportunities for regulated entities to decarbonize at scale while minimizing costs.

As a utility provider that serves customers and has assets on both sides of the Oregon and Washington border, NW Natural is particularly interested in a geographic constraint that could be placed around carbon sequestrations. Requiring sequestration to occur within Washington's borders may come with unnecessary costs. Therefore, NW Natural recommends allowing for storage options outside of the state of Washington to be included in the compliance options. Greenhouse gas emissions are global pollutants, therefore limiting the storage of any captured carbon to facilities wholly located in Washington could hamper the application of carbon capture, or add increased costs by limiting the availability of storage solutions and unoptimized transportation of the CO_2. Including storage outside of the state would allow for regulated parties to have more variety in their storage options, creating opportunities for reduced costs for the entity and the ability to sequester more carbon. Carbon dioxide sequestration reservoirs,

[1] 2025 NW Natural Integrated Resource Plan, https://edocs.puc.state.or.us/efdocs/HAA/lc86haa338770056.pdf

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pipelines, and other capture, transport, and management networks and infrastructure developed and located in one state could directly benefit another state, thereby reducing costs.

As linkage is underway, NW Natural believes it is in the State of Washington's best interest to align the sequestration requirement to be the same as the State of California. In 2018, the California Air Resources Board (CARB) established protocols for Carbon Capture and Sequestration. In the protocols, CARB states that "[s]equestered CO2 must remain within the storage complex for at least 100 years in order to be considered permanently sequestered and subsequently credited"[2]. The current recommendation of 1,000 years is burdensome and will be restrictive for regulated entities. By aligning with the 100-year permanence standard found in California, Ecology would better reflect prevailing regulatory practices, facilitate consistency across jurisdictions, and support broader project viability while continuing to ensure verifiable emissions reductions.

Carbon Dioxide Removal

NW Natural is supportive of continued use of offset protocols in the CCA to allow for carbon dioxide removal through both the nature-based and technology-based protocols. As a covered entity under the CCA, our team continues to explore opportunities to purchase compliance offsets. The company is supportive of protocols that maintain carbon accounting integrity while supporting offset developers with clear direction needed to invest in these projects. NW Natural encourages Ecology to continue to grow the number of offset protocols under the program and encourage the development of more offset projects.

Reporting Program Compliance Clarity and Certainty

NW Natural is pleased that Ecology is expanding decarbonization options for the Cap-and-Invest program but has concerns regarding the current language used in statue and being proposed for the reporting program. Current language found in statue centers around the pathways being acceptable to Ecology and is highly subjective, which can create pain for regulated entities. For example:

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[2] https://ww2.arb.ca.gov/sites/default/files/2020-03/CCS_Protocol_Under_LCFS_8-13-18_ada.pdf

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> "Sequestered carbon dioxide when it can be demonstrated to ecology's satisfaction that it qualifies as permanent sequestration, as defined in WAC 173-407-110, either through long-term geologic sequestration or by conversion into long-lived mineral form.[3]"
>
> "emissions are not covered emissions if the supplier can demonstrate to ecology's satisfaction[4]"

NW Natural has concerns regarding the language, "ecology's satisfaction". Subjectivity introduces uncertainty and risk for all parties involved, which are barriers to speed, innovation, and cost. NW Natural requests that Ecology create metrics for carbon capture and sequestration pathways, and if any pathway meets these requirements, it is deemed acceptable under the greenhouse gas reporting program. For example, Ecology could define that carbon dioxide stored in a geologic sequestration facility permitted under EPA Class VI shall be considered permanently sequestered unless monitoring data indicate leakage exceeding the thresholds established in this section.

NW Natural will continue to track the developments of Carbon Management under the Cap-and-Invest Program rulemaking and are happy to provide any additional data needed to create the most effective plan for the residents of Washington. Additionally, if the Department of Ecology has any questions or would like to learn more about the work we are doing to decarbonize our system for our environment and customers, we are happy to provide more information. For any questions, please contact Kellye Dundon, Kellye.dundon@NWNatural.com, or Chris Kroeker, Chris.Kroeker@NWNatural.com.

Sincerely,

Chris Kroeker	Kellye Dundon
Decarbonization Director	Environmental Policy Manager

[3] Wash. Admin. Code § 173-446-040 - Covered emissions (2)(a)(iii)
[4] Wash. Admin. Code § 173-446-040 - Covered emissions (2)(b)