

WAC 173-446-105 Disclosure of corporate associations—Indicia of corporate association. (1) A corporate association exists when one party has an ownership interest in or control over a second party. The following criteria determine ownership or control:

(a) Percent of ownership of any class of listed shares, the right to acquire such shares, or any option to purchase such shares of the other party;

(b) Percent of common owners, directors, or officers of the other party;

(c) Percent of the voting power of the other party;

(d) In the case of a partnership other than a limited partnership, percent of the interests of the partnership;

(e) In the case of a limited partnership, the percent of control over the general partner or the percent of the voting rights to select the general partner; and

(f) In the case of a limited liability corporation, percent of ownership in the other party regardless of how the interest is held.

(2) A party has a direct corporate association with another party, regardless of whether the second party is registered in the cap and invest program or in an external GHG ETS to which Washington is linked, if either one of these parties has any criterion in subsection (1) of this section that is greater than 50 percent.

(3) A direct corporate association also exists when two parties are connected through a line of more than one direct corporate association.

(a) A party (#1) has a direct corporate association with another party (#2) if the two parties share a common parent and that parent has direct corporate association with each party (#1 and #2) when applying the indicia of control contained in subsections (1) and (2) of this section.

(b) A party that has a direct corporate association with a second party also has a direct corporate association with any party with whom the second party has a direct corporate association.

(4) A party has an indirect corporate association with another party if:

(a) The two parties do not have a direct corporate association; and

(b) The controlling party's percentage of ownership, or any indicia of control identified in subsection (1) of this section, of the controlled party is more than 20 percent but less than or equal to 50 percent. If the two parties are connected through a chain of more than one corporate association, the indicia of control identified in subsection (1) of this section is calculated by multiplying the percentages at each link in the chain of corporate associations starting with the last party that is in a direct corporate association. An indirect corporate association exists between the two parties if the total percentage of control is more than 20 percent but less than or equal to 50 percent when multiplying the percentage of control at each link in the chain of corporate associations.

(5) An electric utility that is the operator of an electricity generating facility in Washington has a direct corporate association with the operator of another electricity generating facility in Washington if the same party operates both generating facilities.

(6) An electric utility that is the operator of an electricity generating facility in Washington has a direct corporate association

with an electricity importer if the same party operates the generating facility in Washington and is the party importing electricity.

(7) An individual who has access to the market positions (current and/or expected holdings of compliance instruments and current and/or expected covered emissions) of two or more parties registered in the tracking system or registered in an external GHG ETS to which Washington has linked is considered an individual who has shared roles. For the purposes of this requirement, account representatives are defined as having access to the market positions of the registered entities they serve.

(a) If any individual with shared roles is an employee of a registered entity for which the individual has a shared role, all registered entities for which the individual has the shared role will have a direct corporate association.

(b) If any individual is a cap and invest consultant or advisor for the registered entities for which the individual has a shared role, but is not disclosed pursuant to WAC 173-446-056, and the individual can use market position information obtained through the shared role without restriction, all registered entities for which the individual has shared roles will have a direct corporate association. It is the responsibility of the registered entity employing an individual as a cap and invest consultant or advisor to determine if the individual has access to the registered entity's market position.

[Statutory Authority: RCW 70A.65.220. WSR 22-20-056 (Order 21-06), § 173-446-105, filed 9/29/22, effective 10/30/22.]