

RCW 70A.535.180 Compliance obligations—Reports—Violations—Penalties.

*** CHANGE IN 2026 *** (SEE 2251-S2.SL) ***

(1) (a) All regulated parties and credit generators are required to submit reports under RCW 70A.535.070 in a timely manner to meet the entities' compliance obligations and shall comply with all requirements for recordkeeping, reporting, transacting credits, obtaining a carbon intensity calculation, and other provisions of this chapter.

(b) The department may issue a corrective action order to a person that does not comply with a requirement of this chapter.

(2) Each deficit for which a registered party does not retire a corresponding credit at the end of a compliance period constitutes a separate violation of this chapter unless that registered party participates in the credit clearance market as required under RCW 70A.535.030(8). For each violation, the department may issue a penalty of up to four times the maximum posted price of the most recent credit clearance market.

(3) The department may issue a penalty for any misreporting by a party that results in the claim of credits that does not meet the requirements of this chapter or the failure to report a deficit. The penalty issued under this subsection may be up to \$1,000 per credit or deficit in violation of the requirements of this chapter. A registered party may not be penalized under this subsection if any misreporting in a quarterly report is corrected by the end of that quarter's reporting period.

(4) The department may issue a penalty of up to \$10,000 per day each day a registered party does not submit a report under RCW 70A.535.070 by the reporting deadline.

(5) The department may issue a penalty for credits generated in exceedance of a carbon intensity standard adopted by the department for that year of up to \$1,000 per credit for each illegitimate credit generated as a result of the incorrect carbon intensity score.

(6) The department may issue a penalty of up to \$25,000 per month that a regulated party is not registered with the department in violation of RCW 70A.535.070.

(7) The department may issue to any participating electric utility a penalty of up to four times the credit revenue improperly spent in violation of RCW 70A.535.080 or rules adopted to implement that section.

(8) The department may issue a penalty of up to \$50,000 or \$10,000 per day for a violation of the third-party verification requirements adopted by the department under RCW 70A.535.030(3)(c) for as long as the registered party remains out of compliance with these requirements. However, the department shall not issue a penalty to a registered party for a violation of third-party verification requirements that the registered party demonstrates to the department was due to an error made by the third-party verifier.

(9) For violations other than those described in subsections (2) through (8) of this section, the department may issue a penalty of up to \$10,000 per day per violation for each day any registered party violates the terms of this chapter or an order issued under this chapter.

(10) An electric utility must notify its retail customers in published form within three months of paying a monetary penalty under this section.

(11) Penalties and orders issued under this section may be appealed to the pollution control hearings board created in chapter 43.21B RCW. Penalties collected under this chapter must be deposited in the carbon emissions reduction account created in RCW 70A.65.240. [2025 c 319 s 3.]