WAC 173-444-080  Procedures for energy transformation projects.

(1) Electric utilities must follow the processes and procedures in this section in order for energy transformation projects to be eligible for use.

(2) To facilitate the processes in this section an electric utility must prepare a project plan describing the project intended to qualify as an energy transformation project, how the project should work, and how the project conforms to the criteria and requirements in the comprehensive protocol.

(3) Electric utilities must submit the project plan to the validating or verifying entities and to approving bodies consistent with the applicable requirements of the comprehensive protocol.

(4) The comprehensive protocol that ecology develops will provide the required criteria and address the manner in which electric utilities or their designated representatives should apply the criteria to prepare and submit the project plan.

(5) The comprehensive protocol will include reporting, formatting, and organizational requirements for the creation of the project plan to promote consistency in explanation and ease of interpretation for use in the project approval process for energy transformation projects.

(6) The approving body may require additional information or plan elements to be included in this project plan beyond those that are required by the comprehensive protocol.

(7) The project plan must be validated to verify that the proposed project conforms to the comprehensive protocol and any supporting documents referenced in that protocol. This verification step validates whether the project, as proposed in the project plan, meets the following conditions:
   (a) The project plan is complete in that every issue required to be addressed by the comprehensive protocol has a sufficient response in the project plan.
   (b) The narrative responses in the project plan provides a sufficient justification or evidentiary basis that, as proposed, the project is capable of meeting the requirements of the protocol and any supporting documents referenced in the protocol.

(8) The validation step in subsection (7) of this section can be accomplished in one of the following two ways, unless the approving body mandates the use of only one approach:
   (a) Through third-party verifier or verifying team according to subsection (9) of this section; or
   (b) Through a voluntary request by the electric utility to ecology according to subsection (10) of this section.

(9) If a third party is used for the validation process in subsection (7) of this section, that entity must meet the following requirements:
   (a) The third-party verifier, or the firm employing the verifier or verifying team, must be accredited or approved by at least one of the following:
      (i) The American National Standards Institute National Accreditation Board accreditation program for Greenhouse Gas Validation/Verification Bodies.
      (ii) The California Air Resources Board under California's Regulation for the Mandatory Reporting of GHG emissions.
      (iii) Through another accreditation program by prior approval of ecology if it is deemed by ecology that the accreditation program is of equal stringency to (a)(i) or (ii) of this subsection.
(b) The firm employing the verifier or verifying team, or an independent verifier if there is no team or firm involved, must be able to demonstrate that there is no conflict of interest in their evaluation. All verifiers must sign the conflict of interest declaration through a form and process designated by ecology.

(c) The processes and procedures for using a third-party verification service will be established by ecology through a guidance document. After completion by ecology this guidance document will be posted for public comment for a minimum of thirty days.

(10) The validation step in subsection (7) of this section can also be accomplished through a voluntary request by the electric utility to ecology for a validation opinion for the project. This validation opinion will be conducted as follows:

(a) Ecology will first conduct a completeness evaluation to ensure that all aspects of the project plan and supporting application are included, and that the documentation provides a level of detail and clarity sufficient for further evaluation.

(b) If ecology determines the project plan is insufficient or incomplete, ecology will notify the applicant. A period of time for remedying the problem will be provided by ecology. Extensions for good cause may be approved by ecology at its discretion.

(c) If the applicant is able to address all issues with the project plan or supporting materials within the time period provided by ecology, the evaluation process will continue to the next phase. If the applicant is unable to remedy the identified issues, the evaluation process may be put on hold by ecology.

(d) Once ecology judges that the project plan for a project is complete, ecology will post the relevant documents for public comment for a period of forty-five days.

(e) Ecology will conduct a review of the project plan to validate the project plan in relation to the requirements of the comprehensive protocol. Ecology will, to the best of its abilities, follow comparable procedures and analytical methods as those used by verifiers and verifying firms that have been certified through the processes identified in subsection (9)(a) of this section.

(f) Upon completion of its review of a project plan, ecology will provide one of the following appraisals:

(i) Projects plans that appear to meet all requirements set forth in the protocol will be given a provisional status of being "validated."

(ii) Projects plans that do not appear to meet the necessary requirements of the protocol are not provided with a status, and will not be validated. Ecology will provide an explanation of the factors that led to that determination.

(g) Ecology will review the public comments for project plans that are in the provisionally valid status and make a final appraisal decision.

(h) Those project plans that have met the necessary standards will receive a final determination of being "validated" by ecology.

(11) Applicants may submit for ecology reconsideration a revised project plan and supporting documents for a project plan proposal failing to achieve "validated" status upon initial evaluation.

(12) A project report failing to achieve "validated" status through ecology may also be reevaluated under the third-party validation procedures in subsection (9) of this section.

(13) The electric utility requesting the project validation through either means identified in subsection (8) of this section must...
be provided with a validation report summarizing the process and the rationale for the decisions made by the validating entity. This validation report will also serve as the proof of validation for the approving body responsible for approving or rejecting the project that is intended as an energy transformation project.

(14) After a project is approved by the applicable approving body, and after the project comes into existence and is functioning, the electric utility must ensure that:

(a) Proper monitoring of the benefits of the project occur over time. The manner and means by which this monitoring occurs may vary between project types, and will be detailed in the comprehensive protocol.

(b) The benefits of the project are being reported over time to one or more bodies. The manner and means by which this reporting occurs will be detailed in the comprehensive protocol.

(15) After a project is approved by the applicable approving body, and after the project comes into existence, the electric utility must conduct or facilitate a performance verification process to verify the actual benefits of the project over time. The manner, timing, and means by which this performance verification occurs may vary from project type, and will be detailed in the comprehensive protocol but will, at a minimum, require that:

(a) The third-party verifier, or the firm employing the verifier or verifying team, must be accredited or approved by at least one of the following:

(i) The American National Standards Institute National Accreditation Board accreditation program for Greenhouse Gas Validation/Verification Bodies.

(ii) The California Air Resources Board under California's Regulation for the Mandatory Reporting of GHG emissions.

(iii) Through another accreditation program by prior approval of ecology if it is deemed by ecology that the accreditation program is of equal stringency to (a)(i) or (ii) of this subsection.

(b) The firm employing the verifier or verifying team, or an independent verifier if there is no team or firm involved, must be able to demonstrate that there is no conflict of interest in their evaluation. All verifiers must sign the conflict of interest declaration through a form and process designated by ecology.

[Statutory Authority: Chapter 19.405 RCW, RCW 19.405.020(18), 19.405.040, 19.405.100 and 70A.45.010. WSR 21-02-091 (Order 19-08), § 173-444-080, filed 1/6/21, effective 2/6/21.]