

WAC 173-442-170 Limitations on the use of allowances. (1) A covered party may use allowances from GHG emission reduction programs to generate ERUs when ecology determines:

(a) The allowances are issued by an established multisector GHG emission reduction program;

(b) The covered party is allowed to purchase allowances within that program; and

(c) The allowances are derived from methodologies congruent with chapter 173-441 WAC.

(2) A covered party may demonstrate compliance through the acquisition and use of allowances to generate ERUs based on the limitations in this subsection.

(a) A covered party may use a quantity of allowances to generate ERUs for a compliance period that does not exceed the applicable percentage in Table 3 of the covered party's compliance obligation:

**Table 3
Percentage Limits on Use of Allowances for a Compliance Period**

Compliance Period	Upper Limit
2017-19	100%
2020-22	100%
2023-25	50%
2026-28	25%
2029-31	15%
2032-34	10%
2035 and beyond	5%

(b) A quantity of allowances intended for use consistent with (a) of this subsection must be divided so that the proportion of those allowances from a single vintage year does not exceed the percentages in Table 4. The originating GHG emission reduction program assigns the vintage year for each allowance.

**Table 4
Vintage Year Requirements for a Quantity of Allowances Used Within a Compliance Period**

Year within the compliance period	Vintage year of allowance	Percentage not to exceed (%)
1st year	Same year as the 1st year of the compliance period	35
2nd year	Same year as the 2nd year of the compliance period	40
3rd year	Same year as the 3rd year of the compliance period	40

(3) The covered party must document that an allowance used to generate an ERU has been invalidated from use or placed into a perma-

ment holding account in its originating GHG emission reduction program.

[Statutory Authority: Chapters 70.94, 70.235 RCW. WSR 16-19-047 (Order 15-10), § 173-442-170, filed 9/15/16, effective 10/16/16.]