

**WAC 173-446-375 Emissions containment reserve account. (1)**

Ecology shall maintain an emissions containment reserve account containing the following allowances:

(a) Allowances amounting to two percent of the annual allowance budgets for years 2023 through 2026.

(b) Allowances submitted by ecology for auction that are unsold after being offered for sale for 24 months in current and past year vintage allowance auctions and future vintage allowance auctions.

(c) Allowances from EITE facilities that have been curtailed or closed.

(d) Allowances from facilities that fall below the emissions threshold. The number of these allowances must be proportionate to the amount of emissions the facility was previously emitting.

(e) Unless the emissions containment reserve trigger price is suspended under WAC 173-446-340, allowances withheld from auction as described in WAC 173-446-357(3).

(2) Ecology shall distribute allowances from the emissions containment reserve account as follows:

(a) By auction when new covered and opt-in entities enter the program; and

(b) By direct allocation at no cost to cover emissions for the first applicable compliance period for new or expanded EITE facilities that meet the following criteria:

(i) New facilities that have emissions greater than 25,000 MT CO<sub>2</sub>e per year during the first applicable compliance period.

(ii) Expanded facilities that trigger the need for governmental approval or permits.

(c) If provided to expanded EITE facilities, the allowances provided must be limited to the number of allowances required to cover the covered emissions resulting from the expansion of the facility. When provided to either new or expanded EITE facilities, the allowances must be placed in the EITE facility's compliance account and used for compliance at the next compliance deadline.

(3)(a) Ecology shall hold auctions of allowances from the emissions containment reserve account when new covered and opt-in entities enter the program.

(b) Auctions of allowances from the emissions containment reserve account shall follow the processes and procedures specified in WAC 173-446-310 through 173-446-362. Only covered entities and opt-in entities may participate in the auctions.

[Statutory Authority: RCW 70A.65.220. WSR 22-20-056 (Order 21-06), § 173-446-375, filed 9/29/22, effective 10/30/22.]