

No-cost allowance allocation

Under the Climate Commitment Act (CCA), electric utilities, natural gas utilities, and emissions-intensive, trade exposed (EITE) industries receive allowances at no cost. Each of these groups receives differing amounts of no-cost allowances and is subject to different requirements on how they use their no-cost allowances.

Electric utilities

No-cost allowance allocation for electric utilities is designed to mitigate the cost burden of the Cap-and-Invest Program and protect electricity consumers. Electric utilities that are subject to the Clean Energy Transformation Act are eligible for allocation of no-cost allowances. No-cost allowance allocation for each electric utility is dependent on forecasts of each utility's retail electric load and resource supply to estimate potential annual Cap-and-Invest Program compliance costs.

Electric utilities can't sell or trade no-cost allowances to other entities. Electric utilities must use no-cost allowances for compliance, save them for future use, transfer them to electrical generation facilities or a federal power marketing administration if eligible, or consign them to quarterly auctions. All proceeds from the sale of no-cost allowances at auction must be used to benefit utility customers, with priority given to the mitigation of any rate impacts to low-income customers.

[Allowance Consignment Guidance](#) for utilities (offer of no-cost allowances at quarterly auction)

Allowance allocation schedule

[2023-2026 allocation schedule](#) (revised Oct. 2024)

[2023-2026 allocation data set and calculations](#) (revised Oct. 2024)

[Information on allocation adjustments](#) (published Nov. 2024)

Ecology hosted a meeting on no-cost allowance allocation for electric utilities on Oct. 16. Meeting materials include:

[Recording of the meeting](#)

[Presentation](#)

Natural gas utilities

No-cost allocation to natural gas utilities is designed to minimize rate increases for customers. Receiving no-cost allowances reduces the cost of compliance for utilities, and those savings can be passed onto customers. In 2023, each natural gas utility was provided no-cost allowances equivalent to 93% of its emission baseline. The baseline for these entities was established based on greenhouse gas emissions data reported to Ecology between 2015 and 2019.

No-cost allowance allocation to each natural gas utility decreases by 7% annually through 2030. Natural gas utilities can't sell or trade no-cost allowances to other entities. Natural gas utilities must utilize no-cost allowances for compliance or consign them to a quarterly auction. All proceeds from the sale of no-cost allowances at auction must be used for the benefit of utility customers, including at a minimum completely offsetting any rate increases for low-income customers from the implementation of the CCA. The percentage of no-cost allowances required to be sold by natural gas utilities at Ecology auction started at 65% in 2023 and increases by 5% each year until reaching 100% in 2030 and thereafter.

[Allowance Consignment Guidance](#) for utilities (offer of no-cost allowances at quarterly auction)

Allowance allocation schedule

[2023-2026 allocation schedule](#)

[2023-2026 allocation data set](#)

Emissions-intensive, trade-exposed industries (EITEs)

In establishing the CCA, the Legislature recognized that certain industries face unique challenges in reducing their greenhouse gas emissions in the early years of the Cap-and-Invest Program. The Legislature decided to give no-cost allowances to these "emissions-intensive, trade-exposed" industries, or "EITEs," until at least 2034.

The baseline for these entities is established using either a "carbon intensity baseline" that determines their average emissions per unit of production during 2015-2019, or a "mass-based baseline" that is based on their average emissions during 2015-2019.

Find more information on how and why no-cost allowances are provided to EITEs on the [EITEs webpage](#).

Allowance allocation schedule

[Vintage 2023 no-cost allowance allocation](#) 

[Vintage 2024 no-cost allowance allocation](#) 

[Vintage 2025 no-cost allowance allocation](#) 

How do I receive no-cost allowances?

To receive no-cost allowances, you'll need to complete the CITSS user and entity onboarding processes, described on the auctions and market [trainings and resources webpage](#).

Where are my no-cost allowances in CITSS?

Natural gas utilities' no-cost allowances are transferred from Ecology to both the Limited Use Holding Account and entity Compliance Account based on the utility's preference. Electric utilities' no-cost allowances are placed in the Electricity Limited Use Holding Account. And EITE's no-cost allowances are placed in the General Account of the entity.

Natural gas and electricity utilities may sell allowances at auction; EITEs may not.

Contact information

For information regarding the distribution of allocation or how to access your allocation: RegistrarCCA@ecy.wa.gov (secure) or 360-407-6296

For updating forecasts or questions specific to your utility allocation: CCAUtility@ecy.wa.gov

General electricity topics: CCAElectricity@ecy.wa.gov

General EITEs: CCAITEindustries@ecy.wa.gov