



Washington's Climate Commitment Act

Sept. 8, 2021 - Clean and Prosperous Washington

Who's Who

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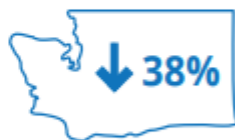
Facing a climate crisis in Washington

Change with 1.5°C

Risks



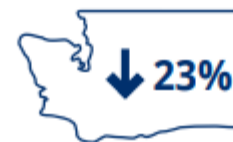
Heat-related illness and deaths
Warmer streams stressing salmon
More frequent harmful algal blooms



Reduced water storage
Irrigation shortages
Winter and summer recreation losses



River flooding
Costly stormwater management and flood protection
Negative effects on salmon populations



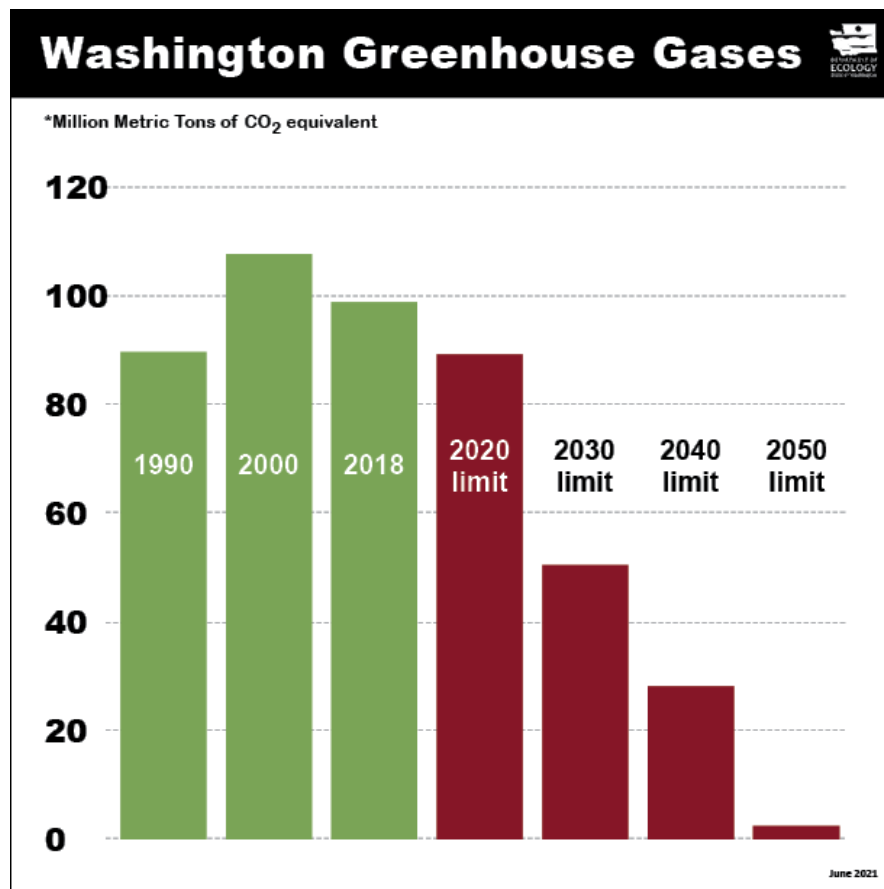
Reduced summer hydropower
Conflicts over water resources
Negative effects on salmon populations



Coastal flooding and inundation
Damage to coastal infrastructure and communities
Bluff erosion

*UW Climate Impacts Group special report
“No Time to Waste”

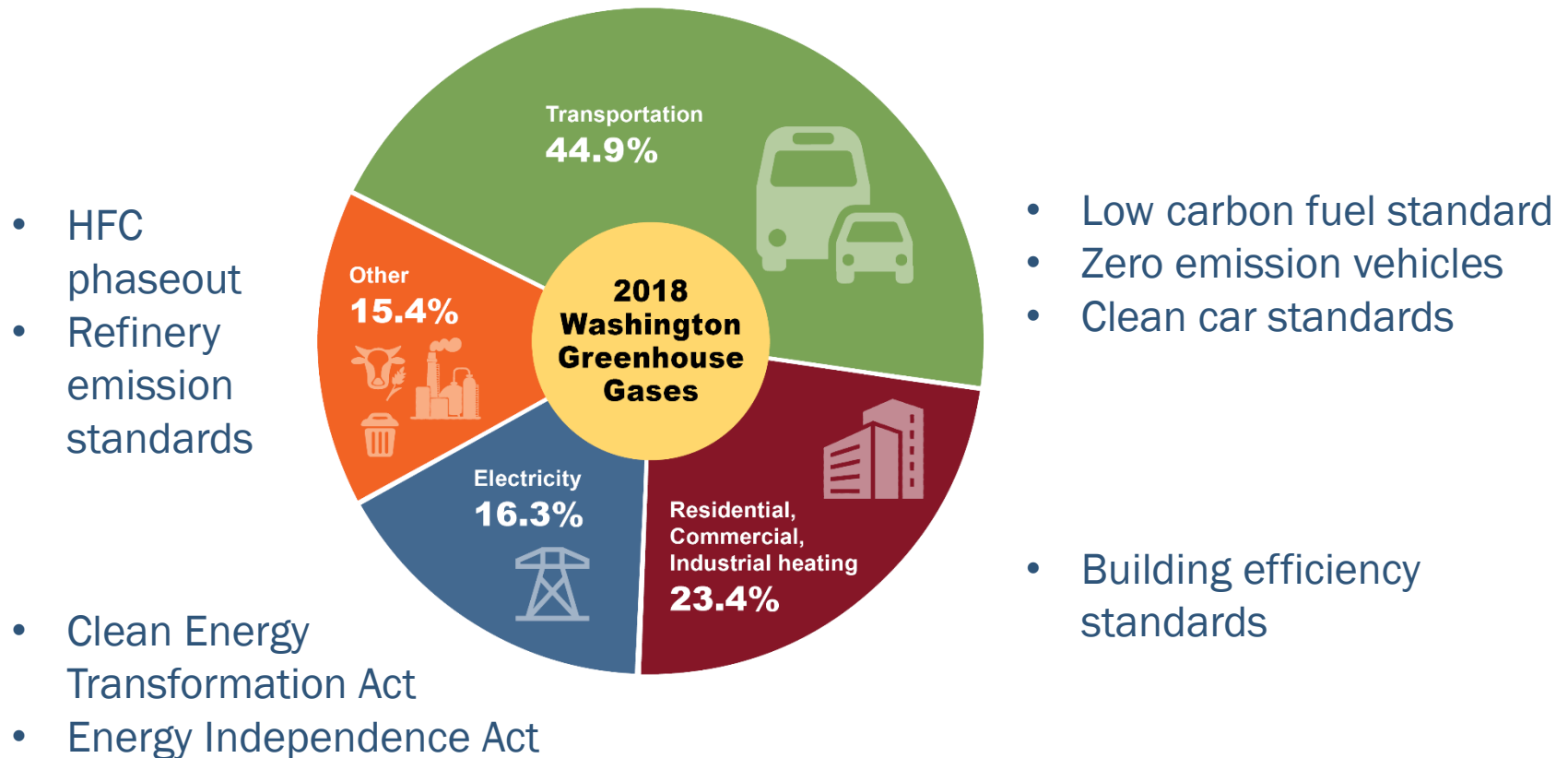
Taking action on greenhouse gases



In 2020, the Washington Legislature set new greenhouse gas emission limits in order to combat climate change. Under the law, the state is required to reduce emissions levels:

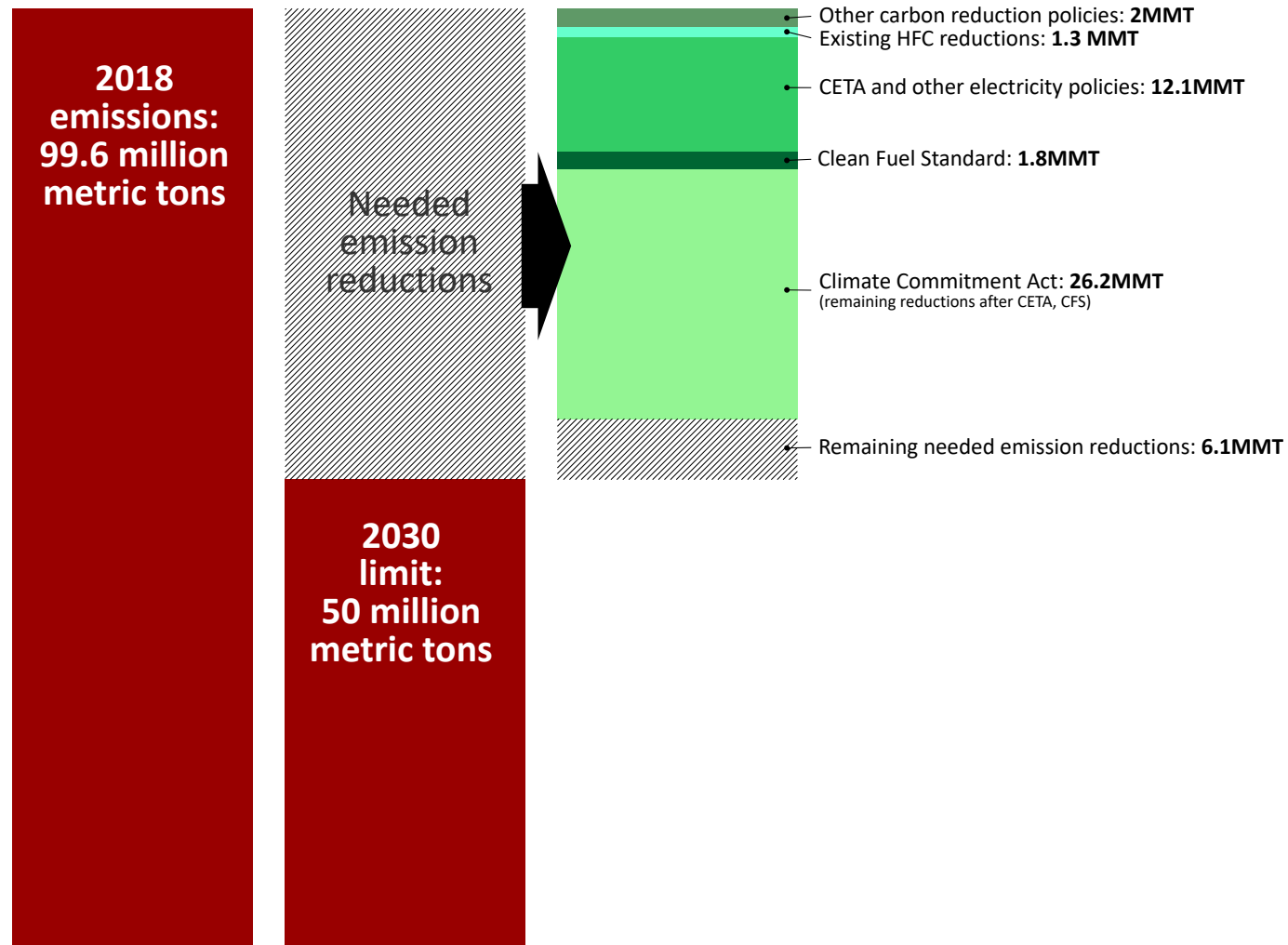
- 2020 - reduce to 1990 level of 95.5 million metric tons.
- 2030 - 45% below 1990 level to 50 million tons.
- 2040 - 70% below 1990 levels to 27 million tons.
- 2050 - 95% below 1990 levels to 5 million tons – and achieve net zero emissions.

Washington's climate policies

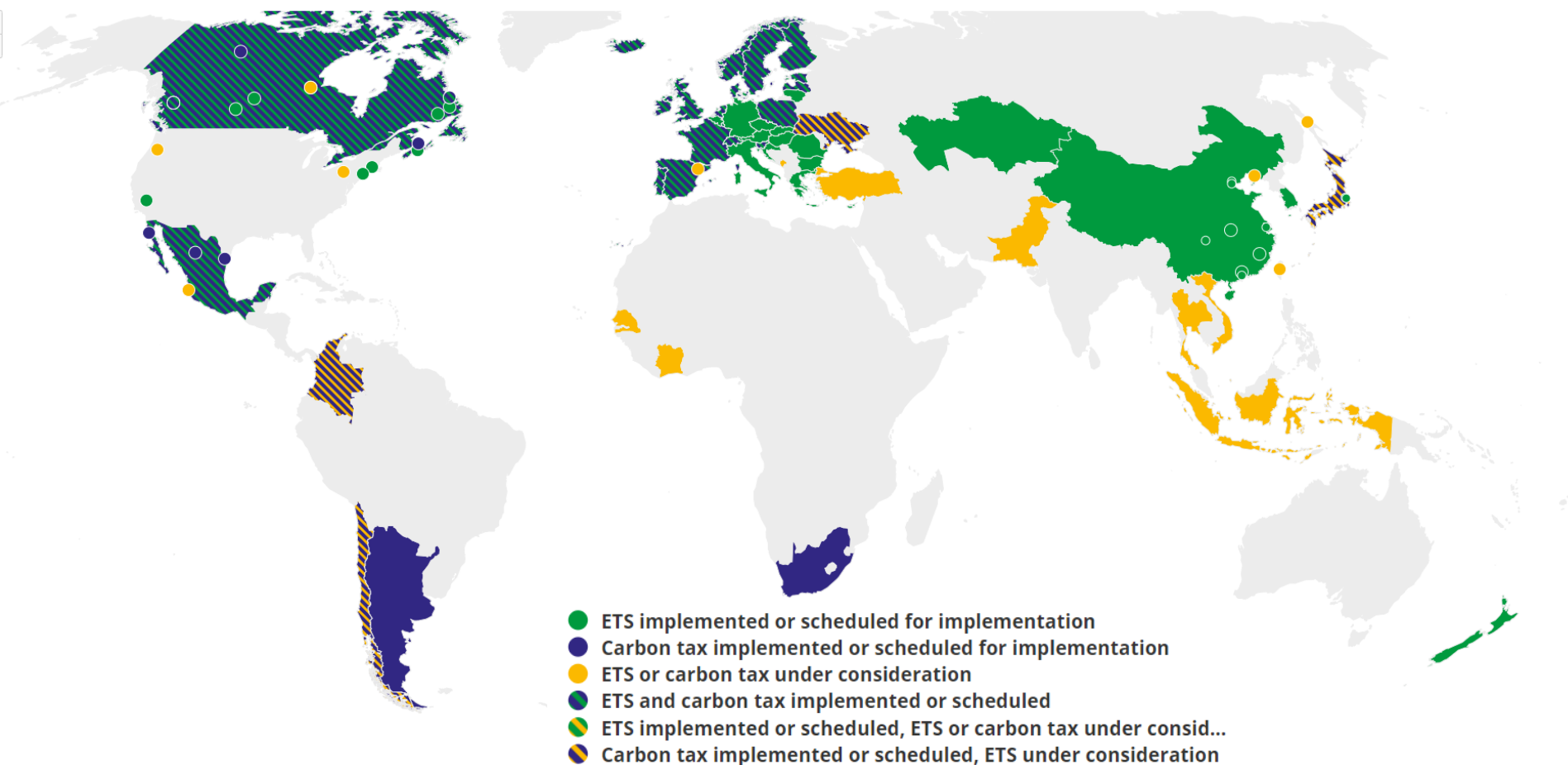


The Climate Commitment Act

Building a comprehensive approach to emissions reduction



Carbon pricing systems around the world



Notable carbon trading systems

European Union

- Established 2005
- 31 nations

Regional Greenhouse Gas Initiative (RGGI)

- Established 2005
- 11 eastern states
- Currently covers only electricity generation

California

- Established 2008
- Linked with Quebec in 2014

Quebec

- Established 2013
- Linked with California in 2014

China

- Established 2021

Oregon

- In development
- Established under executive order from Gov. Kate Brown

Washington

- Established 2021, program begins 2023
- Possible linkage to other state and provincial programs



Climate Commitment Act - Overview

- Cap and invest program begins - Jan. 1, 2023.
- Emitters generating more than 25,000 tons of CO₂e/year must purchase or receive emissions allowances.
- Invests revenue from allowance auctions in projects/programs to address climate change and environmental justice.
- Expands air monitoring and reduces air pollution in overburdened communities.



CCA Rulemaking

Ecology is conducting three related rulemakings to develop different aspects of the Climate Commitment Act program:

- **Establishing Cap & Invest program rules**
Chapter 173-446 WAC
- **Set criteria for Emissions-Intensive, Trade-Exposed Industries**
Chapter 173-446A WAC
- **Updating greenhouse gas reporting requirements**
Chapter 173-441 WAC

CCA Rulemaking Timeline



CCA Rulemaking Timeline

Rulemaking	Announce rule	Propose rule	Adopt rule
Cap-and-invest program rules (Chapter 173-446 WAC)	August 2021	Spring 2022	Fall 2022
Criteria for emissions-intensive trade-exposed industries (Chapter 173-446A WAC)	August 2021	Winter 2021	Summer 2022
Reporting emissions of greenhouse gases (Chapter 173-441 WAC)	July 7, 2021	Fall 2021	Early 2022

Climate Commitment Act Program Design

Rulemaking will:

- Establish the cap, methods and procedures for allocating allowances, and set allowance budgets for the first compliance period (2023–2026)
- Establish program registration requirements and an auction floor price.
- Establish an emissions containment reserve.
- Develop procedures and protocols for offset projects.
- Develop methods for demonstrating compliance, develop enforcement provisions.



Covered emissions in the Climate Commitment Act

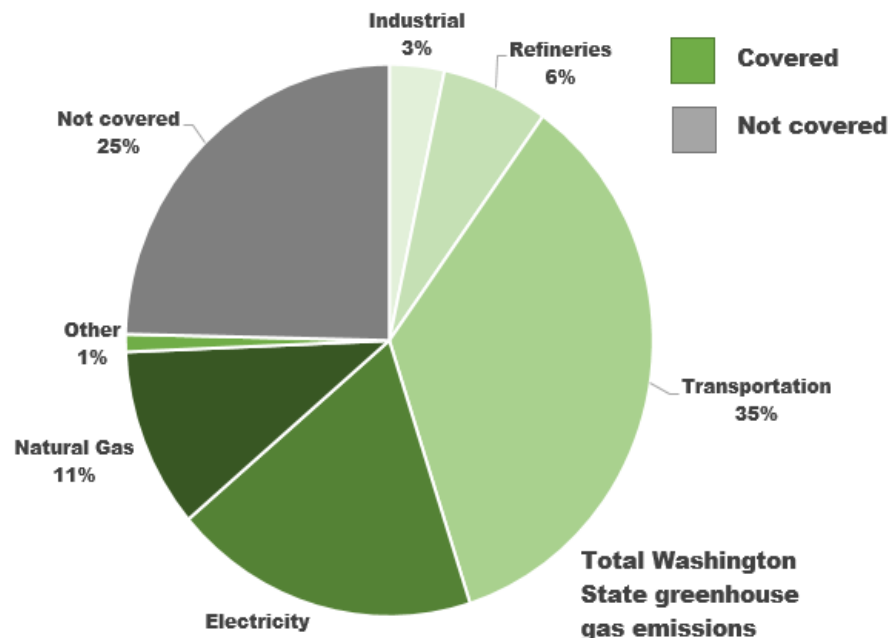
What's covered – 75%

- Gasoline and on-road diesel
- Electricity consumed in WA state
- Facilities generating more than 25,000 metric tons a year or more of greenhouse gas emissions
- Natural gas distributed to homes and commercial businesses
- 2027 - waste to energy facilities
- 2031 - railroads & certain landfills

What's not covered – 25%

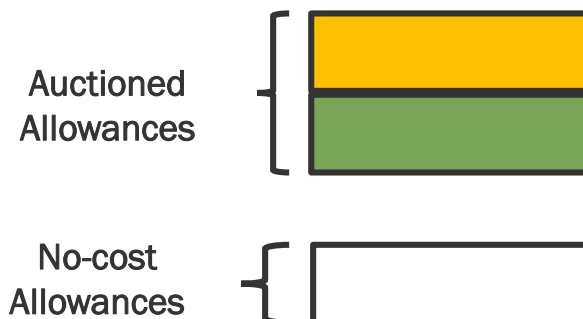
- Agricultural operations
- Forestry operations
- Small businesses with under 25,000 metric tons/year of greenhouse gas emissions
- Aviation fuels
- Most marine fuels

Climate Commitment Act Coverage

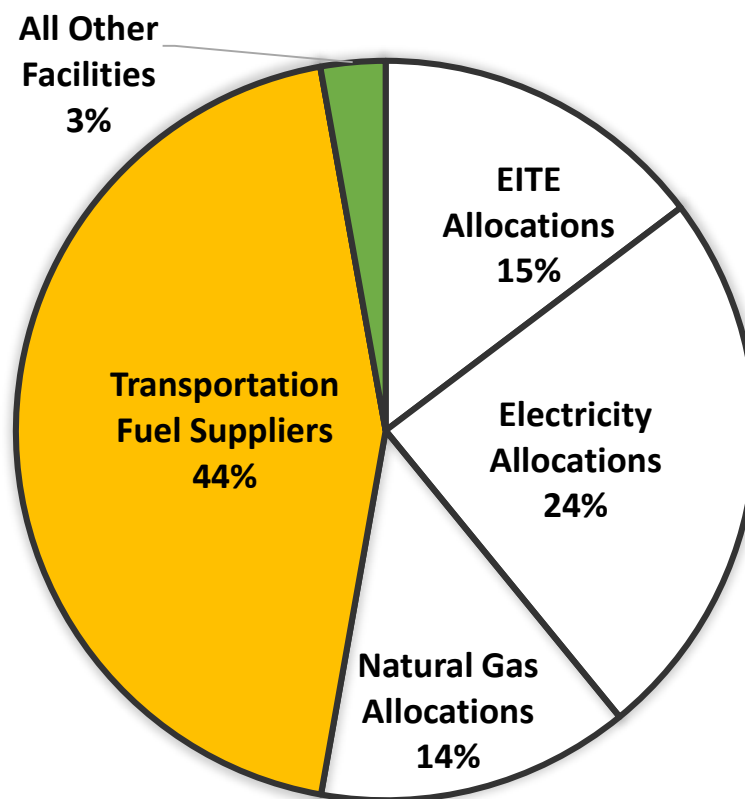


Emissions allowances in the Climate Commitment Act

- Covered entities must obtain allowances to cover their emissions.
- The total number of allowances decrease over time to meet statutory GHG emissions limits.
- Some covered entities will be issued no-cost allowances; other allowances will be auctioned for revenue.



Initial Allowance Distribution
(first compliance period)



Issues

Environmental Justice

Carbon Offsets

Emissions-Intensive Industries



Environmental Justice in the Climate Commitment Act

- CCA aligns with the Healthy Environment for All (HEAL) Act.
- Legislature dedicates minimum 35% of auction funds toward vulnerable communities (40% goal), 10% for projects with Tribal support.
- Environmental justice council, established in the HEAL Act, will make recommendations on program design, and projects and priorities for funding.
- Improving air quality in overburdened communities.



EJ in the CCA –

Improving Air Quality in Overburdened Communities

- CCA Section 3 requires:
 - Identifying communities bearing a disproportionate burden from air pollution
 - Conducting monitoring in these areas;
 - Requires an environmental justice review every two years to evaluate whether criteria pollutants and greenhouse gases are being reduced.
 - And developing plans to reduce air pollution if emissions do not decrease.
- Air quality scientists reviewing potential criteria, consulting with DOH.
- Ecology planning public outreach.



Carbon Offsets

Covered entities can use emissions offsets to meet a portion of their compliance obligation.

- **Through 2026**
 - Offsets can make up 8% of compliance obligation:
 - 5% general offsets
 - 3% projects on Tribal lands.
- **2027-2030**
 - Offsets can make up 6% of compliance obligation:
 - 4% general offsets
 - 2% projects on Tribal lands.

Offset projects must result in greenhouse gas reductions that are:

- Real
- Permanent
- Quantifiable
- Verifiable
- Enforceable.



Emissions-Intensive, Trade-Exposed Industries (EITEs)

- EITE categories are defined in law, Ecology must determine criteria for new EITEs in rulemaking.
- By 2022, Ecology must propose an approach to the Legislature for EITEs to achieve their proportionate share of greenhouse gas reductions.
- By 2026, Ecology is required to report on a compliance pathway for EITEs from 2035 on.



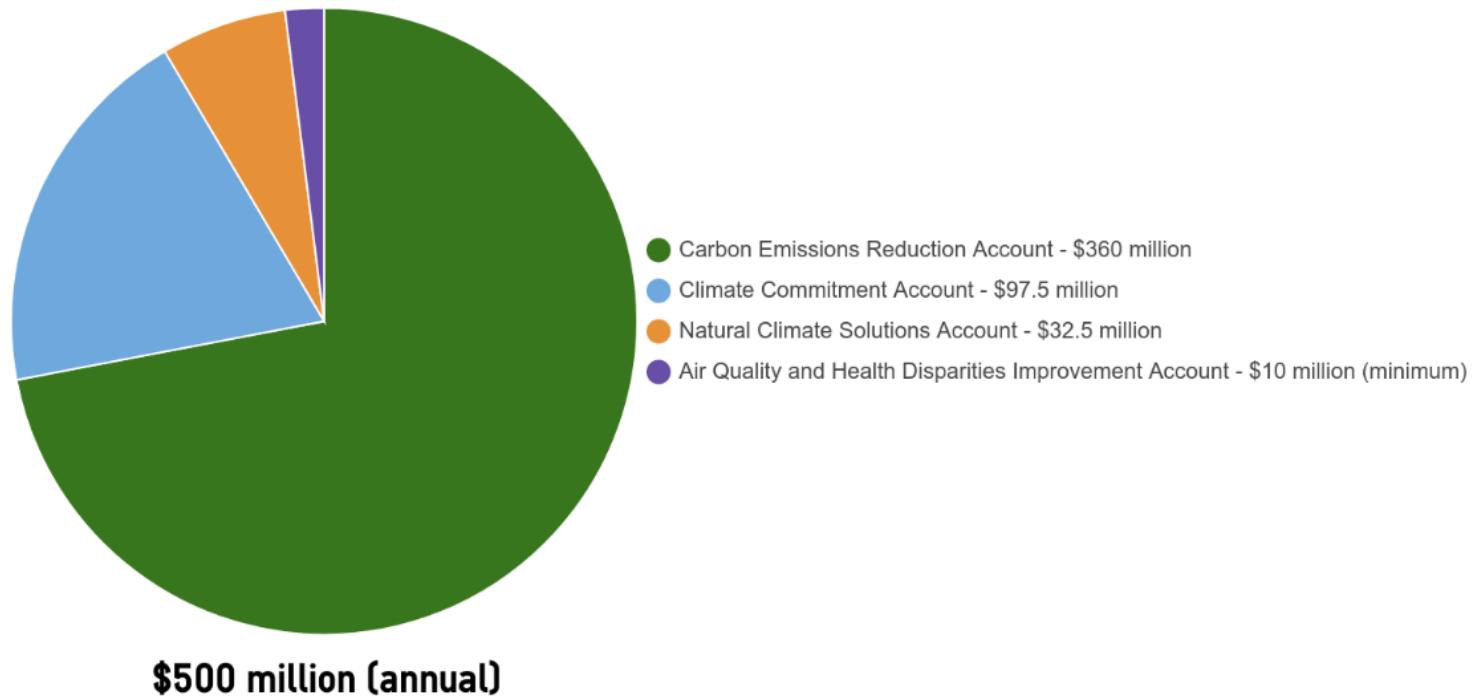
Auction Revenue

Investing in Washington's Future



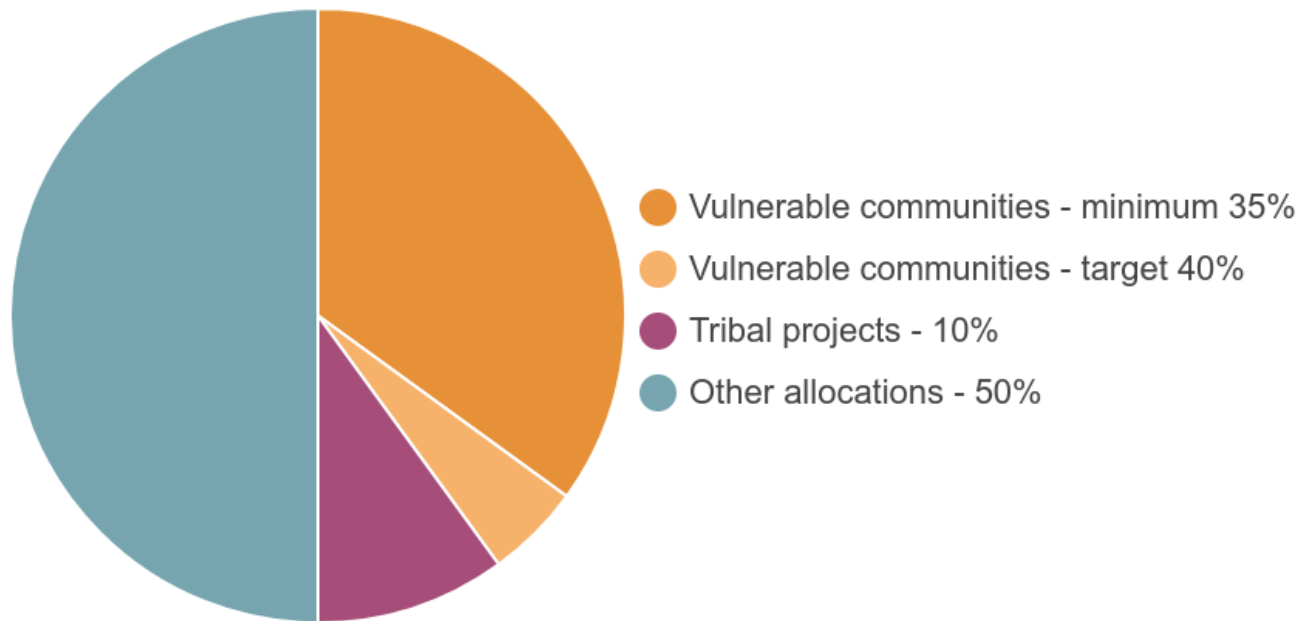
Investing in carbon reduction and climate resilience

Allowance auction revenue distribution 2026-2037 (estimated)



*All spending is by legislative appropriation

Investing in reducing pollution and protecting vulnerable communities



*All spending is by legislative appropriation

Learn more

Website

www.ecology.wa.gov/CCA

**Sign up for our CCA news
email list**



Get involved

Greenhouse gas reporting rule –
Comment period Fall 2021

EITE criteria rulemaking –
Comment period Winter 2021-22

CCA program rulemaking –
Comment period Spring 2022

Tribal consultations –
Fall-Spring, 2021-2022



Connections

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Thank you