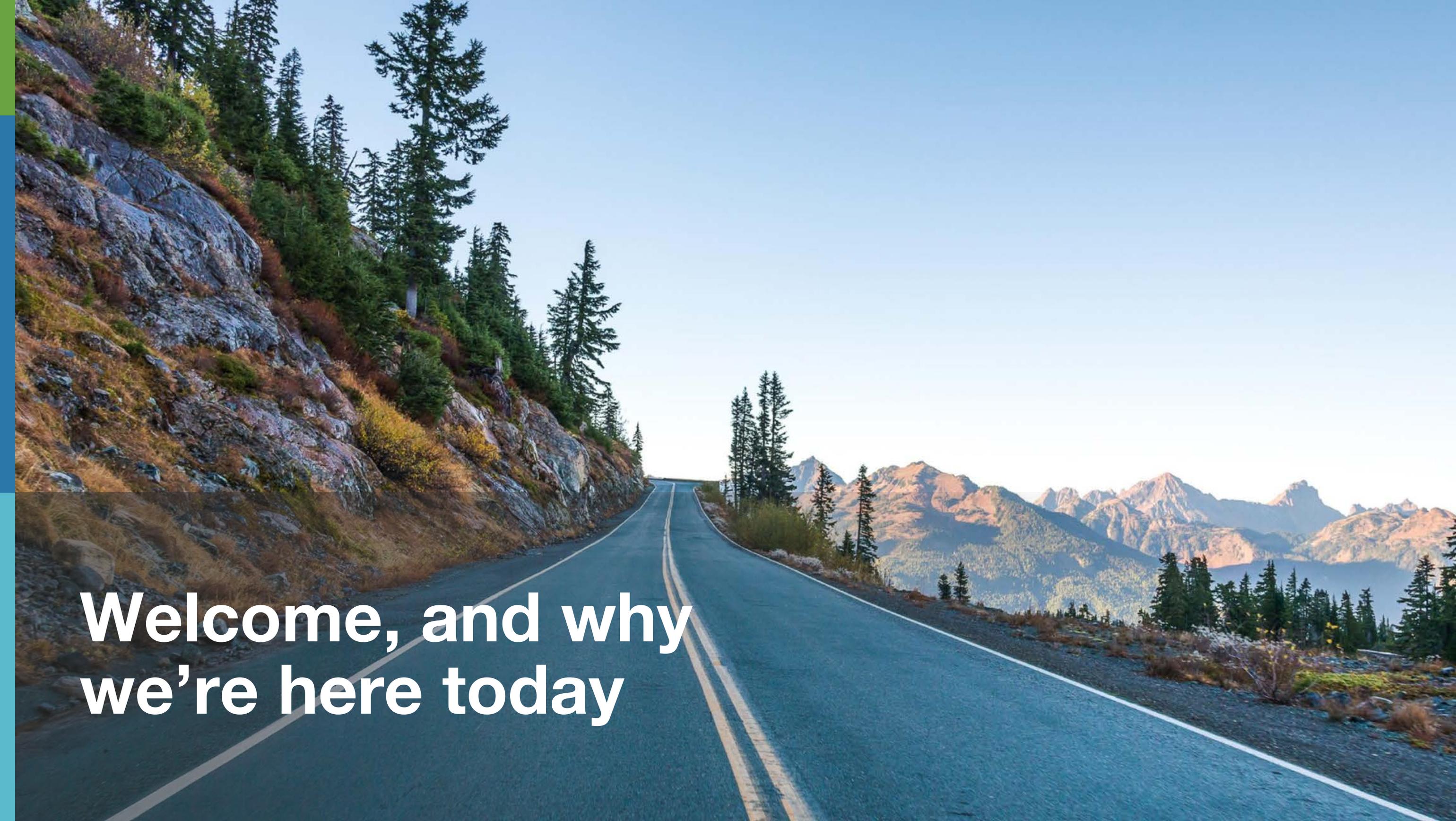




The Climate Commitment Act: **A Time for Action**

February 12, 2021



**Welcome, and why
we're here today**

BUILDING BACK BETTER

INVESTING IN A
RESILIENT RECOVERY
FOR WASHINGTON STATE

JONAH KURMAN-FABER
SENIOR RESEARCH ASSOCIATE | CLIMATE XCHANGE

KEVIN TEMPEST
RESEARCH AND DEVELOPMENT SCIENTIST
LOW CARBON PROSPERITY INSTITUTE

RUBY WINCELE
POLICY FELLOW | CLIMATE XCHANGE

Goals & Strategy

1

Ensure emission goals are met with **good economics**, with **co-benefits**

2

Engage all economic sectors

3

Empower disadvantaged communities and **protect EITEs**

4

Invest in our assets — people, infrastructure, natural resources rural

5

Encourage innovation & investment

6

Accelerate the clean transportation shift

7

Improve productivity of Washington's economy

Agenda

Sarah Severn, Outreach Director : Brief History & Perspective

Kevin Tempest, R&D Scientist : How SB 5126 Works

Isaac Kastama, Government Affairs : Legislative Context

Q&A

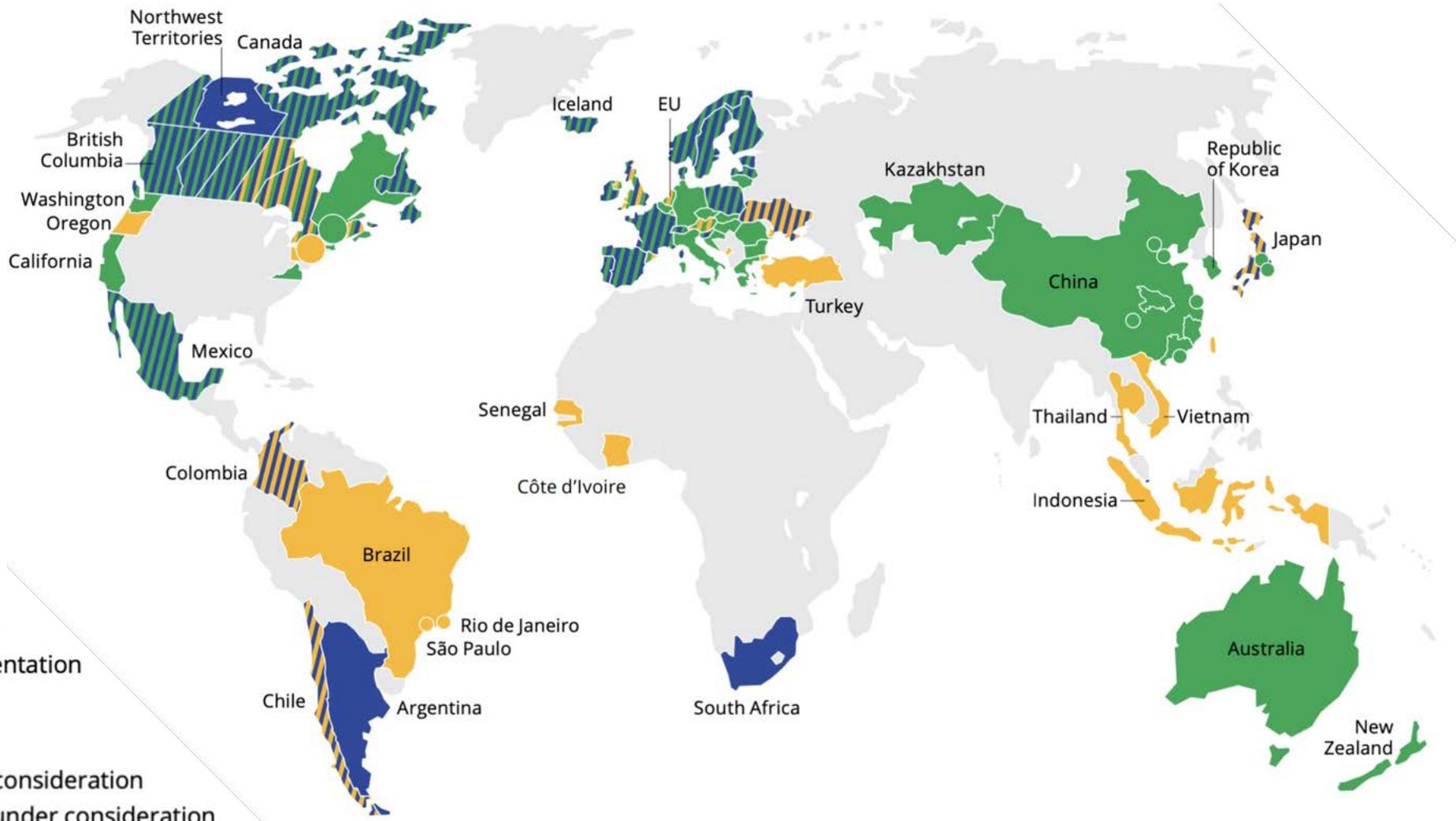
An aerial photograph of a coastal town at dusk or dawn. The foreground shows a wooden pier with a blue ferry structure and a boat docked. The middle ground features a road with several cars, a small building, and a parking lot. The background is dominated by dense green forests and rolling hills under a clear sky. The water is calm, reflecting the sky and the surrounding landscape.

Brief history & perspective
leading to **SB 5126**

Carbon pricing is here to stay

61

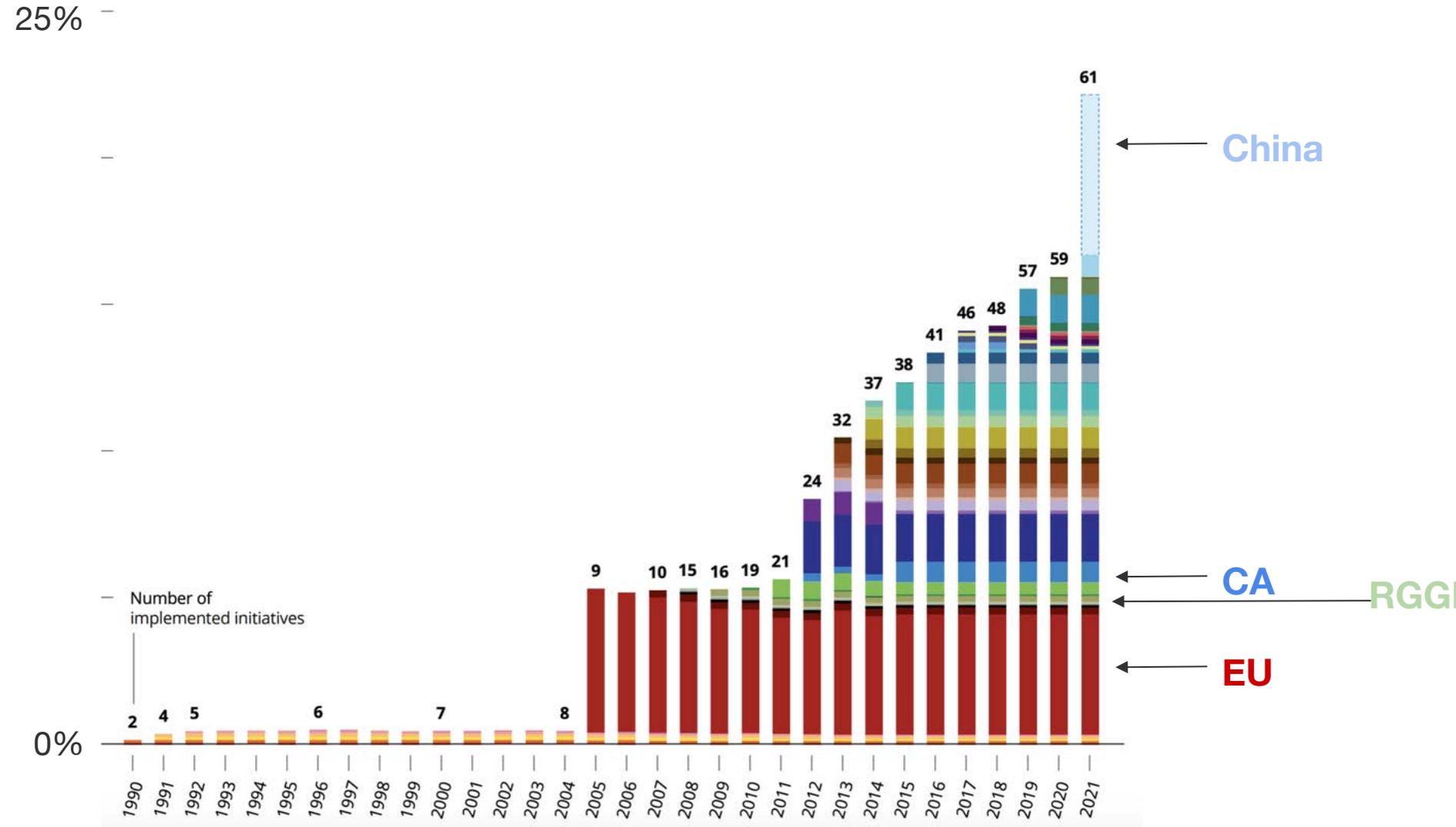
Programs implemented or scheduled



- ETS implemented or scheduled for implementation
- Carbon tax implemented or scheduled for implementation
- ETS or carbon tax under consideration
- ETS and carbon tax implemented or scheduled
- Carbon tax implemented or scheduled, ETS under consideration
- ETS implemented or scheduled, ETS or carbon tax under consideration
- ETS and carbon tax implemented or scheduled, ETS or carbon tax under consideration

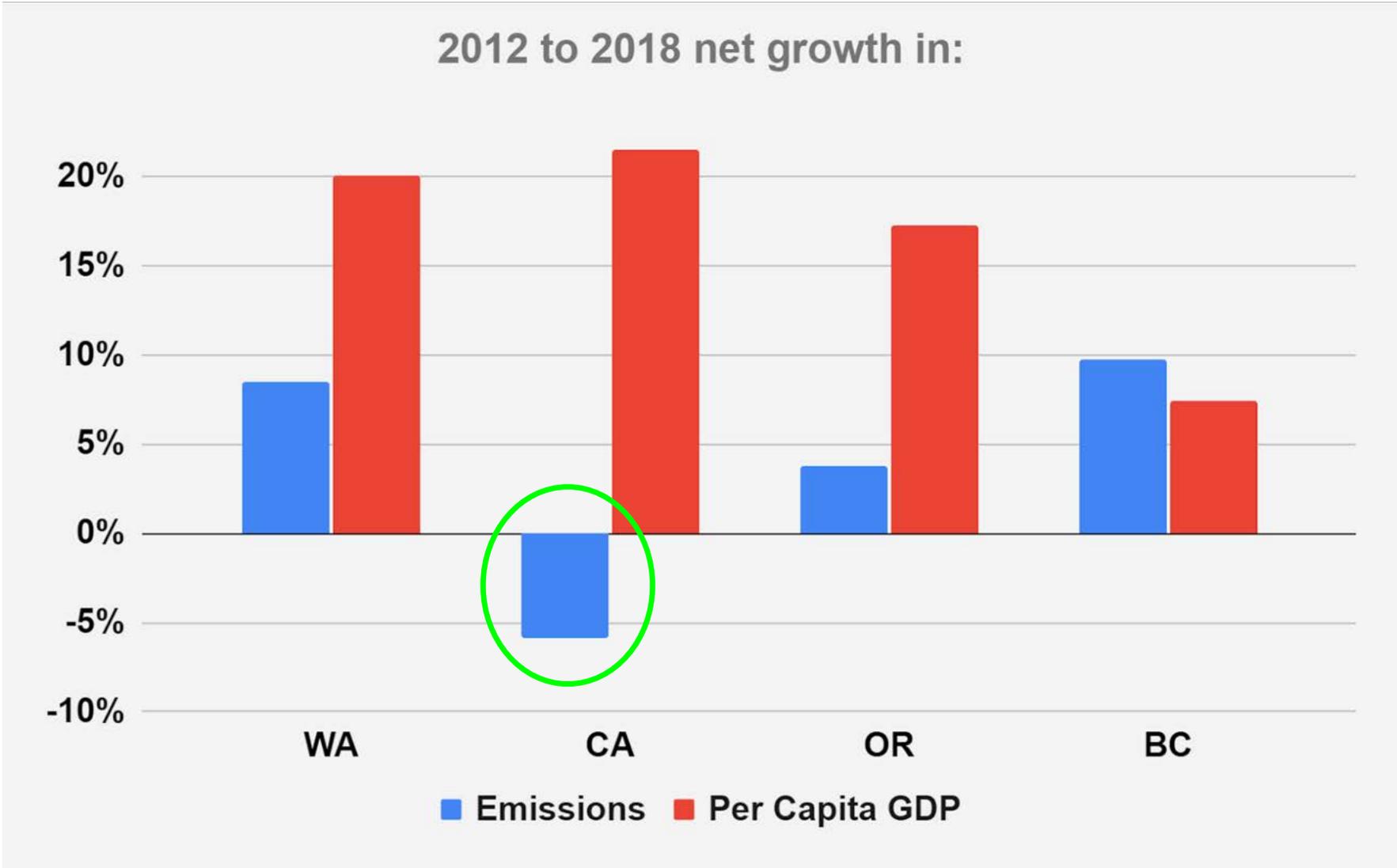
Global emissions increasingly covered

Share of global GHG emissions



Source: [World Bank Report 2020](#)

In Cascadia, only California has reduced emissions

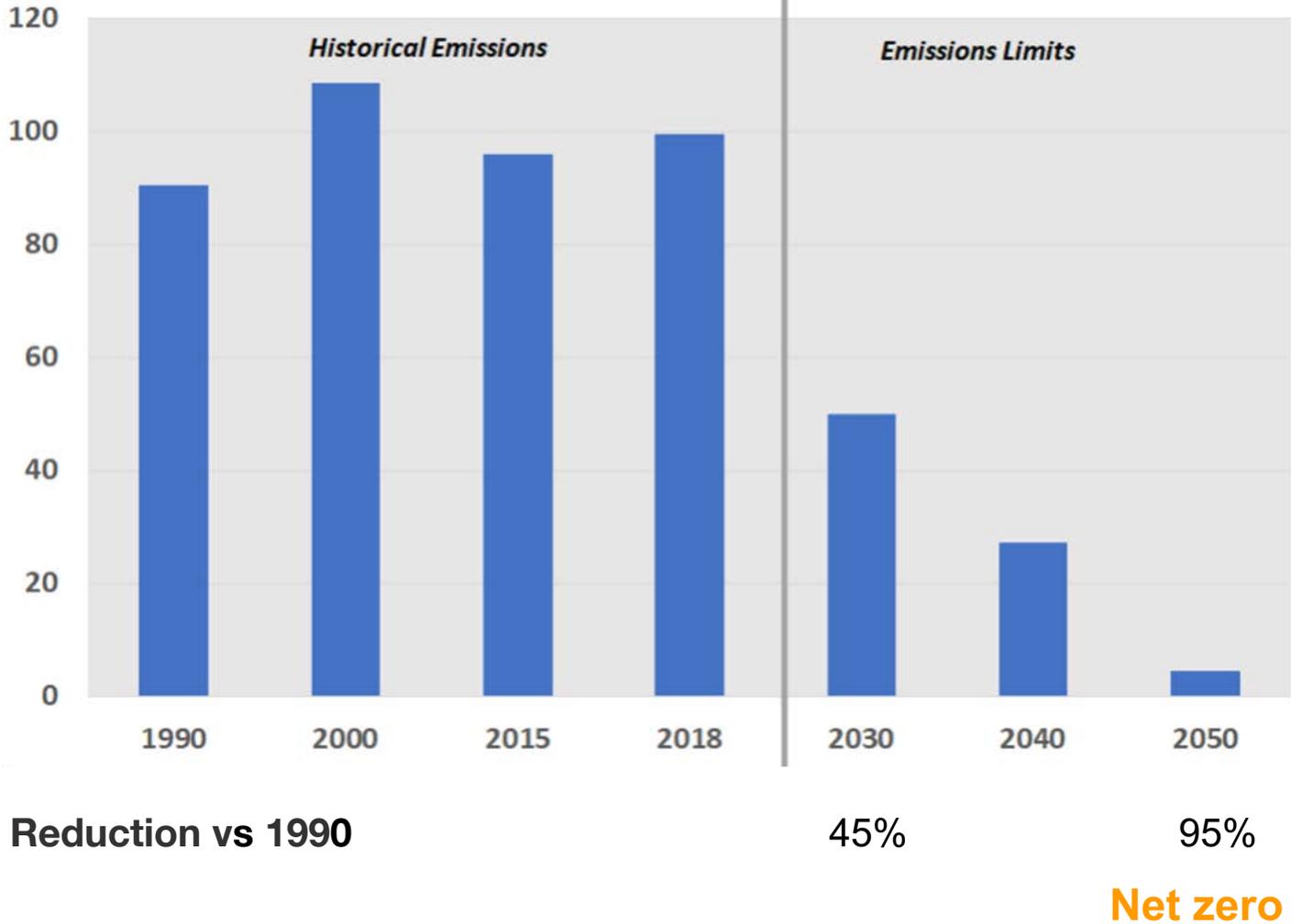


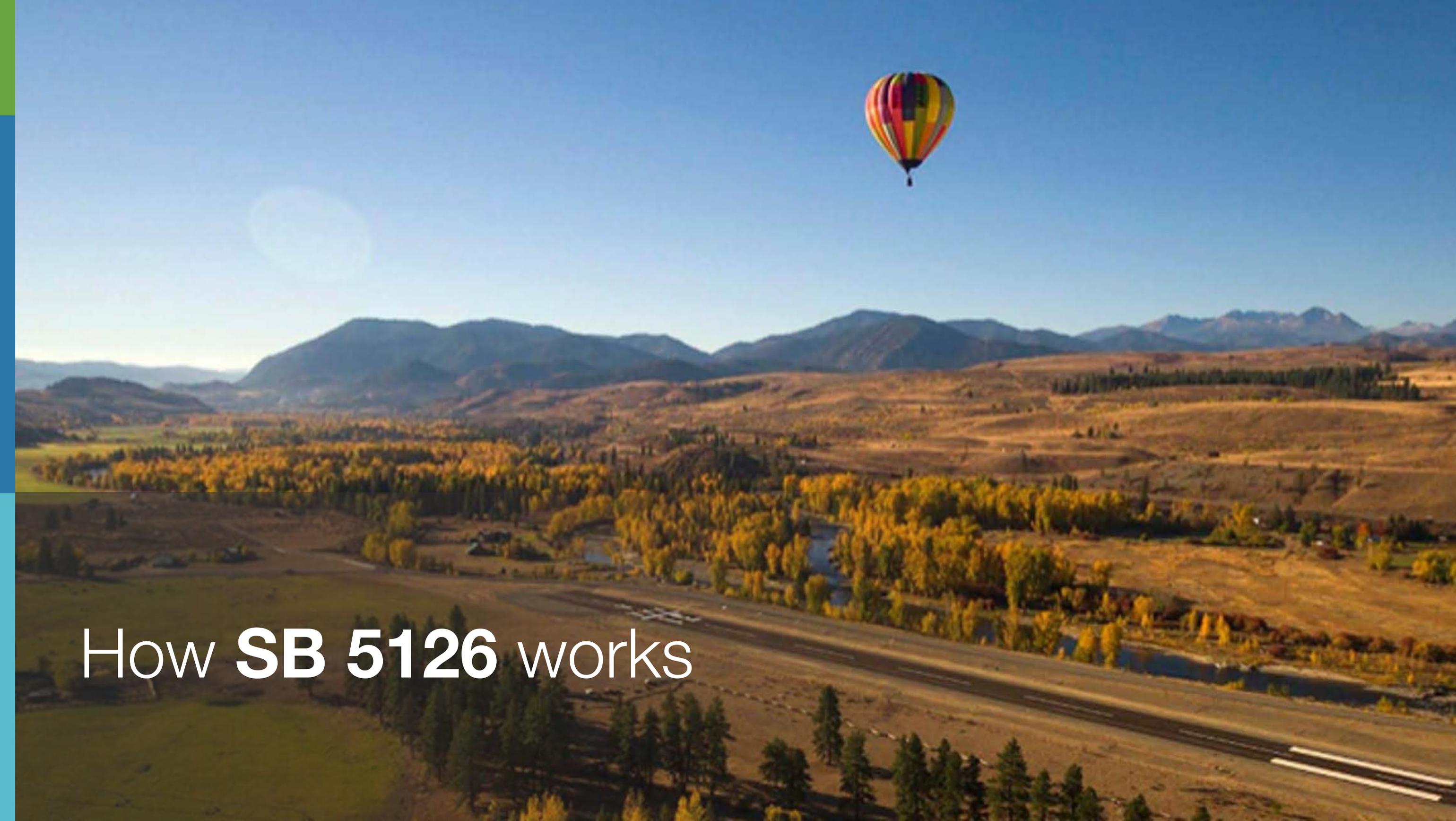
Washington state: A quick history

- 2008** Initial Targets set
- 2012** CLEW recommends Cap
- 2016** I-732 (tax), failed
- 2018** SB 6203 (tax)
I-1631 (tax), failed
- 2019** CETA passes,
SB 5981 (cap)
- 2020** State targets revised
- 2021** SB 5126 (cap)

“More than 20 major companies, including Microsoft, Nike, and Uber, [support expanding cap-and-invest](#) to Oregon and Washington State. BP Oil, which had previously lobbied and invested heavily against I-1631, now supports cap-and-invest as well.”

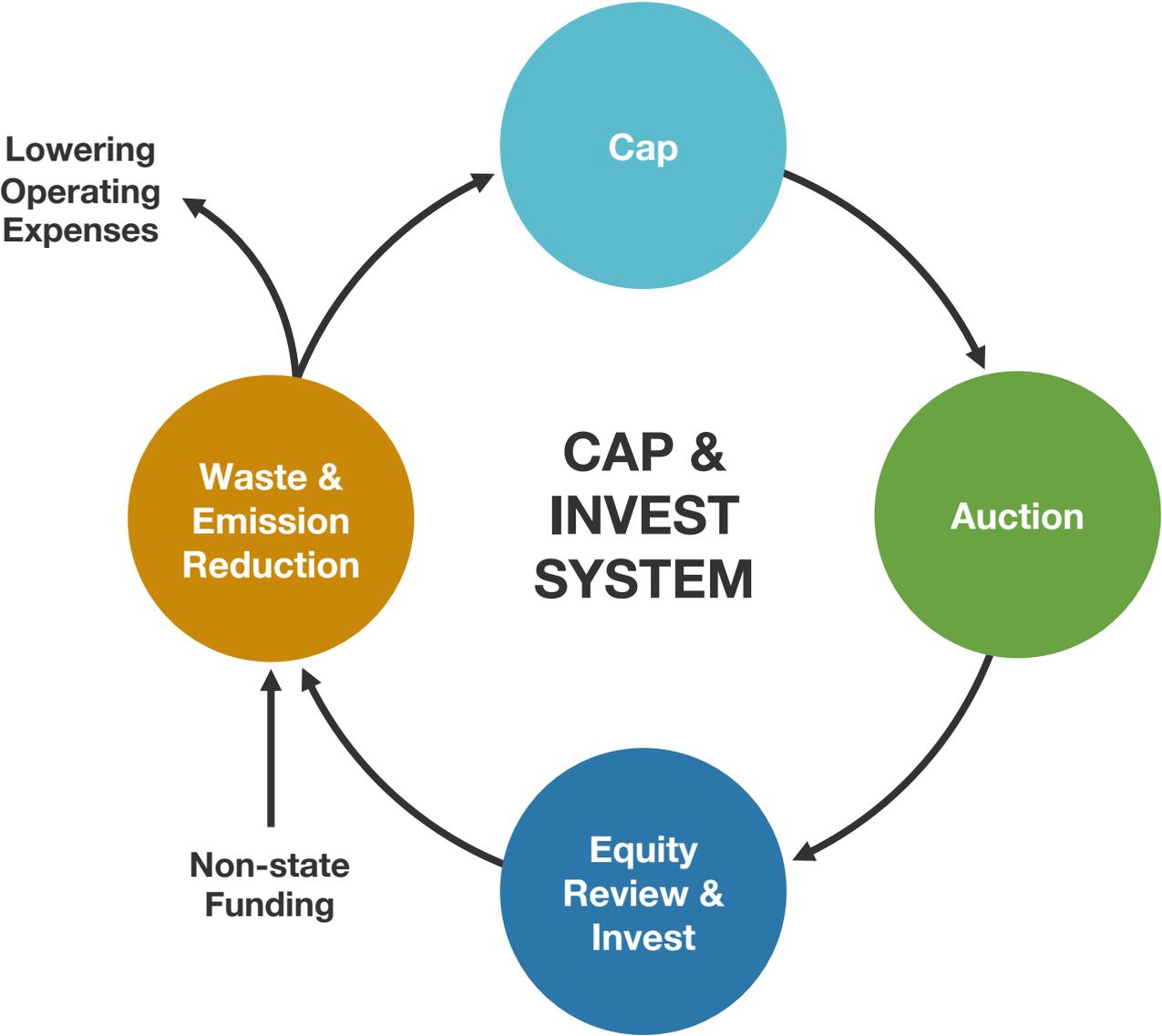
-Climate X Change Feb 2020





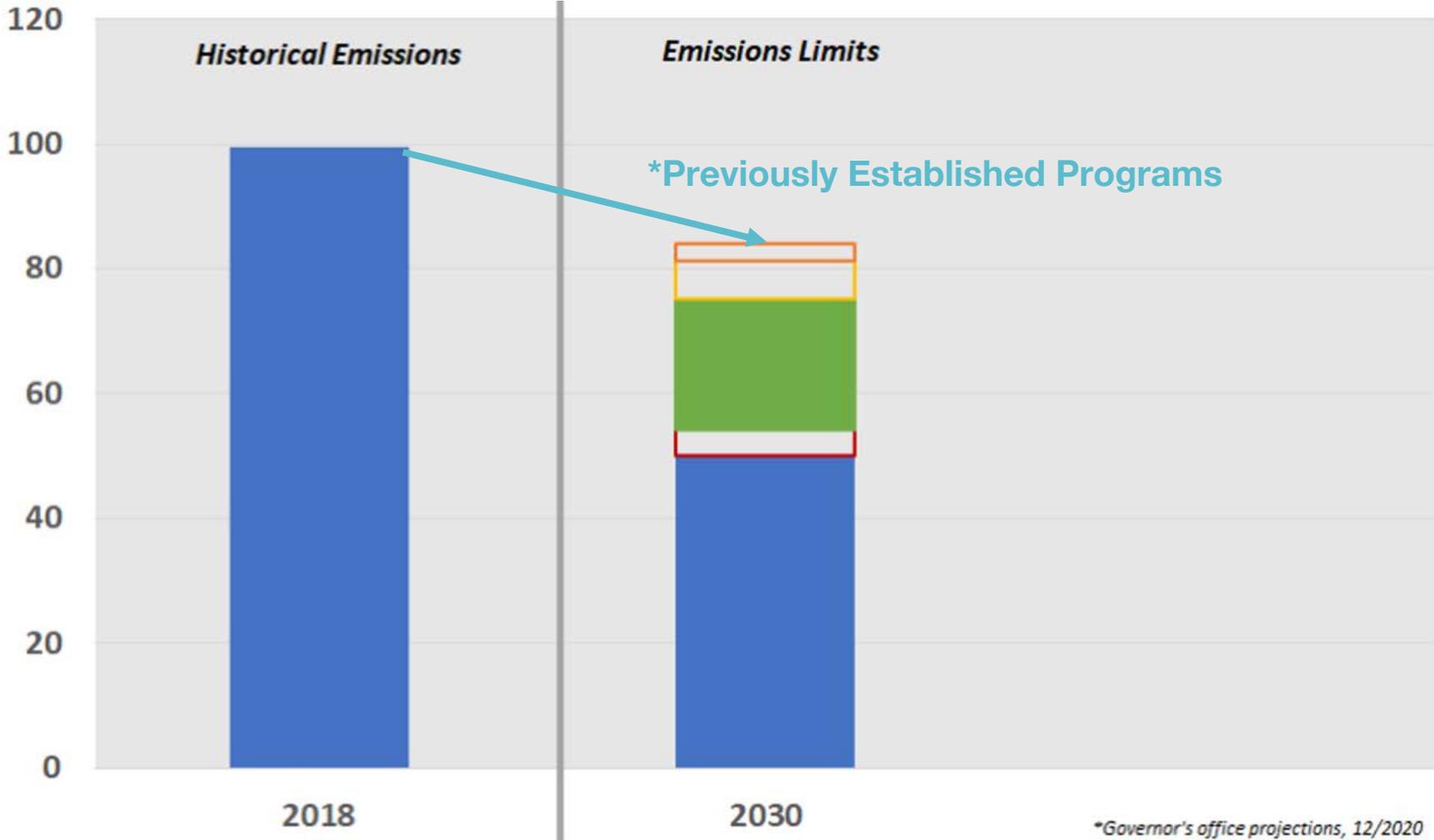
How **SB 5126** works

The Climate Commitment Act in action



The Climate Commitment Act in action

Statewide
GHG
Emissions,
Million metric
tons



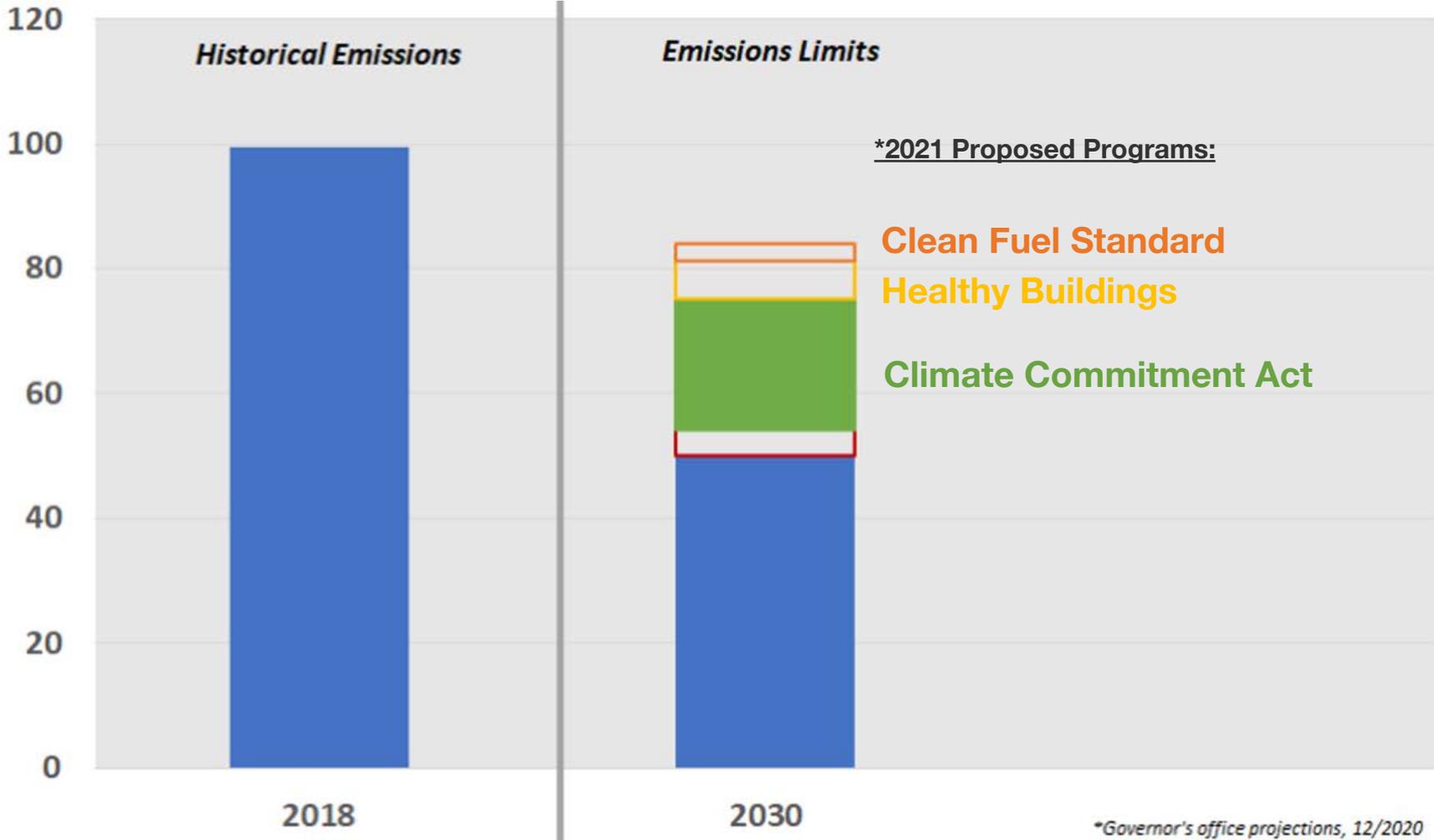
*Governor's office projections, 12/2020

Reduction vs 1990
Reduction vs 2018

45%
50%

The Climate Commitment Act in action

Statewide
GHG
Emissions,
Million metric
tons

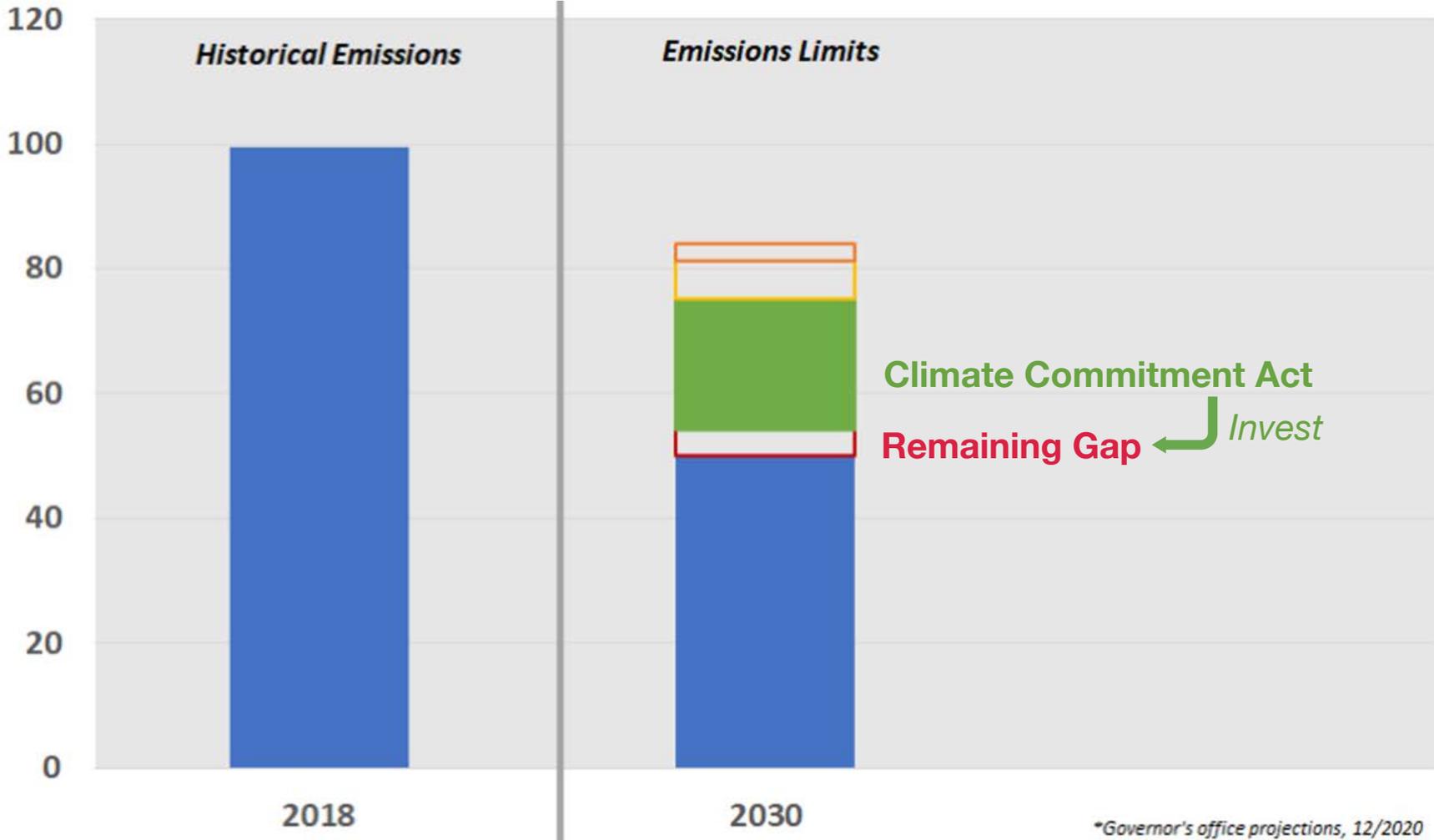


Reduction vs 1990
Reduction vs 2018

45%
50%

The Climate Commitment Act in action

Statewide
GHG
Emissions,
Million metric
tons



*Governor's office projections, 12/2020

Reduction vs 1990
Reduction vs 2018

45%
50%

The Climate Commitment Act in action



**CAP & INVEST
SYSTEM**

Certainty In Outcome: Emissions Reductions,
with priority to achieve cost-effectively & collectively

Covers large polluters (~125 entities, ~80% of statewide emissions) through 2050

The CCA in action



CAP & INVEST SYSTEM

Certainty in outcome:

Emissions Reductions, with priority to achieve cost-effectively & collectively

Covers large polluters (~125 entities, ~80% of statewide emissions), extends through 2050

Pre-program baseline



The CCA in action



CAP & INVEST SYSTEM

Certainty in outcome:

Emissions Reductions, with priority to achieve cost-effectively & collectively

Covers large polluters (~125 entities, ~80% of statewide emissions), extends through 2050

Pre-program baseline



2023-2026 emissions



The CCA in action



CAP & INVEST SYSTEM

Certainty in outcome:

Emissions Reductions, with priority to achieve cost-effectively & collectively

Covers large polluters (~125 entities, ~80% of statewide emissions), extends through 2050

Pre-program baseline



2023-2026 emissions



2027-2030 emissions



The Climate Commitment Act in action



**CAP & INVEST
SYSTEM**

Auctions are the primary compliance mechanism

The Climate Commitment Act in action



**CAP & INVEST
SYSTEM**

Auctions are the primary compliance mechanism

- A limited and declining available pool
 - Price floor ensures significant revenue

The Climate Commitment Act in action



**CAP & INVEST
SYSTEM**

Auctions are the primary compliance mechanism

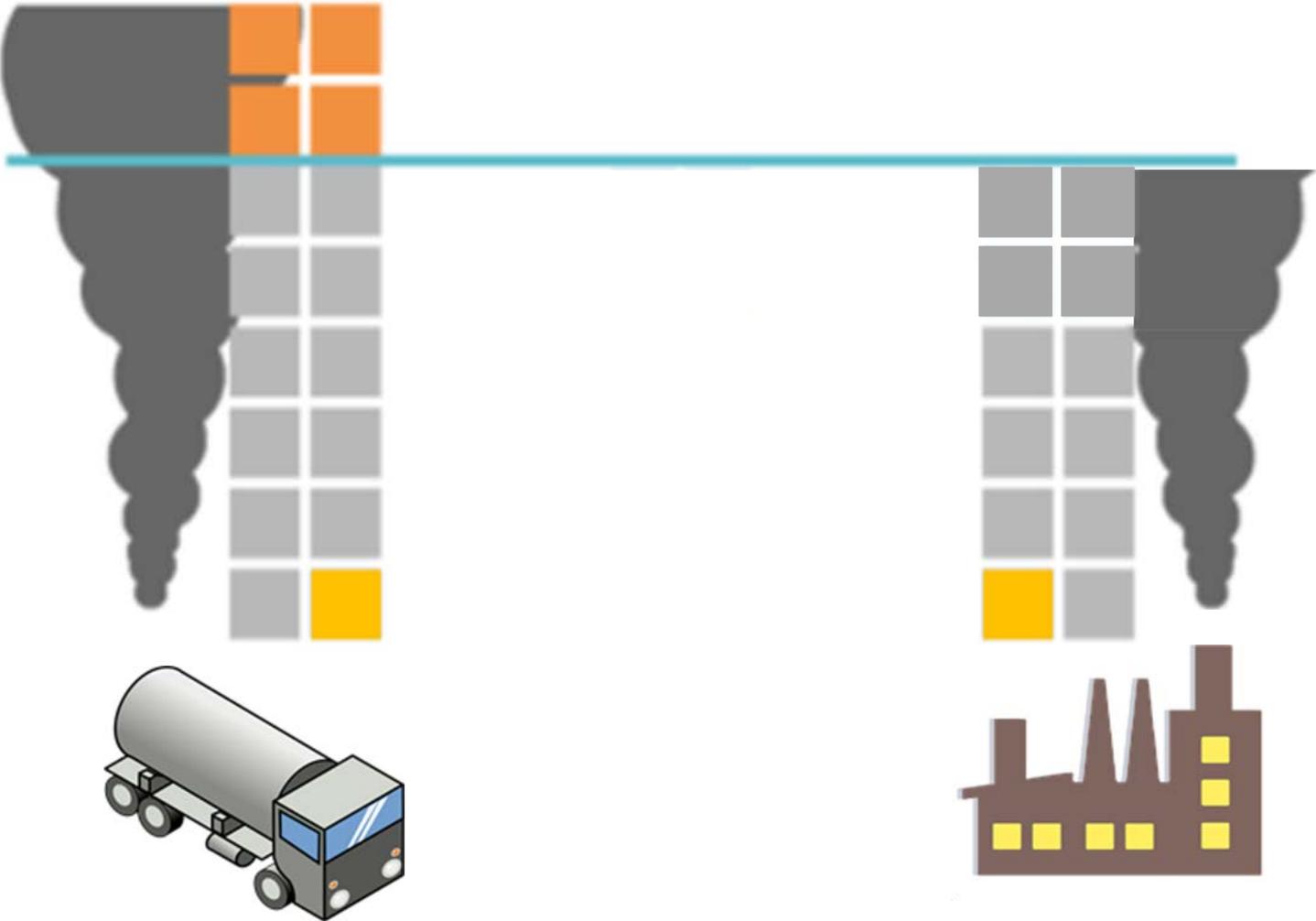
- A limited and declining available pool
 - Price floor ensures significant revenue
- Secondary compliance options enable flexibility and efficiency

The CCA in action



CAP & INVEST SYSTEM

Auctions are the primary compliance mechanism



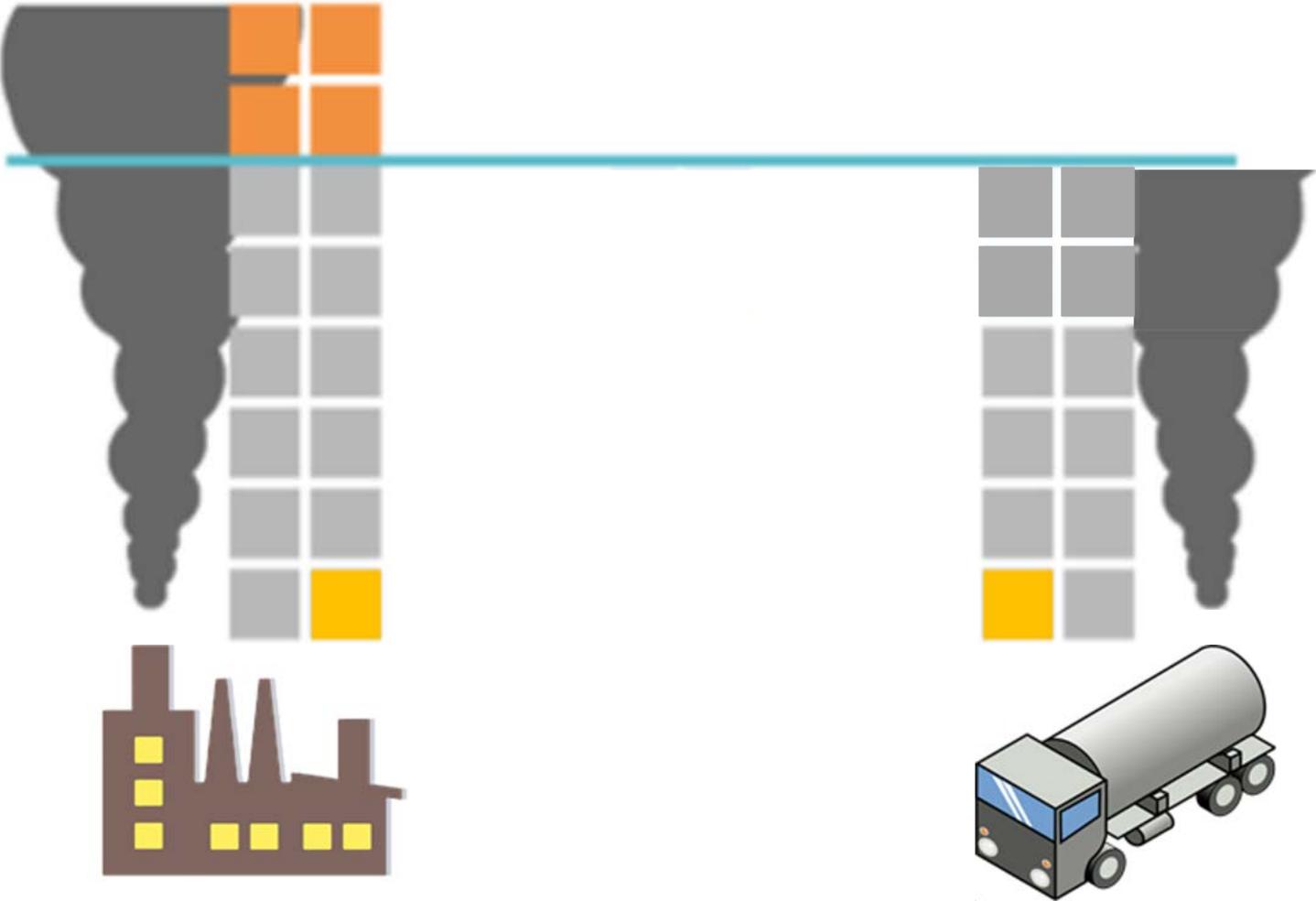
The CCA in action



Auction

CAP & INVEST SYSTEM

Auctions are the primary compliance mechanism



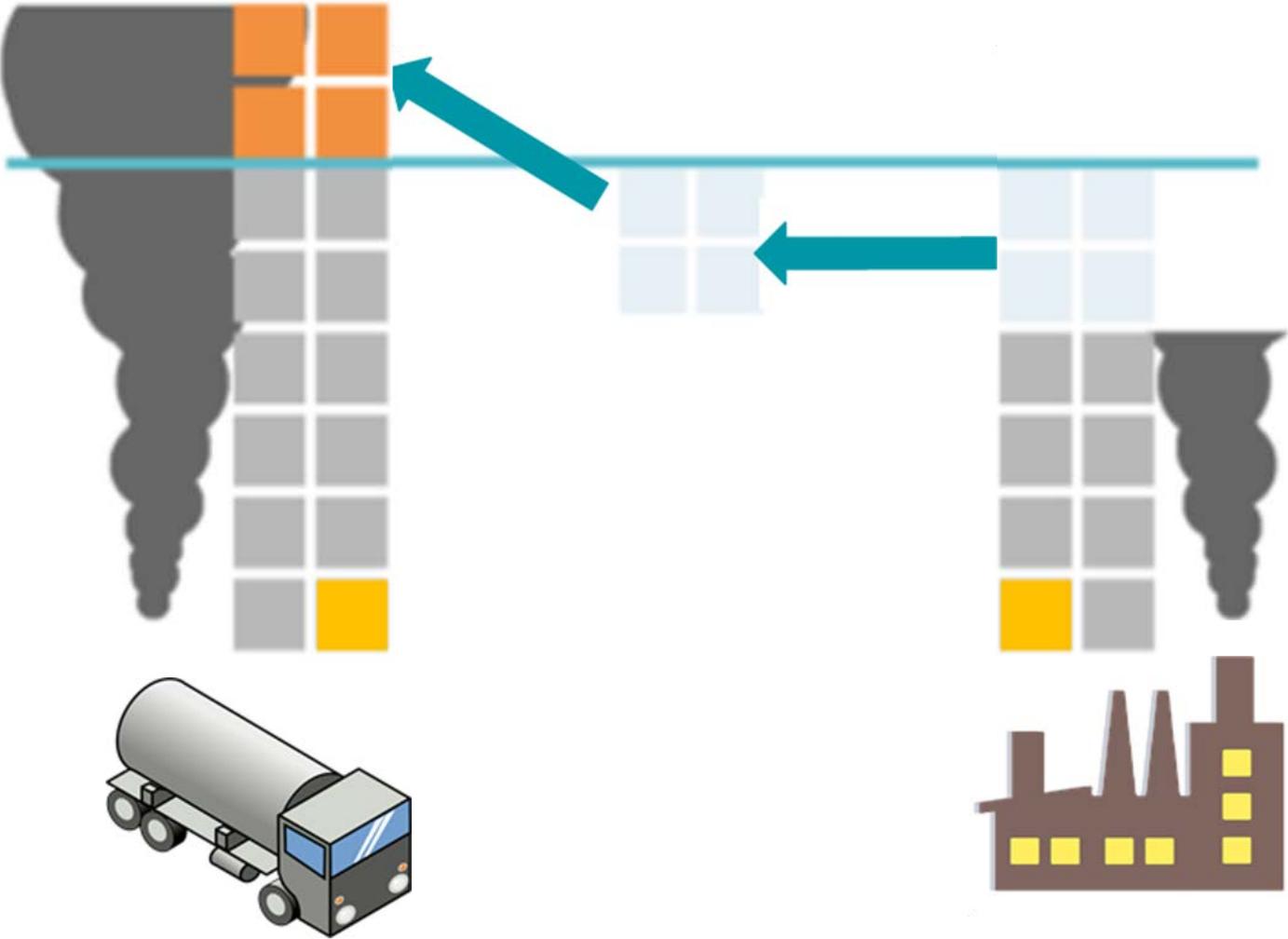
■ = \$ to state invest

The CCA in action



CAP & INVEST SYSTEM

Auctions are the primary compliance mechanism



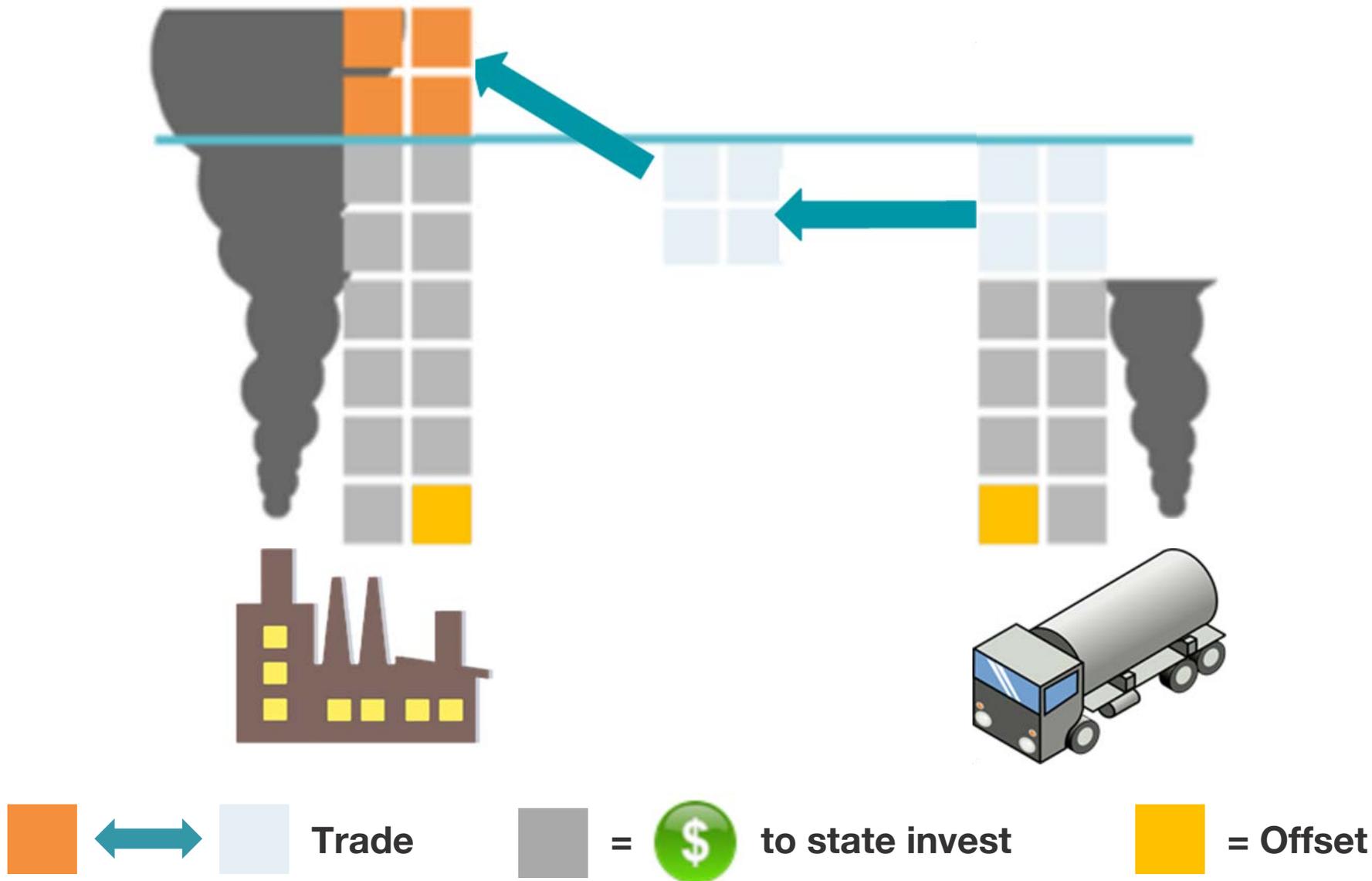
Orange square ↔ Light blue square Trade Grey square = Green circle with dollar sign to state invest

The CCA in action

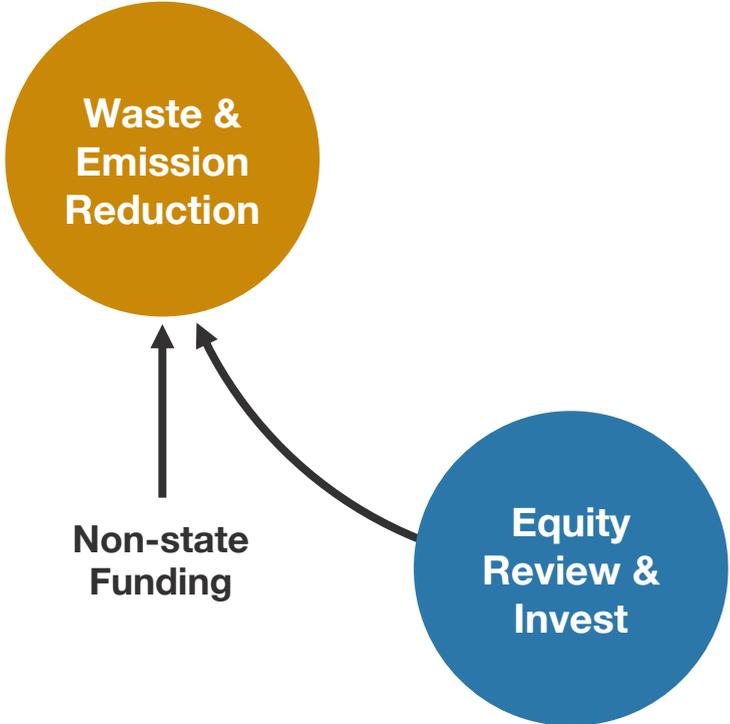


CAP & INVEST SYSTEM

Auctions are the primary compliance mechanism

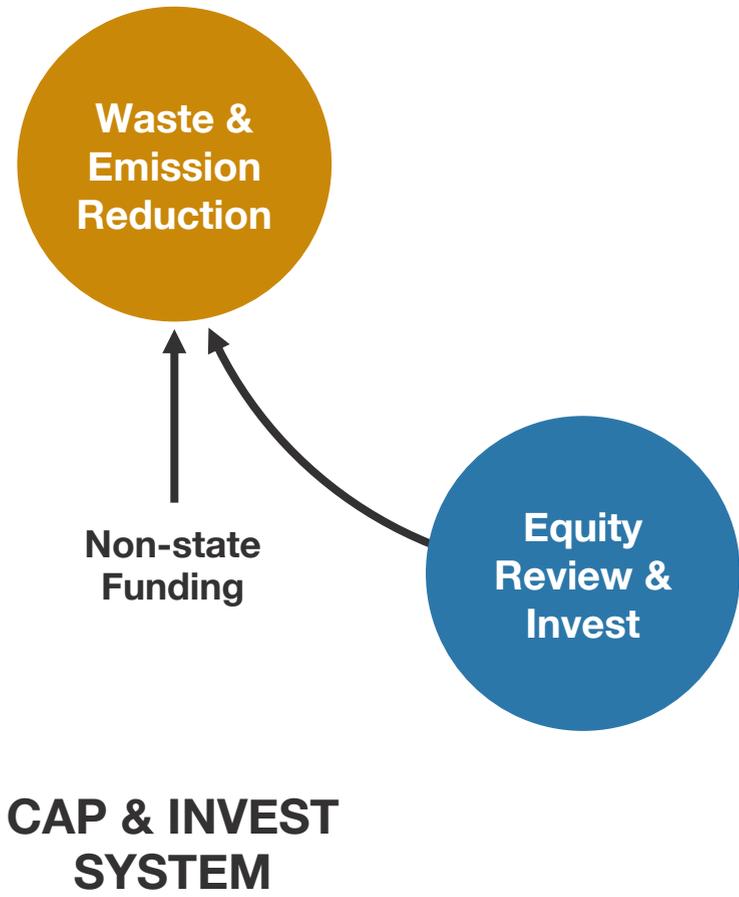


The Climate Commitment Act in action



Investments Deliver Benefits

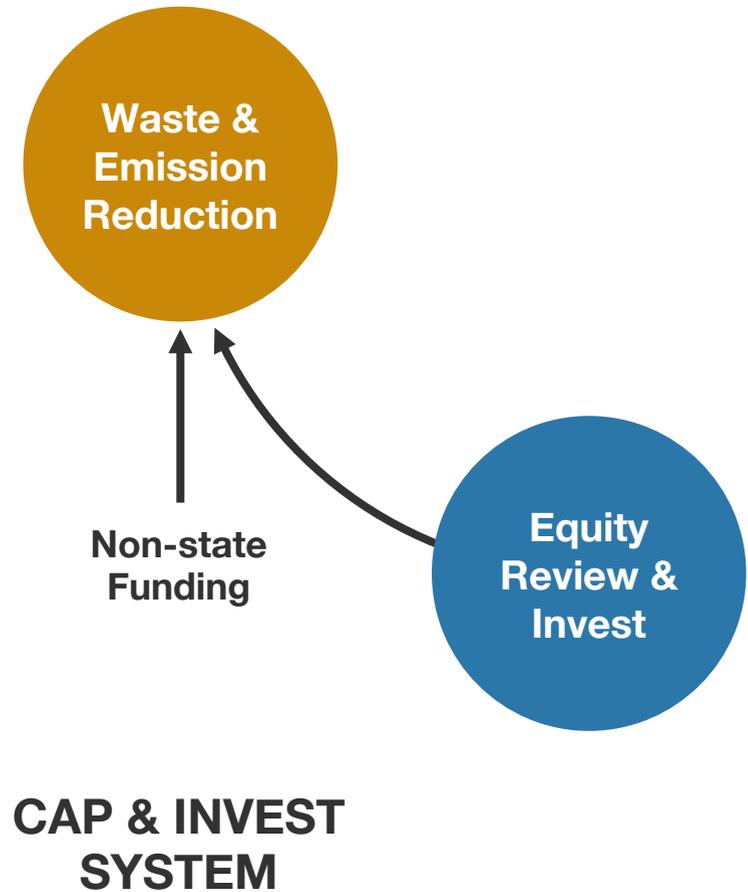
The Climate Commitment Act in action



Investments Deliver Benefits

- The Climate Commitment Act Will:
 - Raise billions of dollars through 2030, leveraging additional non-state funding;

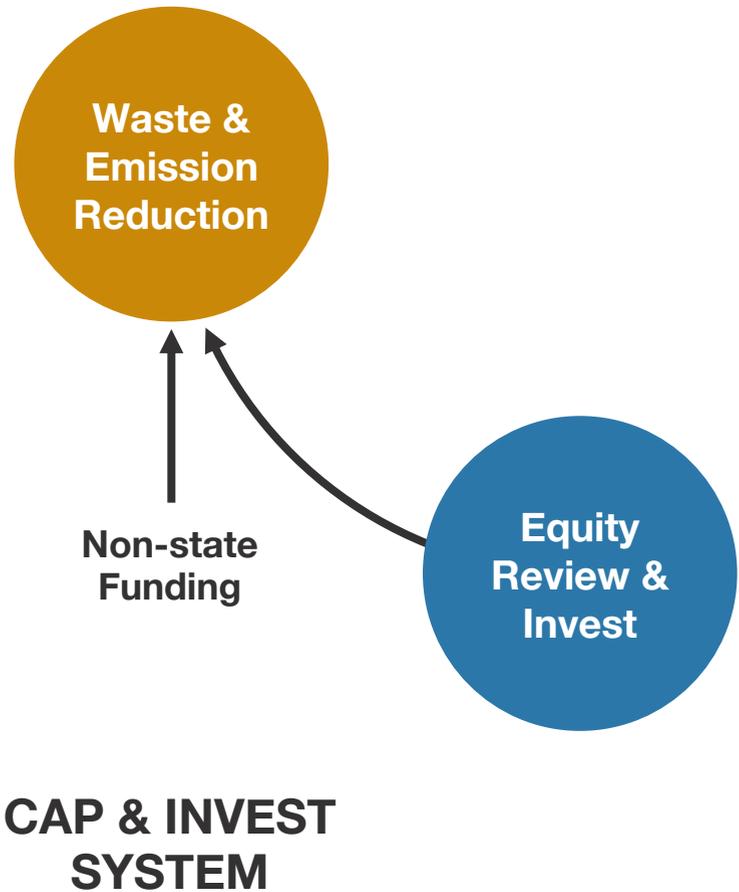
The Climate Commitment Act in action



Investments Deliver Benefits

- The Climate Commitment Act Will:
 - Raise billions of dollars through 2030, leveraging additional non-state funding;
 - Formalize spending priorities: Environmental Justice and Equity Advisory Panel and Environmental Justice Assessment

The Climate Commitment Act in action



Investments Deliver Benefits

- The Climate Commitment Act Will:
 - Raise billions of dollars through 2030, leveraging additional non-state funding;
 - Formalize spending priorities: Environmental Justice and Equity Advisory Panel and Environmental Justice Assessment
 - Accelerate emissions reductions and tackle priorities that cap & compliance alone don't

The Climate Commitment Act in action

Equity
Review &
Invest

CAP & INVEST
SYSTEM

Investments deliver benefits: California



Cumulative Project Outcomes



55% of funding benefiting priority populations (\$3.5 billion)



769,000+ acres of land preservation or restoration



456,000+ individual projects implemented



600+ transit agency projects funded, adding or expanding transit service



6,400+ affordable housing units under contract



122,000+ projects installing energy efficiency measures in homes



118,000 urban tree plantings



318,000+ rebates issued for zero-emission and plug-in hybrid vehicles

As of May 2020

Source: [California Climate Investments Results Data Dashboard](#)

The Climate Commitment Act in action

Equity Review & Invest

Complement market mechanisms with long-term strategic investments

CAP & INVEST SYSTEM

Investments deliver benefits: California



Cumulative Project Outcomes



55% of funding benefiting priority populations (\$3.5 billion)



769,000+ acres of land preservation or restoration



456,000+ individual projects implemented



600+ transit agency projects funded, adding or expanding transit service



6,400+ affordable housing units under contract



122,000+ projects installing energy efficiency measures in homes



118,000 urban tree plantings



318,000+ rebates issued for zero-emission and plug-in hybrid vehicles

As of May 2020

Source: [California Climate Investments Results Data Dashboard](#)

The Climate Commitment Act in action

Equity Review & Invest

Non-state Funding

CA: 3.7:1 leverage ratio

CAP & INVEST SYSTEM

Investments deliver benefits: California



Cumulative Project Outcomes



55% of funding benefiting priority populations (\$3.5 billion)

456,000+ individual projects implemented

6,400+ affordable housing units under contract

118,000 urban tree plantings



769,000+ acres of land preservation or restoration

600+ transit agency projects funded, adding or expanding transit service

122,000+ projects installing energy efficiency measures in homes

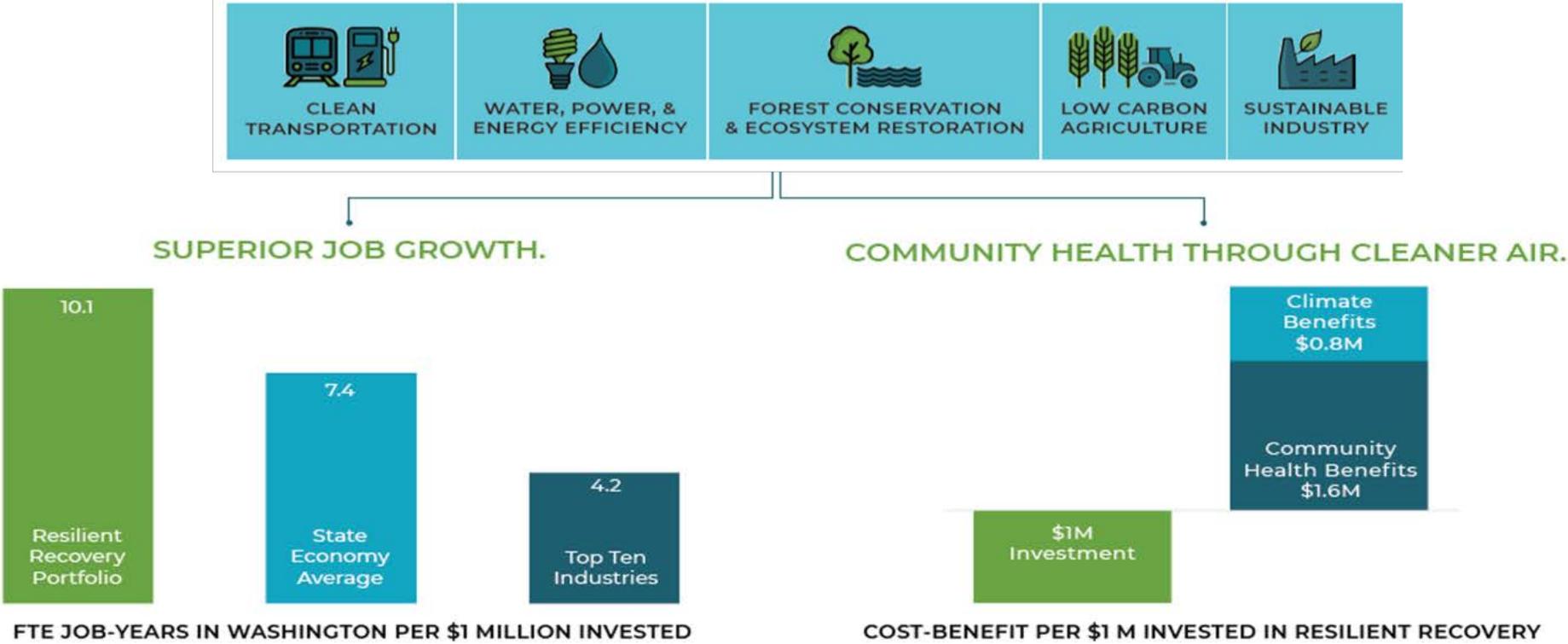
318,000+ rebates issued for zero-emission and plug-in hybrid vehicles

As of May 2020

Source: [California Climate Investments Results Data Dashboard](#)

The Climate Commitment Act in action

Washington’s investments can deliver job growth & public health benefits



BUILDING BACK BETTER | INVESTING IN A RESILIENT RECOVERY FOR WASHINGTON STATE

The Climate Commitment Act in action

Finding balance with the CCA:

- Cap-and-Invest systems:
 - At simplest, can act similar to direct cap or fee
 - Additional tools to address specific concerns
- **Challenge:** Where's the sweet spot — added benefits outweigh increased complexity;
- **Advantage:** Tailored to fit specific circumstances.



Prominent examples in the toolkit:

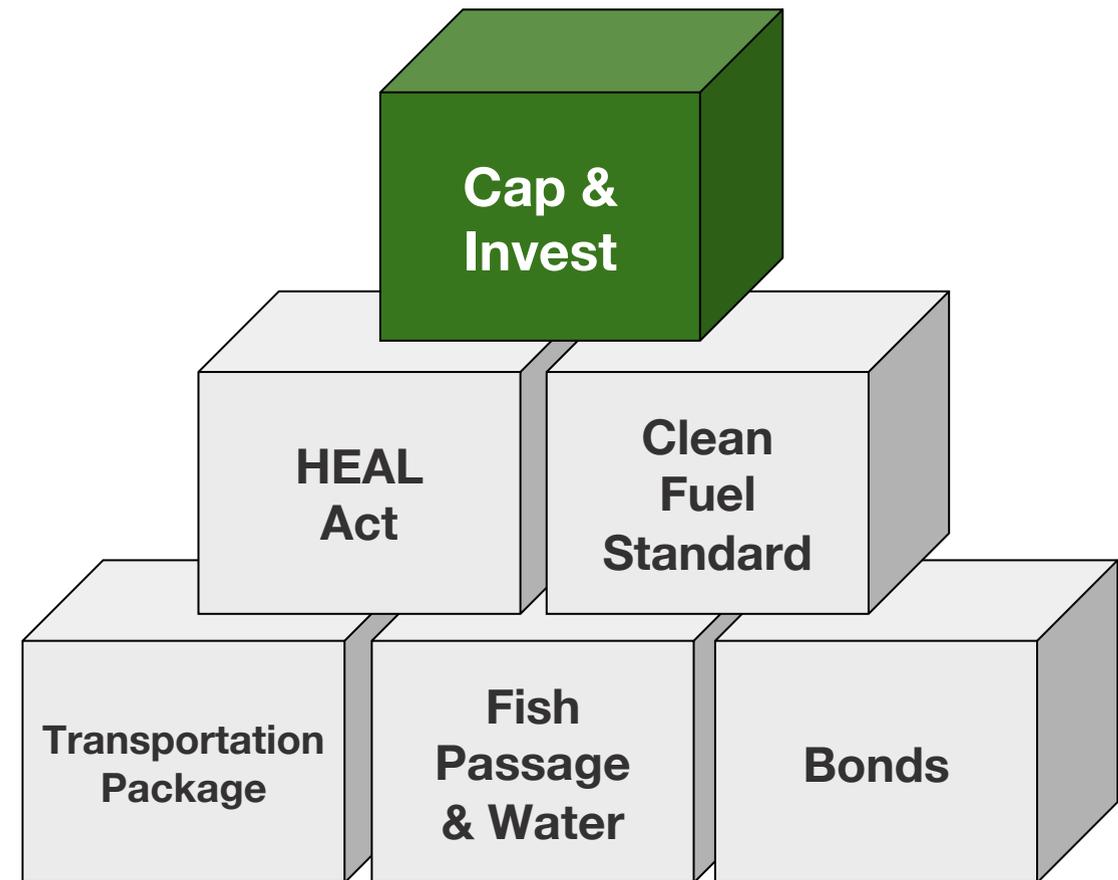
- Emissions Containment Reserve
- Offset usage
- Banking of allowances
- Linking with other programs
- Direct allowance allocation

An aerial photograph of a dense forest of evergreen trees. A paved road with yellow double lines curves through the forest from the top left towards the bottom center. The trees are a vibrant green, and the ground is mostly obscured by their canopy. In the bottom left corner, there is a semi-transparent dark blue overlay containing white text.

SB 5126
legislative context

Comprehensive Vision

- **Cap & Invest** ensures emission reductions are achieved, and generates investment revenue.
- **HEAL Act** (“**H**ealthy **E**nvironment for **AL**l”) empowers overburdened communities to participate.
- **Clean Fuel Standard** targets challenge of transportation sector decarbonization.
- **Transportation Package** addresses maintenance and preservation, multimodal, highway construction, and bridges.
- **Fish passage barrier removal** to meet state obligation and investments in water basins create jobs in rural communities.
- **Bonding capacity** used where appropriate on long term infrastructure needs.

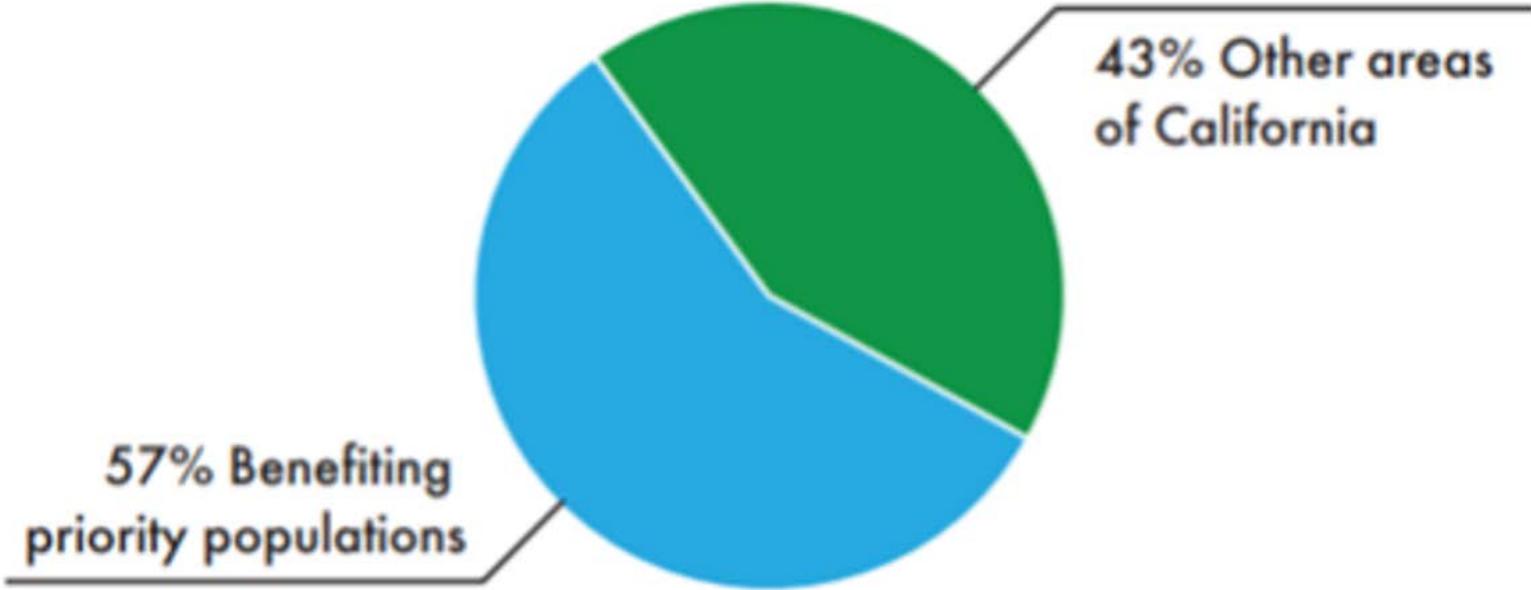


	 CLEAN TRANSPORTATION	 WATER, POWER, & ENERGY EFFICIENCY	 FOREST CONSERVATION & ECOSYSTEM RESTORATION	 LOW CARBON AGRICULTURE	 ECONOMY WIDE	 TRANSPORTATION PACKAGE	 MEETS WA CLIMATE GOALS
Clean Fuels Standard							
Carbon Fee on Transportation Fuels							
Carbon Tax and Bonds							
Cap & Invest							

California and Environmental Justice

- “Facilities regulated under California's cap-and-trade program are disproportionately located in disadvantaged neighborhoods.” (Cushing)
- \$3.5 billion to disadvantaged communities.
- In first 5 years, the difference in air pollution exposure between disadvantaged communities and non-disadvantaged communities fell by 21-30% (Hernandez-Cortes / Meng).

Cumulative Investments Benefiting Priority Populations



Washington State Can Do Better

- **Not “Pay-to-Pollute”** like carbon tax or carbon fee, which allow paying a price and being able to continue to pollute.
- **Economy-wide** covering facility process emissions and combustion from fuels (cars, trucks, buildings).
 - Engages all sectors.
- **Offsets** — a majority must provide direct environmental benefits to WA. Small share of compliance relative to decline than in CA.
 - Half million acres of forest in NE WA, Colville Improved Forest Management Project, Confederated Tribes of the Colville Reservation
- **Restrict the use of certain compliance options, like offsets**, by a facility that directly contributes to the pollution exposure of an overburdened community.
- **Apply an equity and environmental justice analysis** to the use of all revenue and prioritize investments that address both local air quality and GHGs.
- **Broader commitment through HEAL Act.**

Climate Commitment Act Summary

Other Bill Priorities

- Integration with 100% Clean
- Ensuring the integrity of the cap program and market rules
- Balancing of spending priorities between natural resources, transportation, and emissions reduction
- Sequencing to protect manufacturing businesses and affordability - and new clean manufacturing
- Long-term legislative accountability
- Maximize integration with other policies to support job creation and infrastructure investment

Benefits

- **Funds investments to**
 - stimulate economy
 - target disadvantaged communities
 - improve transportation
 - restore fish runs, and
 - improve public health

Sign our declaration...Join our coalition....Shape our future



Climate Commitment Act Declaration 2021

In Support of a Program to Address Climate Change While Improving Economic Recovery

Washington State has achieved some notable progress in addressing climate change and ushering in a clean energy economy, and yet carbon emissions in the state are still growing. To meet the state's climate goals and those of the Paris Climate Accords, more needs to be done.

As major companies across diverse sectors of the Washington state economy, we are committed to meeting the profound challenge of climate change. That's why we are supporting the Climate Commitment Act's cap on emissions that will:

- Improve the productivity of Washington's economy by reducing costly energy waste, creating good jobs, and improving public health
- Provide a clear signal for businesses to innovate and compete while cost-effectively reducing carbon pollution to legislated limits
- Invest in rural communities, clean air, and natural lands to stimulate local economies while improving environmental health
- Accelerate the clean transportation shift, harnessing our clean power system for an electrified future, boosting employment with locally sourced energy, and delivering cleaner, safer infrastructure
- Empower the most vulnerable and impacted communities and energy intensive trade exposed businesses, contributing to a more just and equitable Washington by prioritizing public investment and mitigating initial costs

Our customers, investors, employees, and communities are demanding us to view climate action as a business imperative. Our individual company climate ambitions alone are not enough. We need government action to create durable policy and send clear signals that catalyze creative solutions and create jobs across the economy. This can be done while also meeting the vital needs of overburdened communities, low-income households and workers disadvantaged by the energy transition.

We are coming to this legislative session with a focus on action and accomplishment to meet the state's net-zero carbon pollution goals and we are ready to seize this opportunity with Governor Inslee and the Legislature to reinforce Washington state's leadership in clean growth.

A scenic mountain road with evergreen trees and a clear blue sky. The road is paved and has a double yellow line down the center. The left side of the road is a rocky hillside with sparse vegetation and several tall evergreen trees. The right side of the road is a gravel shoulder with some low-lying plants and more evergreen trees. In the background, there are rugged mountains under a clear blue sky. The overall scene is bright and clear, suggesting a sunny day.

Questions?



**Clean &
Prosperous
Washington**