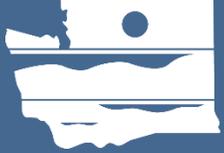




Overview: Climate Commitment Act Science to Policy Summit

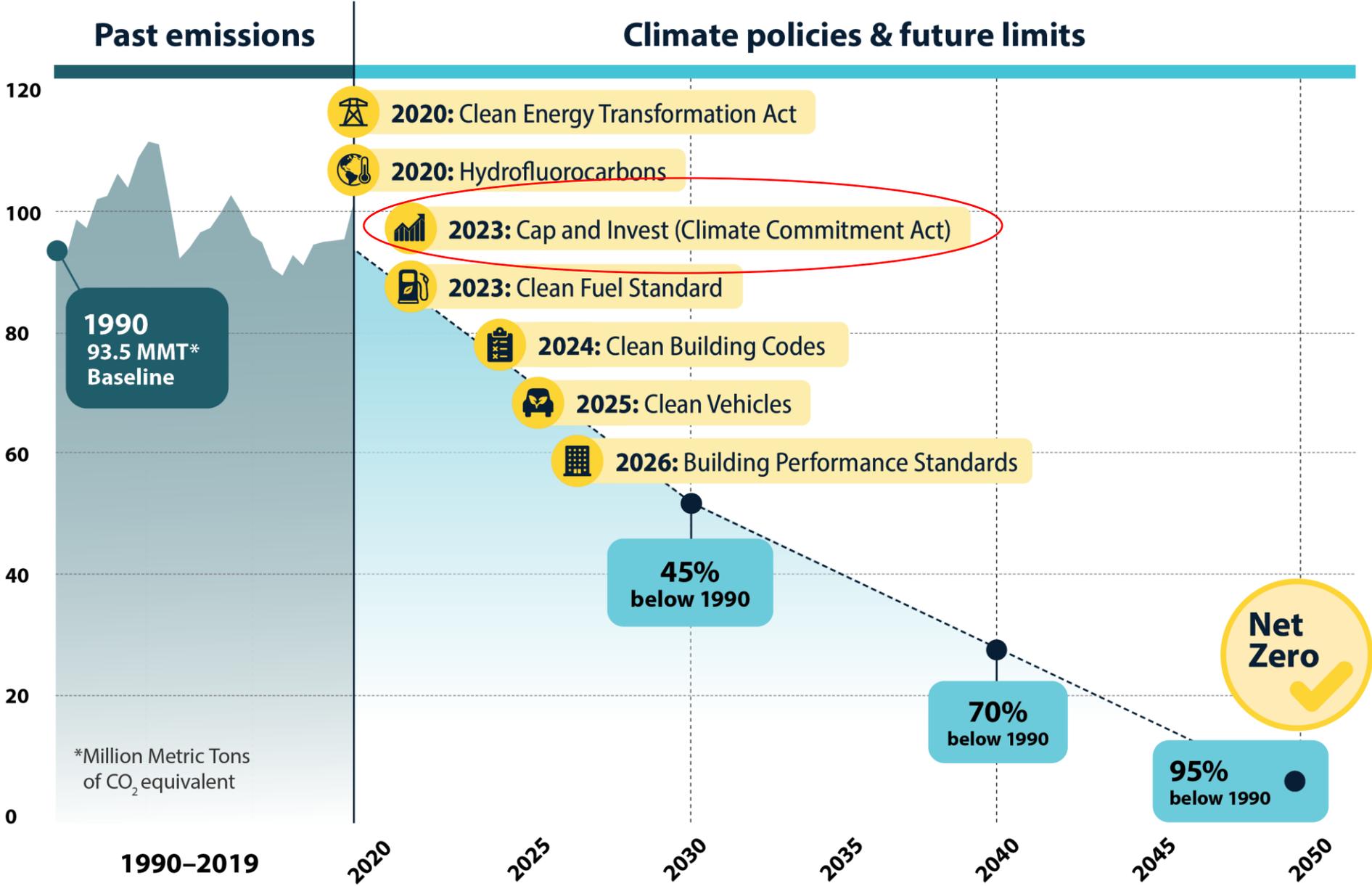
Mike Johnson, Cap-and-Invest Auction Lead
May 15, 2024



Overview

- Climate Commitment Act (CCA)
- Cap-and-Invest
- Environmental justice
- Auctions, revenue, and appropriations
- Linkage with other jurisdictions
- Next steps

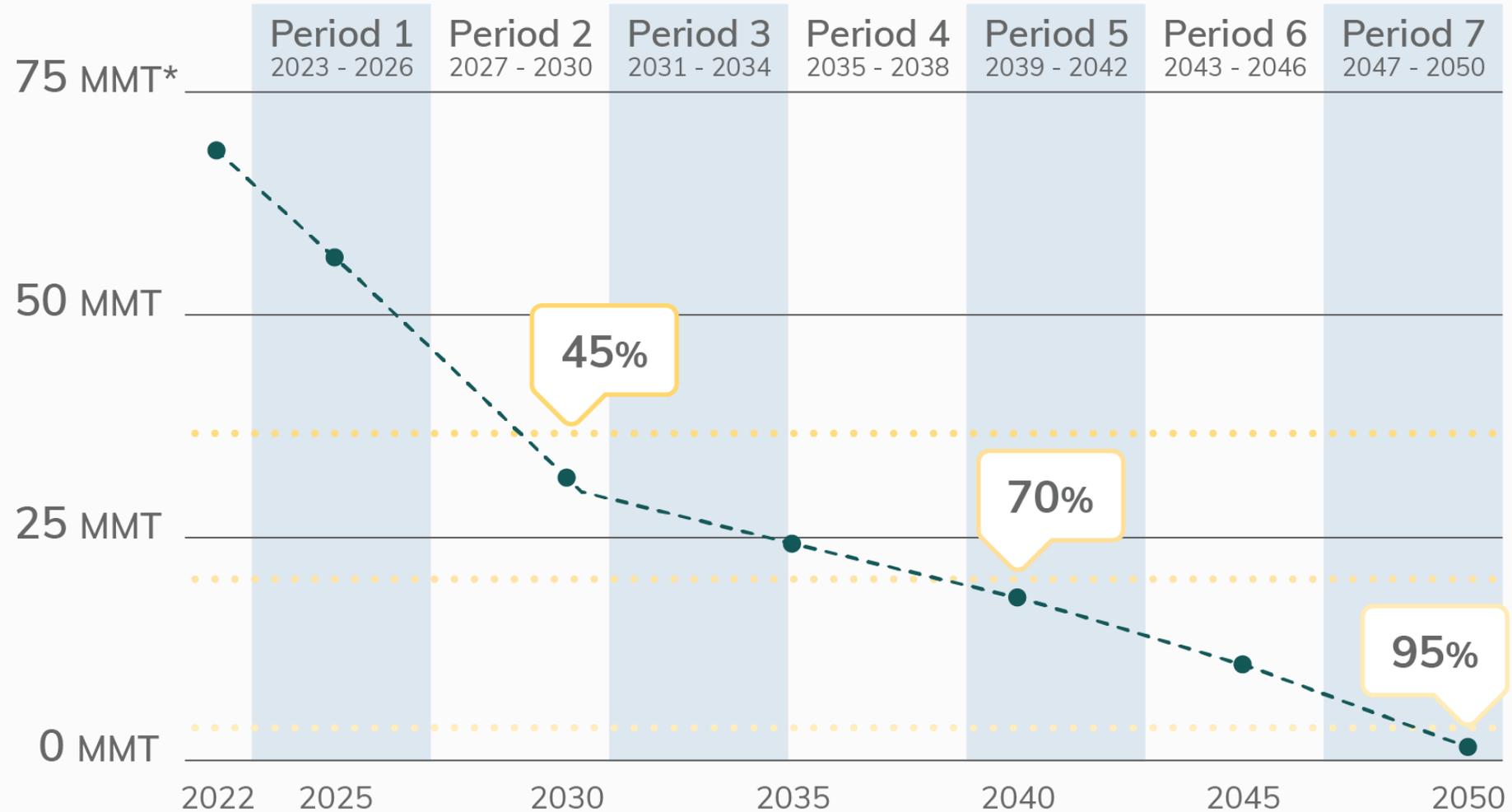
How Washington is cutting pollution 95% by 2050



1990
93.5 MMT*
Baseline

*Million Metric Tons
of CO₂ equivalent

Emissions cap reductions



*MMT = million metric tons of CO₂ equivalent

Cap-and-Invest

- Caps emissions, cap declines over time
 - Emissions cap = allowance budget
 - One allowance = one metric ton of CO₂e
- Entities must obtain allowances equal to “covered emissions”
 - Four-year compliance periods + annual deadlines
- Some entities receive no cost allowances
 - Consignment by utilities



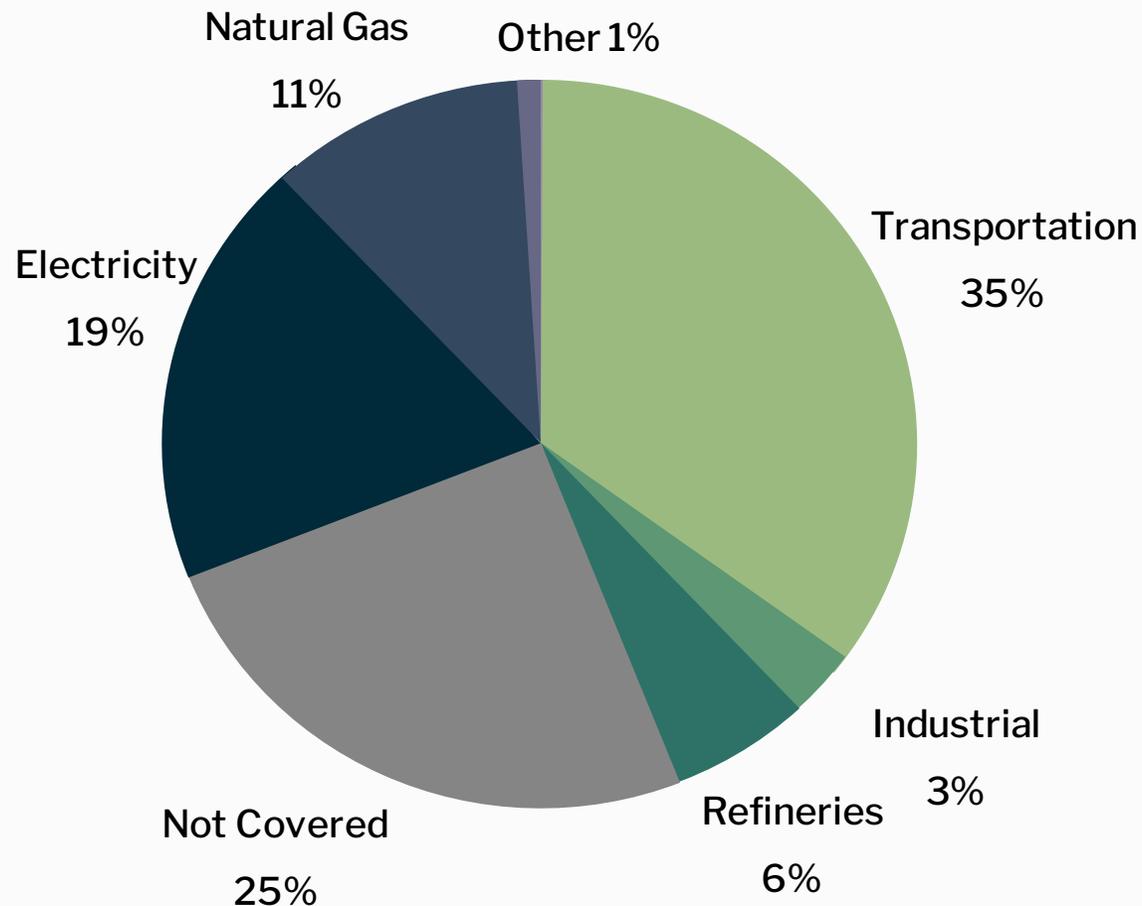
What's "Covered"?

Covered emissions - 75%

- Facilities emitting 25,000+ metric tons CO₂e annually
- Gasoline and on-road diesel
- Electricity consumed in WA
- Natural gas
- 2027 - Waste-to-energy facilities
- 2031 - Railroads

Not covered - 25%

- Facilities emitting less than 25,000 metric tons CO₂e
- Exempt fuels: Agricultural ops, maritime, aviation, etc.



CCA air quality protections

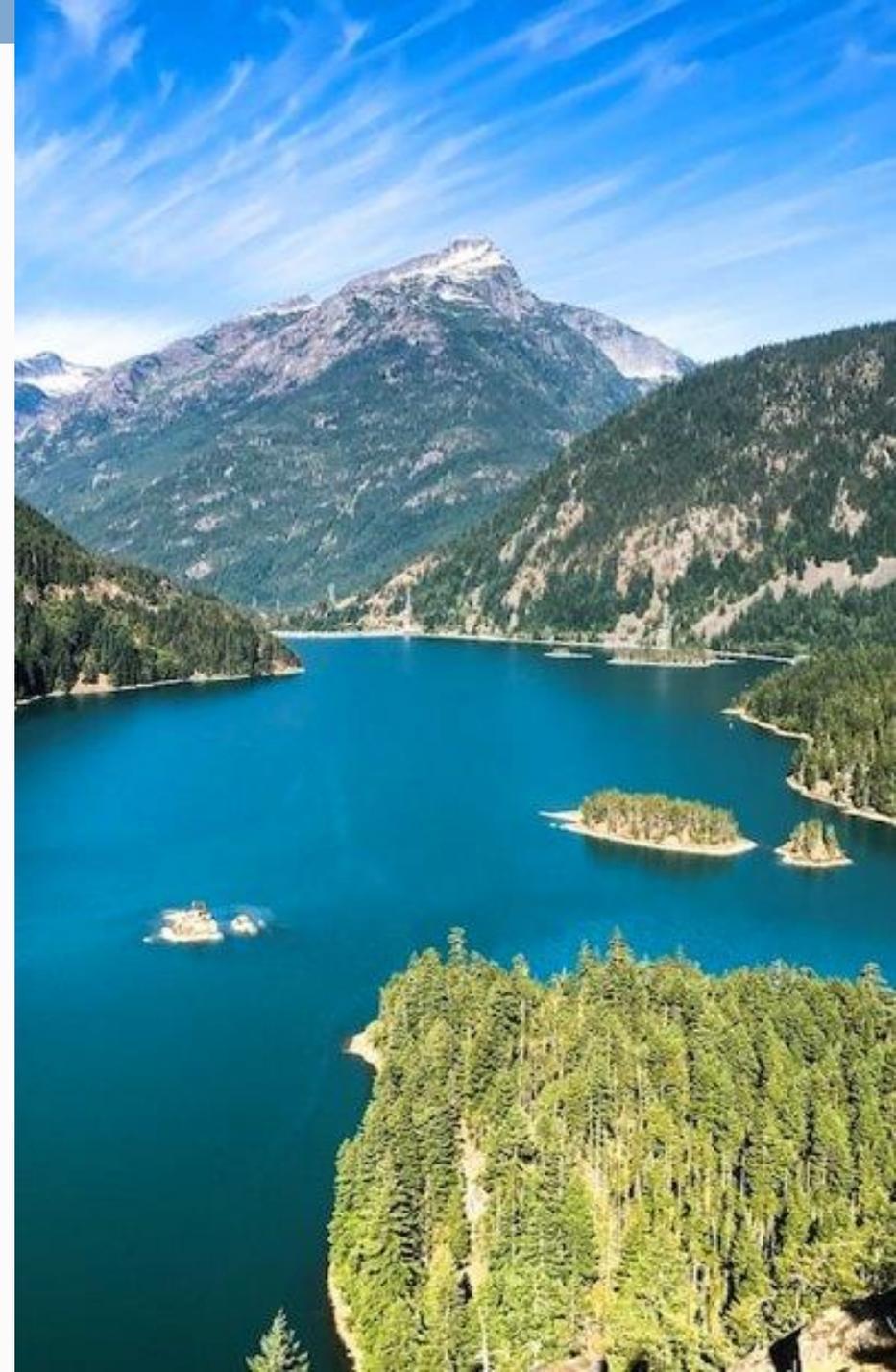
Ecology must expand monitoring and reduce air pollution in overburdened communities.

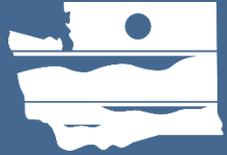
- Air monitoring has been expanded
- Next steps:
 - Adopt strategies to address air pollution
 - Conduct biennial environmental reviews



CCA environmental justice provisions

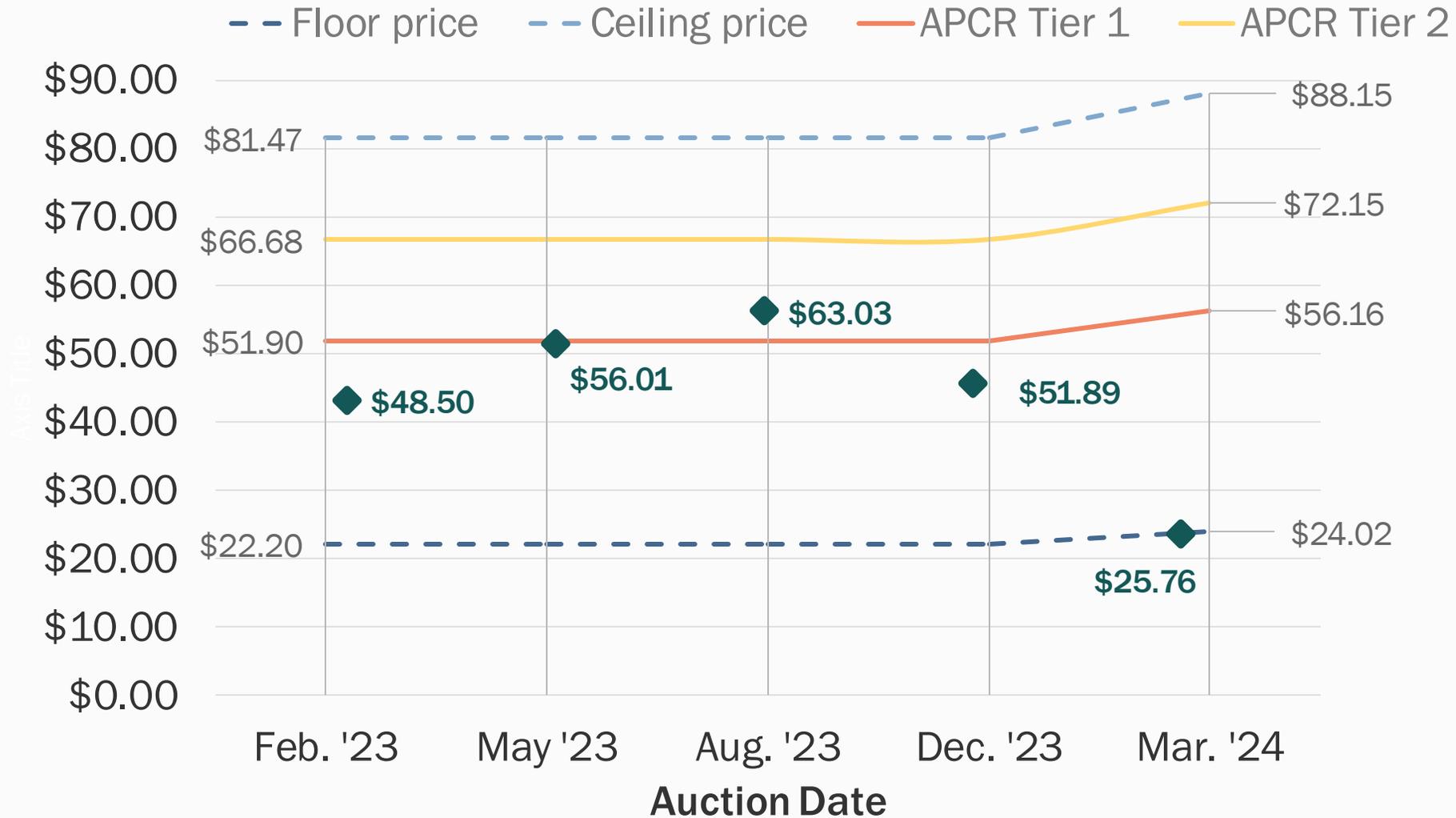
- Restricting the use of offset credits
- Prioritizing funds to Tribes and overburdened communities
- Environmental Justice Council engagement
- Environmental Justice Assessments
- Regular reporting





Auctions and market

Auction settlement prices



Auction revenue

Auction	Proceeds to Washington	Proceeds to natural gas utilities
Auction #1 February 2023	\$299,983,267	None
Auction #2 May 2023	\$557,089,850	None
APCR #1 August 2023	\$62,491,660	N/A
Auction #3 August 2023	\$356,601,742.53	\$184,510,807.47
APCR #2 November 2023	\$259,500,000	N/A
Auction #4 December 2023	\$288,857,811.95	\$191,987,343.99
Total public proceeds in 2023	\$1,824,524,331.48	\$376,498,151.5



Use of funds

CERA

Carbon Emissions Reduction Account

For projects that reduce emissions from the transportation industry and increase access to public and alternative transportation.

Subject to appropriation by the Legislature.

24%

Climate Active Transportation Account

56%

Climate Transit Programs Account

CIA

Climate Investment Account

For the administration of the CCA and for projects that support the transition to clean energy, ecosystem resilience, and carbon sequestration.

Subject to appropriation by the Legislature.

75%

Climate Commitment Account

25%

Natural Climate Solutions Account

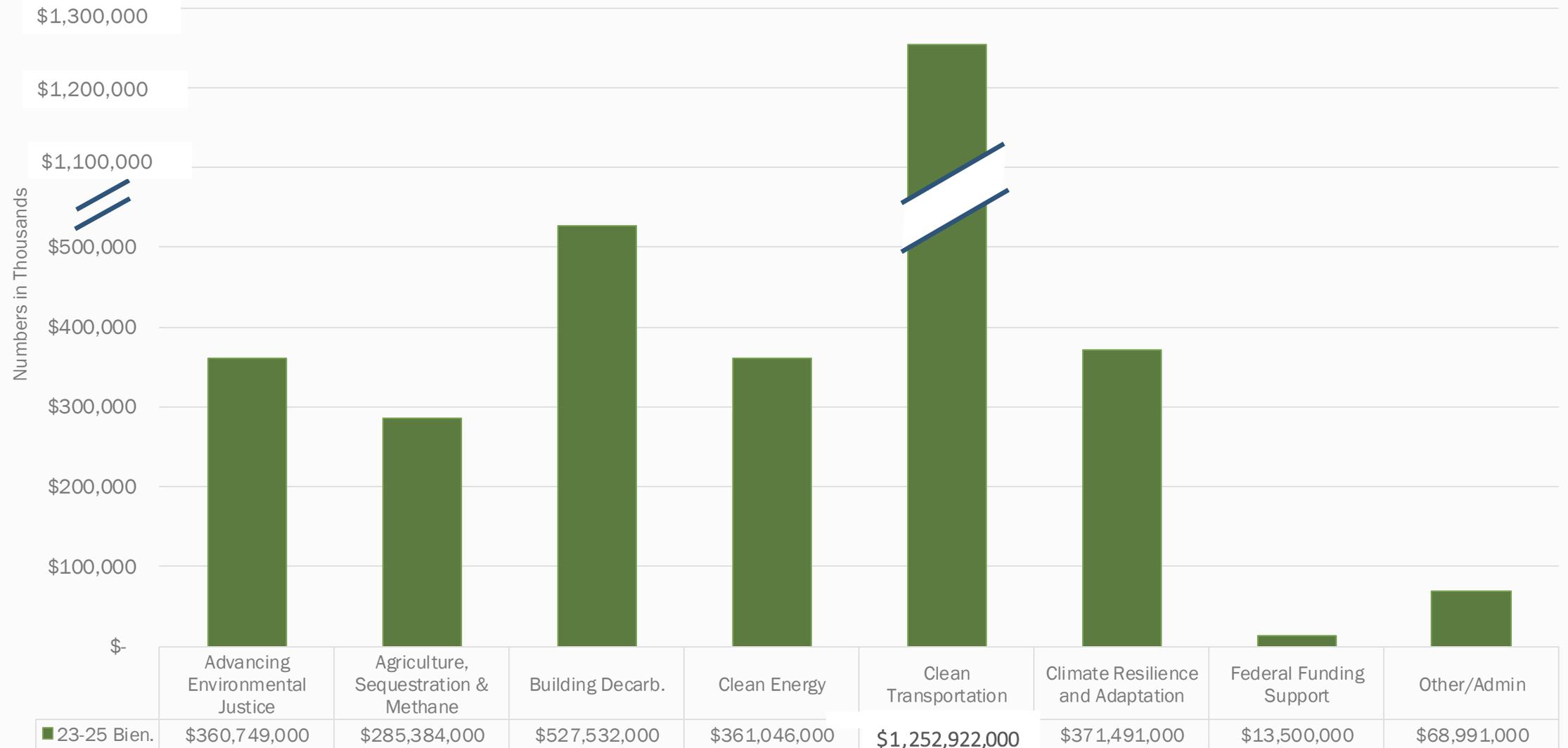
AQHDIA

Air Quality & Health Disparities Improvement Account

For projects that help identify and reduce criteria pollutants and health disparities in overburdened communities highly impacted by air pollution.

Subject to appropriation by the Legislature.

CCA Appropriations: 2023-25

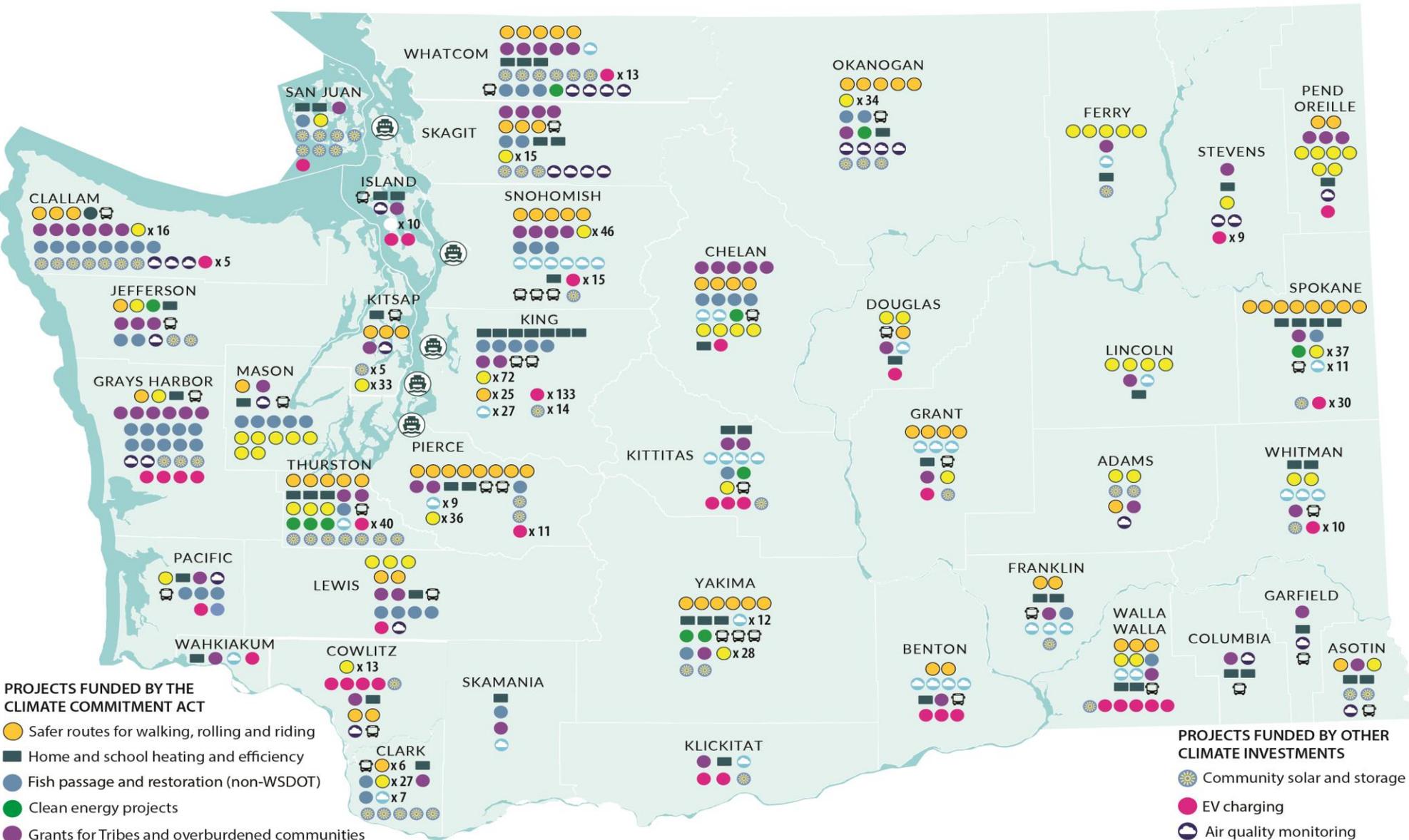


CCA funds

- Legislature decides how revenue is spent
- At least 35% of revenue must directly benefit vulnerable populations within overburdened communities
 - Goal = 40%
- 10% of revenue must be used for projects with Tribal support



For an overview of investments, visit:
tinyurl.com/CCAFunds



CLIMATE INVESTMENTS IN WASHINGTON

Each dot/icon represents one project/grant.

This map is for illustration purposes only. Summarizes examples of climate-related 2023-25 appropriations, but not all.

Clean transportation: \$1.5 billion

- \$563 million: ferry and terminal electrification
- \$429 million: public transit grants
- \$223 million: active transportation projects
- \$105 million: community EV charging
- \$45 million: EV infrastructure grants on state highways
- \$130 million: incentives and infrastructure for zero-emission commercial vehicles, school buses and drayage trucks
- \$109 million: rail electrification and shore power at ports

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COMMITMENT
ACT 

Clean buildings: \$528 million

- \$115 million: Assisting low-income households and businesses w/electrification
- \$136 million: electrifying state higher education campuses
- \$58 Million to improve energy efficiency of state facilities

Environmental justice: \$361 million

- \$150 million: \$200 energy vouchers for low and moderate income residential electrical consumers
- \$107 million: reducing GHG emissions and improving air quality in vulnerable, overburdened and tribal communities
- \$6 million: low-income community solar projects

Climate resilience: \$371 million

- \$60 million: riparian protection grants
- \$50 million: Tribal climate adaptation grants
- \$96 million: fish passage, salmon habitat and climate resilience projects
- \$4.5 million: Washington Climate Corps

Agriculture, sequestration, and methane reduction: \$285 million

- \$98 million: carbon sequestration on state trust lands
- \$35 million: farm GHG reduction, anerobic digester and ag sequestration grants
- \$15 million: landfill methane reduction grants
- \$25 million: Firewise, forest health and community wildfire grants

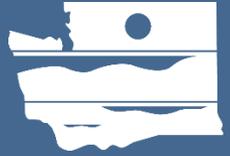
Overburdened communities and Tribes

The original 2023-25 biennial budget provides:

- 43% (\$924 million) of CCA investments estimated to benefit overburdened communities and Tribes
 - Requirement: 35%; goal: 40%
- 7.3% (\$155 million) of CCA investments directed to Tribes

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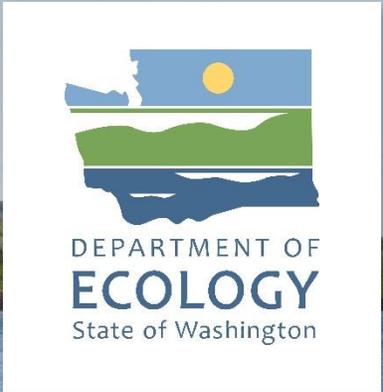
CLIMATE 
COMMITMENT
ACT 



Next Steps

What's Next in 2024

- \$3.2B in CCA revenues appropriated for 2023-25 biennium
- Three more quarterly auctions (June, Sept, December)
- First “Compliance Event” on November 1, 2024
 - Covered entities must submit allowances for at least 30% of 2023 emissions
- Program build-out continues to accelerate more investments
- *Contact specific agencies for funding opportunities*
 - E.g. Dept. Of Commerce Clean Energy projects



Thank you

Mike Johnson

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