

## Focus on: Climate Commitment Act



Solar and wind power at the Wild Horse wind farm near Ellensburg.

### A comprehensive approach to address climate change

In 2021, the Washington Legislature passed the Climate Commitment Act (CCA), which establishes a comprehensive program to reduce carbon pollution and achieve the greenhouse gas limits set in state law (RCW 70A.45.020). The Act:

- Caps greenhouse gas emissions from the state's largest emitting sources and industries.
- Allows businesses to find the most efficient paths to lower their carbon emissions.
- Centers environmental justice and equity in climate policy.
- Ensures that the communities bearing the greatest burdens from air pollution see cleaner, healthier air.

Funds from the auction of emission allowances will support new investments in climate resiliency programs, clean transportation, and addressing health disparities across Washington.

### The cap-and-invest program

The Act charges the Ecology with developing rules to implement a cap on carbon emissions. This includes mechanisms for the sale and tracking of tradable emissions allowances, and compliance and accountability measures. Ecology is also directed to design the rules to allow for linkage of the program with similar programs in other jurisdictions. Ecology will begin evaluating the benefits of linkage in late 2022.

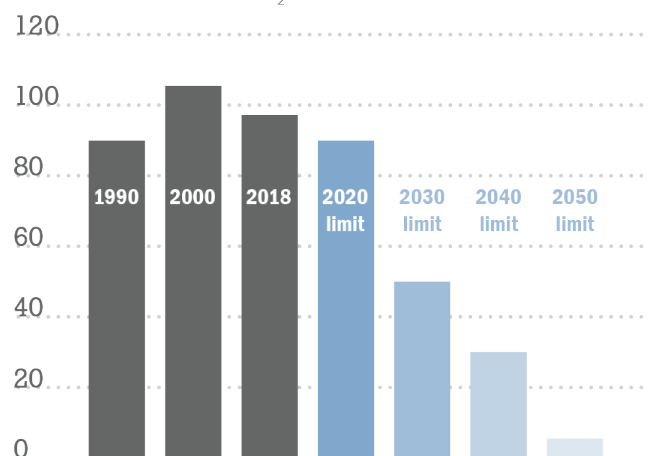
### Building the program

By law, Ecology must implement the cap-and-invest program by January 1, 2023.

- Initially, the program will cover industrial facilities, certain fuel suppliers, in-state electricity suppliers, and natural gas distributors with annual greenhouse gas emissions above 25,000 metric tons of CO<sub>2</sub> equivalent.
- In 2027, the program adds waste-to-energy facilities.
- In 2031, the program adds railroad companies.

### Washington Greenhouse Gases

\* million metric tons of CO<sub>2</sub> equivalent



**Allowances**

- Covered entities must obtain allowances to cover their emissions.
- The total number of allowances will decrease over time to meet statutory limits.
- Allowances can be obtained through quarterly auctions hosted by Ecology, or traded on a secondary market like stocks. Some entities will receive allowances at no cost.

**Offsets**

The CCA includes provisions allowing covered entities to use offset credits to cover a small portion of their emissions. Entities can receive offset credits by funding projects that reduce, remove, or avoid greenhouse gas emissions – or they can buy them on the secondary market, like allowances.

- For the first compliance period, 2023 - 2026, businesses can cover 5% of their emissions with offset credits, generally, and another 3% with credits from Tribally supported projects.
- For 2027 - 2030, those limits drop to 4%, with an additional 2% from Tribal projects.
- The CCA includes strict requirements for eligible offset projects.

**Promotes environmental justice and equity**

The Climate Commitment Act aligns with the requirements of the Healthy Environment for All (HEAL) Act and includes provisions to promote environmental justice and equity. The CCA:

- Expands air quality monitoring in overburdened communities.
- Requires an environmental justice review every two years starting in 2023 to evaluate whether criteria pollutants and greenhouse gases are being reduced.
- Requires Ecology and local clean air agencies to adopt additional measures if emissions do not decrease.

**Generates revenue for tackling climate change and promoting resilience**

Proceeds from the auction of allowances must be used for clean energy transition and assistance, clean transportation, and climate resiliency projects that promote climate justice, including dedicating a minimum of 35% of funds – with a goal of 40% – to projects that provide direct benefit to overburdened communities. In addition, 10% of funds must go to projects with Tribal support.

**Rulemaking Timeline**

Ecology is working on three separate rulemakings to implement the Climate Commitment Act.

Rulemaking	Announcement	Proposal	Adoption
<b>Cap-and-invest program (Chapter 173-446 WAC)</b>	Aug. 4, 2021	May 16, 2022	Oct. 1, 2022
<b>Criteria for emissions-intensive trade-exposed industries (Chapter 173-446A WAC)</b>	Aug. 4, 2021	Dec. 22, 2021	June 1, 2022
<b>Emissions Reporting (Chapter 173-441 WAC)</b>	July 7, 2021	Oct. 6, 2021	Feb. 9, 2022

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