



# Fund the Solutions, Price the Pollution.

## AN EQUITABLE CLIMATE ACTION POLICY

Alliance for Jobs and Clean Energy | 2016

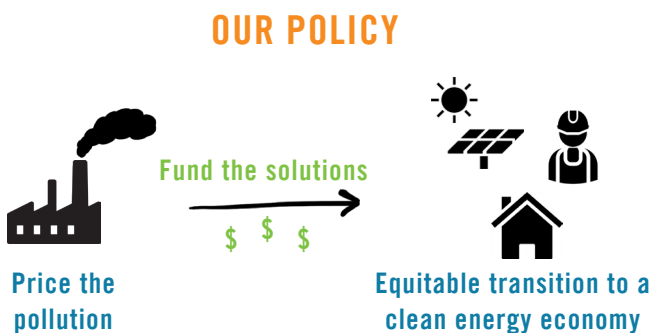
**Washington state can – and should – join the growing number of countries and regions acting to reduce carbon emissions and build a clean energy future.**

We must reduce greenhouse gas emissions to address the harmful effects of climate change in order to protect our health, communities, and economy. When we make the transition to clean, efficient energy we will grow our economy, creating a new wave of jobs and prosperity.

In Washington, a group of social justice, labor, faith, environmental and health advocates have used our collective experiences and values and built on existing policies to create what we believe is the most effective and equitable carbon reduction policy to date for transitioning to a clean energy economy.

Our policy will:

- Drive significant investment in clean energy, healthy forests, and water infrastructure – to reduce climate pollution more quickly and address the impacts of climate change in Washington.
- Fund these investments with a tax on climate pollution, which has a price that is linked to how well we are on track to meeting our emissions limits. These limits will be based on best available science in order to contribute to achieving a healthy, stable climate.
- Bolster economic stability and equity in the transition to clean energy:
  - Ensure that communities hardest hit by pollution and climate change receive a significant share of clean energy, forest, and water investments.
  - Provide financial assistance to low-income families to make low-carbon options realistically available and accessible to all.
  - Provide support to workers and communities during the transition to a clean energy economy.
  - Keep energy intensive and trade exposed industries in the state, rather than driving their business and pollution elsewhere.



The Alliance for Jobs and Clean Energy believes that by doing these things we can reduce carbon emissions, grow our economy, rebuild and enhance our essential infrastructure, incentivize business innovation, grow family wage jobs, improve our region's health, and protect the invaluable ecosystems of our state.

# FUND THE SOLUTIONS

## INVESTMENTS IN CLEAN ENERGY, CLEAN WATER, AND HEALTHY FORESTS

The Alliance measure will strategically invest in projects that result in carbon reductions and efforts that support forest and aquatic ecosystems that are more resilient to climate change. These investments will generate thousands of jobs in Washington state.

Before those investments are made, the measure will first address the needs of disproportionately impacted communities, workers, and Energy Intensive and Trade-Exposed Businesses (EITE), as detailed in the next section.

In making investments, we believe that jobs created through this policy should be high quality, family- and community-sustaining jobs. To achieve this, our investment decisions will be based on labor standards criteria that provide prevailing wage rates, apprenticeship and pre-apprenticeship utilization standards, use of domestic content whenever practicable, and use of community workforce agreements to prioritize local hire.

These strategic investments will accelerate the transition to a clean energy economy, protect clean water, and grow healthy forests.

### 70% OF AVAILABLE FUNDS IN CLEAN ENERGY

These funds will be split between a Carbon Reduction Investment Fund (CRIF) and a Sustainable Investment Fund (SIF). Through these investments, Washington entrepreneurs will catalyze projects such as solar installations, wind energy projects, conversion to lower-carbon transportation fuels, energy efficiency measures, and other innovative carbon reduction solutions. A fixed amount will be set aside to provide technical assistance to applicants needing support.

The CRIF will support verifiable carbon reduction projects in the state through an incentive per ton of carbon reduced. By doing so the CRIF will tap into the entrepreneurial spirit of Washington businesses, creating thousands of quality jobs on our path to a low carbon economy. The intent of the fund is to accelerate development of carbon reduction projects, providing capital where needed to catalyze faster action on carbon reduction.

Funds in the SIF catalyze emissions reduction strategies that achieve necessary but indirect carbon reductions (like upgrades to our grid infrastructure that reduce the need for fossil fuels) or will be realized over time (like transit oriented development). These projects work better outside the basic incentive structure of the CRIF. In Washington state where transportation makes up the majority of our emissions, stimulating these large-scale, transformative programs is essential.

## REVENUE ALLOCATION & INVESTMENT



- Working families tax rebate, EITE, and workers fund
- Clean energy economy investment
- Clean water investment
- Healthy forests investment

Funding details:

- The SIF includes three main sub-accounts:
  - Creating transportation alternatives – transit projects and equitable transit oriented development
  - 21st century power sector – deep energy efficiency and smart grid upgrades like storage, distributed generation, demand response, microgrids and others
  - Clean transportation fuels – alternative fuels infrastructure and fleet conversion
- Projects will be prioritized by independent committees composed of experts and representatives from Environmental Justice Communities, with projects being funded in order of rank to ensure public dollars go to only the best and most forward-thinking opportunities.
- Each category of investment will have criteria for scoring proposals, including greenhouse gas reduction, cost effectiveness, air quality improvement, likelihood of occurring without SIF support, and other considerations. Projects that leverage private sector investment through matching funds will receive extra credit.

## FUND THE SOLUTIONS cont'd

### 20% OF AVAILABLE FUNDS IN CLEAN AND ABUNDANT WATER

These funds will be invested in water infrastructure and healthy aquatic ecosystems to mitigate and adapt to the impacts of climate change in Washington. These projects will be instrumental in protecting clean water, improving public safety from large scale and localized flooding, and supporting Washington's water-dependent businesses.

Funds will be directed to:

- Enhance water security through integrated supply planning and implementation.
- Reduce the risk of flooding and water infrastructure failures through floodplain management and use of green stormwater infrastructure.
- Restore and protect estuaries and marine shoreline habitats, which buffer the effects of severe storms and effectively capture carbon and support our region's fisheries.

### 10% OF AVAILABLE FUNDS FOR HEALTHY FORESTS

These projects will promote healthy forests that absorb carbon emissions and are more resilient to wildfire. They will reduce the serious impacts of forest fires and help protect working forests statewide.

Funds will be directed to:

- Manage forests to prevent wildfires, protect the economy, and ensure community safety.
- Support community-based forest conservation approaches that preserve and enhance a forest's ability to capture carbon and deliver clean cool water for fish and people.

## PRICE THE POLLUTION

### A PERFORMANCE-BASED CARBON TAX

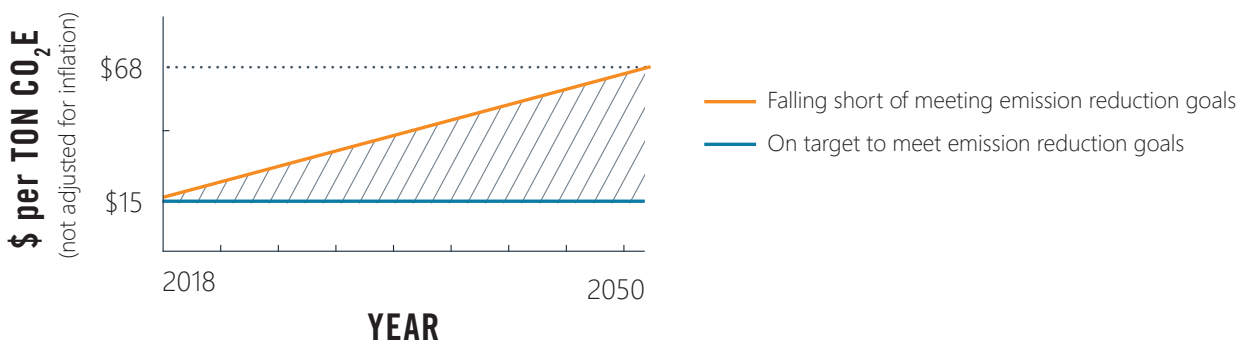
A carbon tax with a performance-based escalator that will help internalize the true cost of greenhouse gas emissions and, alongside investments, achieve our emission reduction obligations. That means that if Washington remains on track for its climate goals, the tax will not go up. If we fall short, a small escalator will ensure that we can grow our investments – and the jobs they create – to accelerate the transition to clean energy.

Right now, the public is responsible for bearing the costs of carbon emissions, including public health impacts in frontline communities near emitting facilities. A carbon tax will better account for the true costs of carbon into the economy and support investments that help drive the transition to clean energy alternatives.

Our policy will:

- Establish updated greenhouse gas limits based upon the best available science.
- Require the state's largest emitters of greenhouse gas pollutants to pay an emissions mitigation tax, starting at \$15 per metric ton of CO<sub>2</sub> equivalent and increasing over time, based on the carbon content of fossil fuels and electricity sold or used within Washington state. Every year, the price will be adjusted based on the rate of inflation.
- The increase in price will be tied to Washington's success in reducing emissions. If we are not on track to meet the limits, the price increases more quickly; if we are on track, the price will not grow beyond inflation.

### Performance-Based Carbon Tax



## PRICE THE POLLUTION cont'd

### PROTECTION FOR ENERGY INTENSIVE AND TRADE-EXPOSED BUSINESSES

This policy will include compliance flexibility for Energy Intensive and Trade-Exposed (EITE) businesses, which will receive rebates to offset their compliance costs associated with the carbon tax, ensuring that Washington's industrial sector can continue to thrive here instead of sending jobs and emissions elsewhere.

- EITE businesses will be determined based on a combination of their emissions-intensity (a ratio of their total carbon emissions per millions of dollars of value produced) and the percentage of their business subject to trade with areas not covered by carbon prices.
- We will provide targeted rebates to EITEs to offset their compliance costs, ensuring that we account for increased costs and allow these industries to continue to thrive in Washington state.
- These rebates will be maintained as long as deemed necessary to ensure businesses have adequate time to adapt to and comply with the policy through investments in cost-reducing efficiency projects and other improvements. They will gradually decline over the life of the program.
- We will seek to reward the most efficient businesses by maintaining rebates longer for those who are highly efficient compared to their national peers, providing credit for past efficiency investments and to incentivize new ones. Businesses that make investments to achieve efficiency can become eligible for this support.
- EITE businesses may also submit their carbon reduction projects to the CRIF and SIF for funding. This will allow the investments resulting from the policy to help EITEs transition to cleaner and more efficient practices.

## AN EQUITABLE TRANSITION FOR ALL OF WASHINGTON

### PROTECTION FOR DISPROPORTIONATELY IMPACTED COMMUNITIES AND WORKERS

Communities of color, low-income communities, and workers in the fossil fuel industry are most directly impacted by emissions, climate change, and the transition to a clean energy economy. These communities are often closely clustered around sources of emissions, with higher rates of asthma and respiratory problems. They are also more directly affected by climate change, including drought and forest fire impacts in rural and agricultural areas. While studies show that there are more jobs in clean energy than in fossil fuels, we must support workers in the fossil fuel industry as we transition to a clean energy economy. This transition for these highly impacted communities will require investment in a wide array of projects and adaptations.

We will:

- Conduct cumulative mapping analysis to monitor and mitigate the impact of emissions on Environmental Justice Communities, defined as highly impacted communities based on geographic, socioeconomic, public health, and environmental hazard criteria. The cumulative analysis will create a map to identify the communities in Washington state that are disproportionately burdened by these hazards.
- Ensure that a minimum of 25% of all investments in energy, water, and forestry benefit disproportionately burdened communities, with a minimum of an additional 10% focused on projects located directly in those communities.
- Facilitate transition to the low carbon economy for low- and moderate-income Washingtonians by rebating the average increase in household costs under this carbon price for Washington state residents with lower incomes. The rebate will be regularly evaluated and indexed to energy costs.
- To reduce impacts on workers who may lose their jobs due to the transition to the clean energy economy, this policy will create an Equitable Transition Fund to provide impacted workers with income, benefits, peer counseling, and retraining support based on the worker's years of service, and to help support communities that experience facility closures and job loss. Revenue needed for this fund will be prioritized and may fluctuate, but is likely to be low in the near to mid-term due to protections for Energy Intensive and Trade-Exposed industries detailed above.

## ACCOUNTABILITY & OVERSIGHT

A significant program that includes a carbon price and investments needs thorough, careful oversight from experts in a variety of sectors and from the communities that will be impacted. To do this the policy will:

- Establish an Oversight Board to oversee implementation, including the investments made under this law. Membership will include technical experts in clean energy and voices representing consumers, business, labor, environmental interests, public health, Tribes, communities of color, and government. A minimum of 35% of seats will be reserved on a right-of-first-refusal basis for members of the Economic and Environmental Justice Committee.
- Create an Economic and Environmental Justice Committee to oversee the cumulative impacts analysis and make recommendations on investments in impacted communities and for displaced workers. Its membership must be predominantly drawn from impacted workers and representatives of Environmental Justice Communities. This Committee will work closely with the Oversight Board to help ensure the policy meets the needs of these communities.
- Evaluate the extent to which the policy provisions create a level playing field for Washington businesses, recommending changes if needed.
- Make sure no more than 5% of revenue shall fund administration and accountability by the Department of Ecology, the Attorney General's office, and other necessary agencies. This revenue will also cover the cost of administering the cumulative mapping analysis and relevant local oversight, monitoring, and project development in Environmental Justice Communities. Revenue will be allocated for this purpose prior to determining investment fund allocation.

## WHAT'S NEXT?

We will work to get this policy passed at the earliest opportunity, starting with bringing the policy forward in the 2017 legislature. To get involved, visit [jobs-clean-energy.wa.com](http://jobs-clean-energy.wa.com) – we hope you will join us!

## ALLIANCE STEERING COMMITTEE

De'Sean Quinn | African American Community

Matt deGooyer | American Lung Association of the Mountain Pacific

Tony Lee | Asian Pacific Islander Coalition

Vlad Gutman | Climate Solutions

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Rosalinda Guillen | Community to Community

Cheri Cornell | CoolMom

LeeAnne Beres | Earth Ministry/Washington Interfaith Power & Light

Jill Mangaliman | Got Green

Peter Bloch-Garcia | Latino Community Fund

Nancy Hirsh | Northwest Energy Coalition

Rich Stolz | OneAmerica

Robby Stern | Puget Sound Advocates for Retirement Action

Rebecca Saldaña | Puget Sound Sage

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