

Climate Action Policy



Washington State can – and should – join the growing number of countries and regions acting to price 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.

Washington State can create an effective and equitable approach for transitioning to a clean energy economy by:

- Advancing policies that limit and reduce greenhouse gas emissions and account for their cost while ensuring essential businesses can continue to operate;
- Reinvesting funds from a price on carbon into investments that efficiently, equitably, and effectively reduce carbon emissions;
- Building resilience in the forests and shorelines that define our region, provide recreational opportunities, and support traditional Northwest jobs like fishing;
- Adapting and investing in clean and abundant water systems and infrastructure;
- Supporting a just transition from fossil fuels for workers and communities;
- Investing in communities of color and people with low incomes who are least protected from the impacts of climate change and communities of color that have been disproportionately harmed by emissions.

In Washington, we will use our collective experiences and values to build on existing policies to create the most effective and equitable carbon pollution pricing model to date.

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

THE MECHANISM: REDUCE AND REINVEST

➤ **An overall cap and increasing price that work together to internalize the true cost of greenhouse gas emissions and help achieve our emission reduction obligations.**

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 price will help build the true costs of carbon into the economy and provide the economic signals that help drive the transition to clean energy alternatives.

- **Establish a carbon cap that will ensure reductions**, meet the best available science, and include compliance flexibility for major emitters that have demonstrated efficient and comprehensive emissions reduction investments.
- **Require the state's largest emitters of greenhouse gas pollutants to pay an emissions mitigation fee, starting at \$15 per metric ton of CO₂ equivalent and increasing over time**, based on the carbon content of fossil fuels and electricity sold or used within Washington State. Emissions revenues will be net positive to the state's general fund and capital budgets and will be used to further invest in an equitable transition and grow the clean energy economy, as detailed in the next section.
- **Empower the Department of Ecology to independently update Washington's carbon reduction goals** using best available science to ensure that Washington continues to do our part to halt the advance of global warming.



THE SOLUTIONS: INVESTMENTS IN CLEAN ENERGY, CLEAN WATER, AND HEALTHY FORESTS

The measure will first invest in the needs of disproportionately impacted communities, workers, and Energy Intensive, Trade Exposed Businesses (EITE), as detailed in the next section.

After those investments are made, the remaining available funds will be used strategically to 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.

To ensure that the jobs created are high quality, family- and community-sustaining jobs, investments will be based on prevailing wage rates, apprenticeship and pre-apprenticeship utilization standards, use domestic content whenever practicable, and use 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

The majority of funds in the account will be spent through the Carbon Reduction Investment Fund (CRIF). The CRIF will incentivize verifiable carbon reduction projects in the state. 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. The intent of the fund is not to displace private investment, but attract more of it.
- Through these investments, based on the life-cycle reduction of carbon, Washington entrepreneurs will catalyze projects such as solar installations, wind energy projects, conversion to lower-carbon transportation fuels including electricity and biofuels, energy efficiency measures, and other innovative carbon reduction technologies yet to be invented.
- The CRIF will be implemented by Washington State University Energy Extension Office, with governance by an Oversight Board detailed below.

Remaining funds in the account will be directed to catalyze emissions reduction strategies that are affordable and widely accessible at all income levels and reduce our dependence on dirty energy sources.

- Reduce emissions from transportation by:
 - Supporting strategic planning and development of sustainable infrastructure projects, including but not limited to affordable transit-oriented development and public transit projects.
 - Developing more efficient systems to move people, goods, and freight, advanced technology vehicles and vehicle infrastructure, and public transportation.
- Help homeowners, renters, school districts, non-profits, businesses, residents, and operators of affordable housing cut energy waste and invest in energy efficiency.

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. Funding will be directed to:

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



10% of available funds in healthy forests

These funds will be invested to best capture carbon and cut down on wildfires by:

- Managing forests to preserve and enhance their ability to capture carbon, prevent forest fires, protect the economy, and ensure community safety.
- Supporting working forest conservation easements that effectively capture carbon.

AN EQUITABLE TRANSITION FOR ALL OF WASHINGTON

➤ Protection for Disproportionately Impacted Communities

Communities of color and low-income communities are most directly impacted by emissions and climate change. Such communities are often closely clustered around roadways and other sources of emissions, with higher rates of asthma and respiratory problems than others. These communities are also most directly affected by climate change, including drought and forest fire impacts in rural and agricultural areas. Mitigating these impacts will require investment in a wide array of projects and adaptations. This policy will:

- Conduct cumulative mapping analysis to monitor and mitigate the impact of emissions on Environmental Justice Communities. Environmental Justice Communities are 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 disadvantaged communities, with a minimum of an additional 10% to projects located directly in those communities.
- Reduce impacts on low-income families by funding the Working Families Tax Rebate at 20% of the federal Earned Income Tax Credit and provide other support for low-income people not covered by the rebate. The rebate should be regularly evaluated and indexed to energy costs. Revenue will be diverted for this fund prior to determining investment fund allocation amounts.

➤ Protection for Workers and Trade-Exposed Businesses

As we gradually transition to a clean energy economy, it is crucial to protect workers at refineries, fossil fuel power plants, and other industries with high emissions. We need an equitable transition for businesses, workers, and communities to ensure that businesses can meet their carbon reduction expectations and not send jobs and emissions out of state, while taking care that workers and communities are not disproportionately penalized by the transition off of fossil fuels.

We will create compliance flexibility for energy-intensive, trade-exposed (EITE) businesses to help them meet greenhouse gas emission reductions. Our goal in enacting this flexibility is to prevent out of state “leakage” of jobs and emissions and to keep good, family-wage jobs in Washington State.

- 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.
- EITE businesses will receive rebates to offset their compliance costs under the carbon fee. These rebates will gradually decline over the life of the program in amount and duration in a manner established by technical experts as most effective to preserve in-state jobs and protect our region’s economy while reducing carbon. If facilities close or relocate, they will be required to return the rebates to the state. Revenue will be diverted for this purpose prior to determining investment fund allocation amounts.
- EITE businesses may also submit their carbon reduction projects to the Clean Energy Account for funding.



- Create an Equitable Transition Fund to provide income, benefit, peer counseling, and retraining support to workers who lose their jobs due to the transition to the clean energy economy. Support will be based on the worker's years of service and will help support communities that experience facility closures and job loss. Revenue needed for this fund will be prioritized and may fluctuate. Revenue will be diverted for this fund prior to determining investment fund allocation amounts.

ACCOUNTABILITY AND 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, environment, 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?

This summer, we will be taking the Alliance's policy proposal out on a listening tour across the state – to frontline communities, workers, and businesses that will be impacted in a variety of ways by climate change and the transition to a clean energy economy. We plan to gather in places of worship, community centers, union halls, and businesses from Spokane to Yakima to Federal Way to gather input on the policy.

We will hone our policy and strategy based on the feedback we receive and are committed to moving this policy forward, whether in the legislature or at the ballot. Together, we can make this transition in a way that benefits our communities, our environment and our economy.

