



DEPARTMENT OF
ECOLOGY
State of Washington

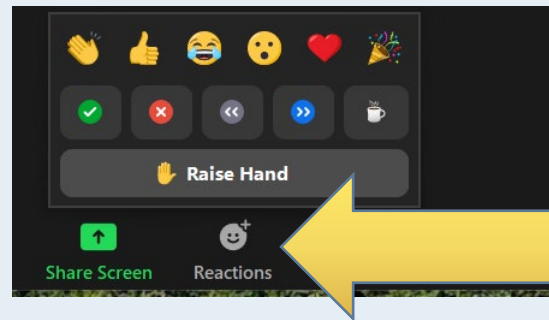
Rulemaking: Climate Commitment Act Funds Reporting, Chapter 173-446B WAC

August 1, 2023 stakeholder meeting

How To Participate

During today's question-and-answer period:

- Participants using computer or phone app: To raise your hand, press the “Reactions” icon and then press the “Raise Hand” button. This button is located in the lower right corner of the participant list window. You can also use the “Chat” icon to access the chat box.



- Participants calling in on the phone: Press *9 on your phone. The system will show you raised your hand. The host will call on you when it is your turn to speak.

Ecology Staff

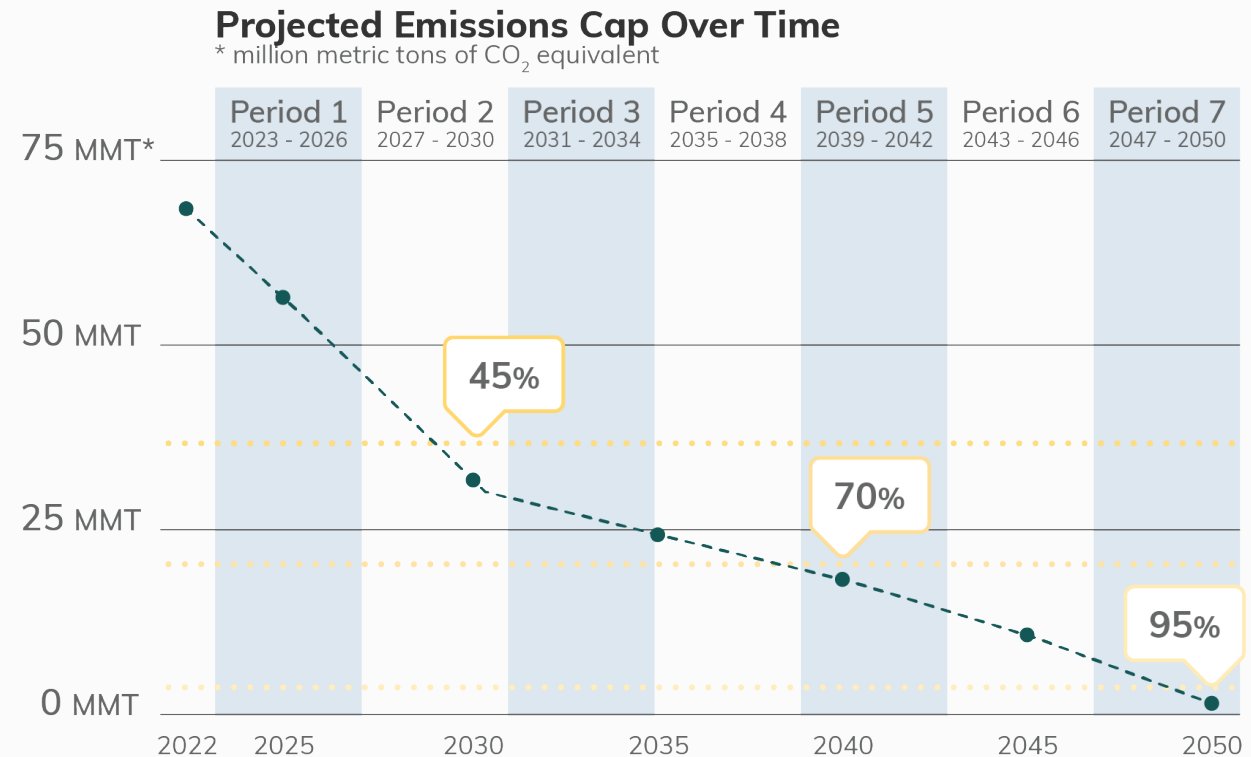
- Harrison Ashby – Rule Lead
- Nick Bourgault – Host
- Erica Cross – Zoom support, Budget Analyst
- Pete Siefer – Budget Manager
- Joshua Grice – Policy and Planning Section Manager
- Breakout Room Facilitators
 - Nikki Harris
 - Gopika Patwa

Overview

- 1** Background and rulemaking objectives
- 2** Q & A
- 3** Breakout rooms/public input
- 4** Next steps

Cap-and-Invest Background

- Established by Climate Commitment Act (2021)
- Sets a limit on the state's overall carbon emissions
- Cap is reduced over time to ensure emissions reduction commitments are met.
- Requires businesses to obtain allowances equal to their covered greenhouse gas emissions
- Allowances can be obtained through quarterly auctions hosted by Ecology, or bought and sold on a secondary market.



Auction Revenue

- Nearly \$300 million raised in first quarterly auction held in February 2023
- \$557 million raised in second quarterly auction held in May 2023
- Legislative appropriations
 - FY 2023: WSDOT and Ecology
 - 2023-2025: 35 agencies

Climate Commitment Act Accounts

- Carbon Emissions Reduction Account
 - Climate Active Transportation Account
 - Climate Transit Programs Account
- Climate Investment Account
 - Climate Commitment Account
 - Natural Climate Solutions Account
- Air Quality and Health Disparities Improvement Account



Environmental Justice Spending

Spending requirements:

- 35-40% must benefit vulnerable populations in overburdened communities
- 10% must be formally supported by Tribal resolution

RCW 70A.65.030 and 70A.65.230

Annual Report Contents

RCW 70A.65.300(3) requires Ecology to report to the Legislature annually on spending from CCA accounts.

The report must include:

- Recipient, amount, purpose of funding
- Any verifiable reductions in GHG emissions
- Cost per metric ton of carbon dioxide equivalent in reduced GHG emissions
- Comparisons to other GHG emission reduction projects to develop cost-benefit ratios



Environmental Justice Reporting in Operating Budget



The 2023 operating budget clarifies that, starting in 2024, the report must include:

- The amount of each expenditure that provides direct and meaningful benefits to vulnerable populations within the boundaries of overburdened communities
- An explanation of how the expenditure provides those benefits
- How overburdened communities and vulnerable populations were identified, the geographic locations impacted by the expenditure, and how the agency identified the geographic boundaries of the overburdened communities
- The amount of each expenditure used for programs or projects formally supported by Tribal resolution
- An explanation for any expenditure that does provide benefits to vulnerable populations in overburdened communities and is not formally supported by Tribal resolution

Rulemaking

"The department shall require by rule that recipients of funds from the accounts created in RCW 70A.65.240 through 70A.65.280 report to the department, in a form and manner prescribed by the department, the information required for the department to carry out the department's duties established in this section."



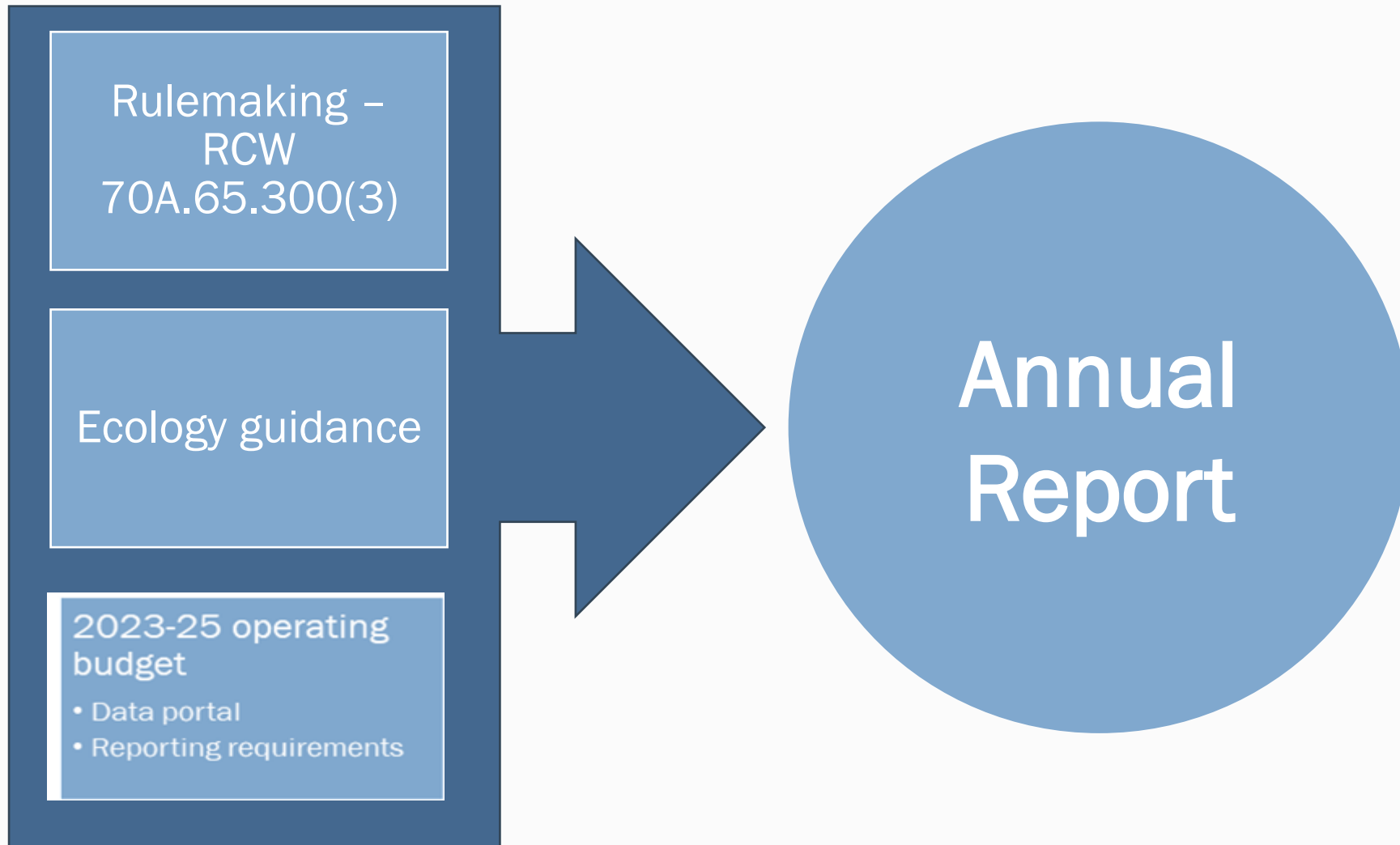
Rulemaking Objectives

The rule will define the following:

- How and when agencies should report their expenditures to Ecology
- What information they must include
- How Ecology should determine if projects reduce greenhouse gas emissions
- How Ecology should develop methods for calculating emissions reductions
- How the report should specifically reflect expenditures that benefit vulnerable populations in overburdened communities and those formally supported by Tribal resolution



Related Processes for Reporting on Climate Commitment Act Funds



Guidance

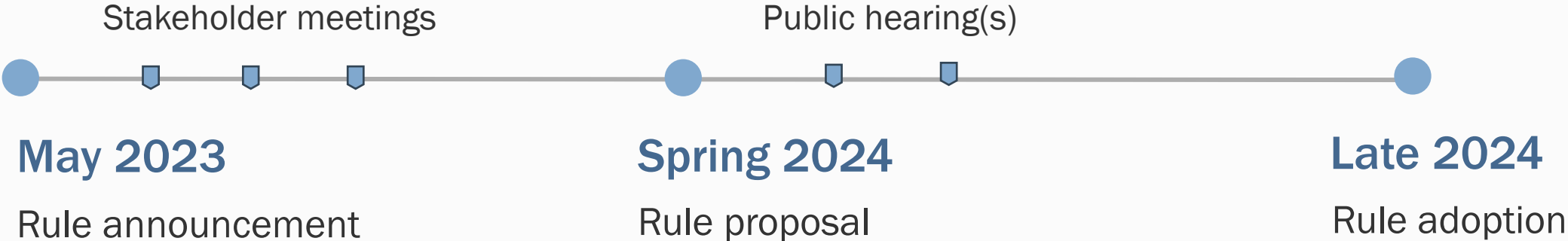
- Guidance documents will be provided to agencies that have received appropriations of auction revenue for the report due before rule is finalized.
- Guidance documents will be updated to be consistent with rule development.



Topics for Input

- What information should Ecology provide in its annual report?
- What additional information should be included about spending that is formally supported by a Tribal resolution?
- What additional information should be included about spending in overburdened communities?
- How should funding recipients submit their data to Ecology?
- How should Ecology determine which projects are required to report their greenhouse gas emission reductions?
- What should Ecology consider when determining how to evaluate greenhouse gas emissions reductions from projects?

Rulemaking Timeline



Rulemaking Timeline

Introduction and initial input

June 2023 – August 2023



Get feedback on key questions

August 2023 – September 2023



Review draft rule language

November 2023 – December 2023



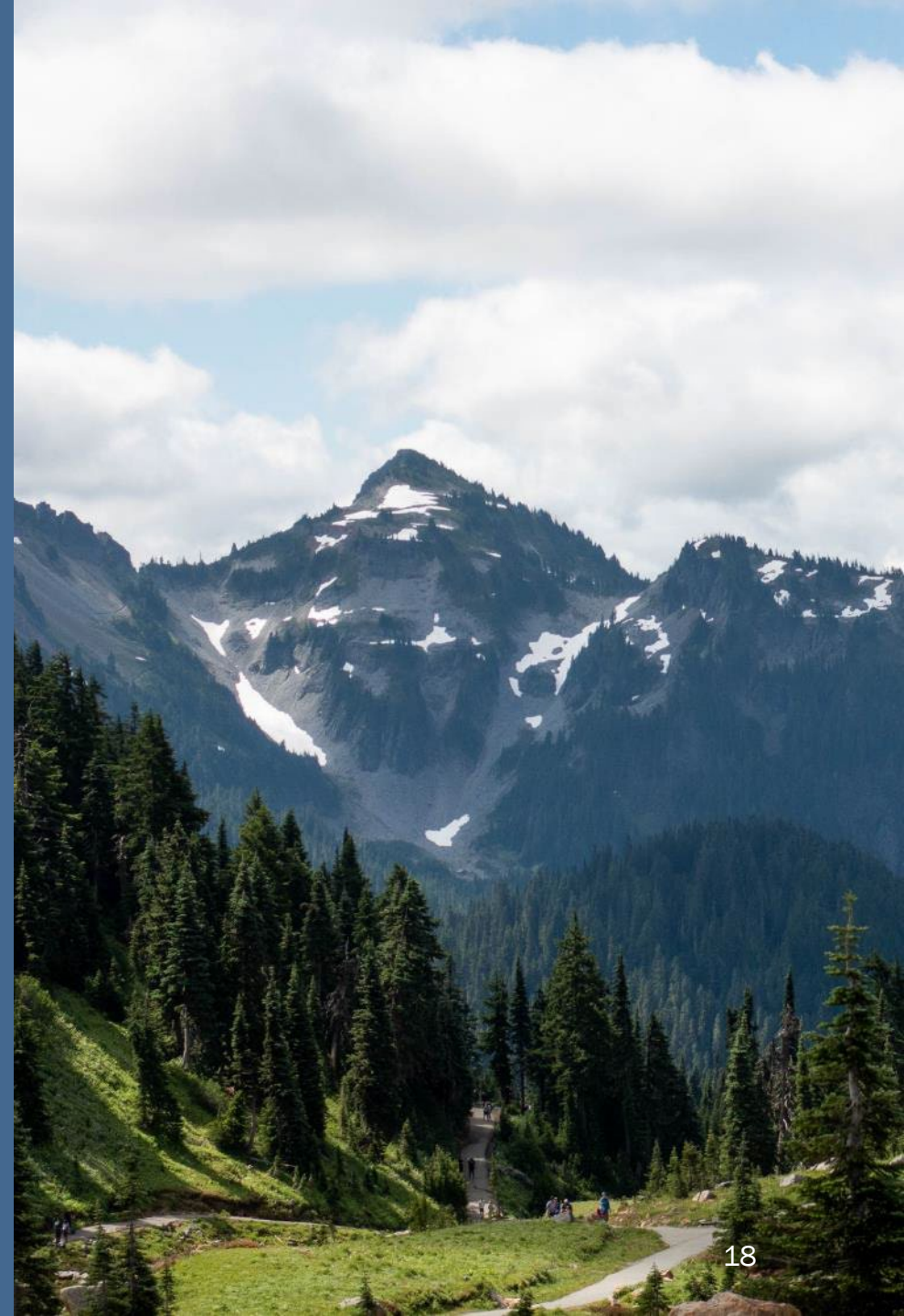
Public hearing(s)

After Spring 2024 rule proposal



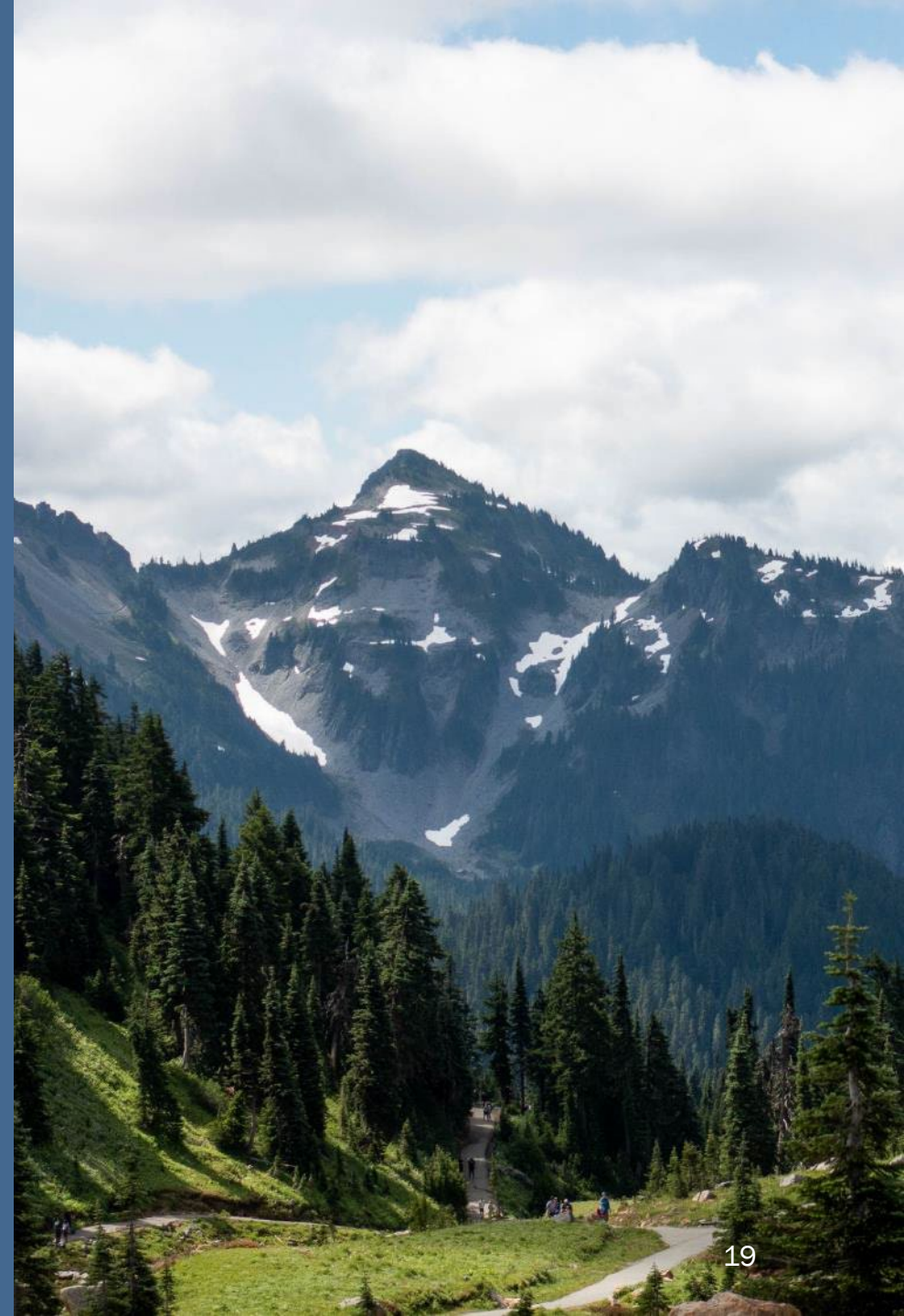


Q & A





10-minute break



First Survey

- Collecting same input as this meeting
- Open through August 25, 2023



Questions for Initial Input

- What questions do you still have about this rulemaking?
- What concerns do you have about this rulemaking?
- What hopes do you have about this rulemaking?
- What barriers might make it harder to participate in this rulemaking?
 - What scheduling, accessibility, or other changes might make it easier?
- What else would you like to share?



Next Steps

Survey

- Closes August 25, 2023

Future stakeholder meetings

- September 2023
- November 2023

Stay Informed

Rule Lead

Harrison Ashby

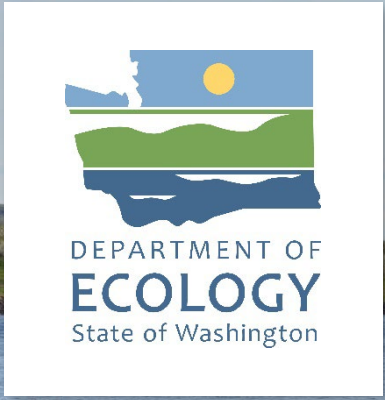
harrison.ashby@ecy.wa.gov

Rulemaking webpage

[https://ecology.wa.gov/Regulations -
Permits/Laws-rules-
rulemaking/Rulemaking/WAC-173-446B](https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-446B)

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Thank you