



DEPARTMENT OF
ECOLOGY
State of Washington

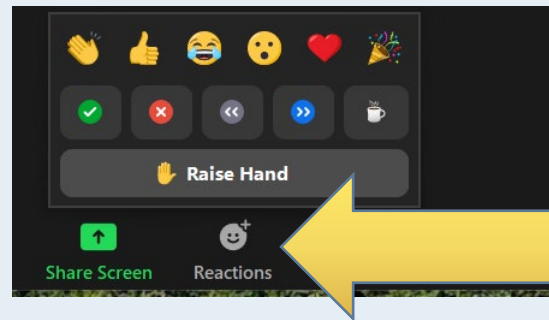
Climate Commitment Act Funds Reporting Rulemaking, Chapter 173-446B WAC

September 12, 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

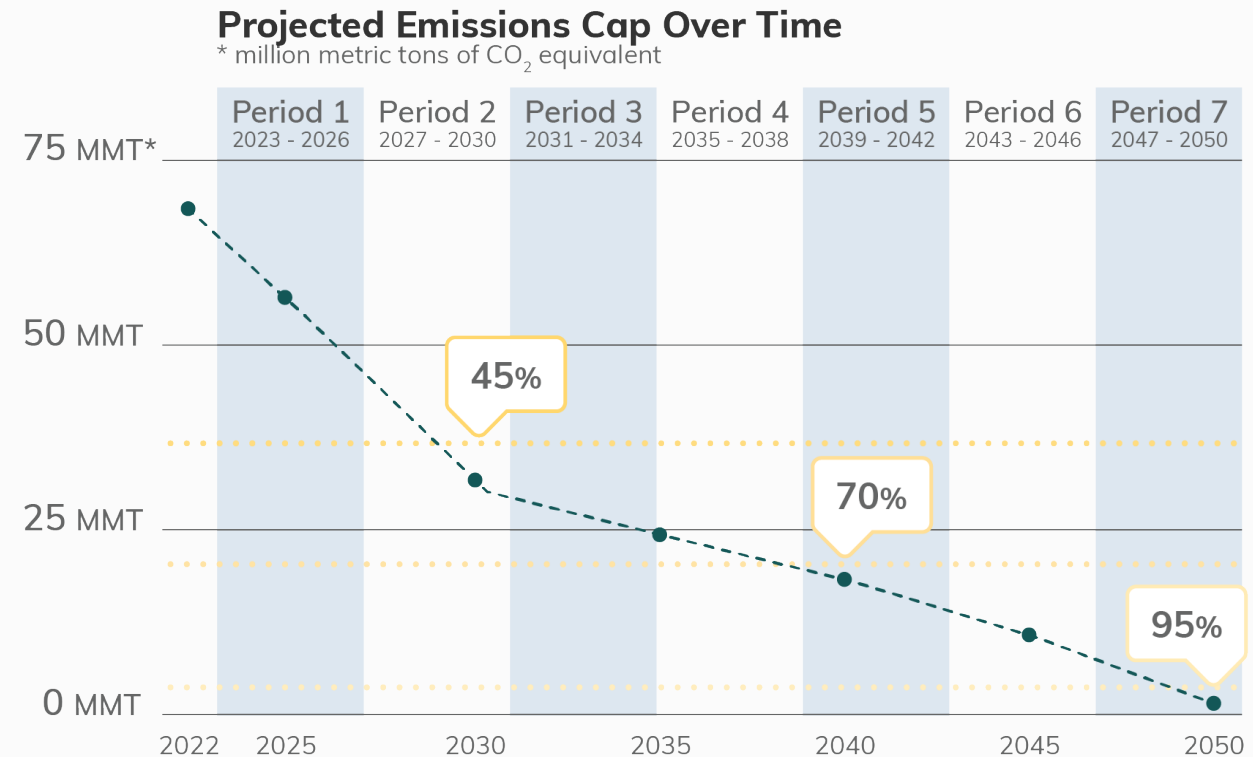
- Nick Bourgault – Host
- Harrison Ashby – Rule Lead
- Erica Cross – Budget Analyst, Zoom support
- Joshua Grice – Policy and Planning Section Manager
- Nikki Harris – Environmental Planner, Notetaker

Overview

- 1** Rulemaking overview
- 2** Key topics for input
- 3** Collecting input
- 4** Wrap up

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
 - Reducing emissions from the transportation industry
 - Increasing access to public and alternative transportation
- Climate Investment Account
 - Promoting clean energy, ecosystem resilience, carbon sequestration
- Air Quality and Health Disparities Improvement Account
 - Reducing criteria pollutants and health disparities



Environmental Justice Spending

Spending requirements:

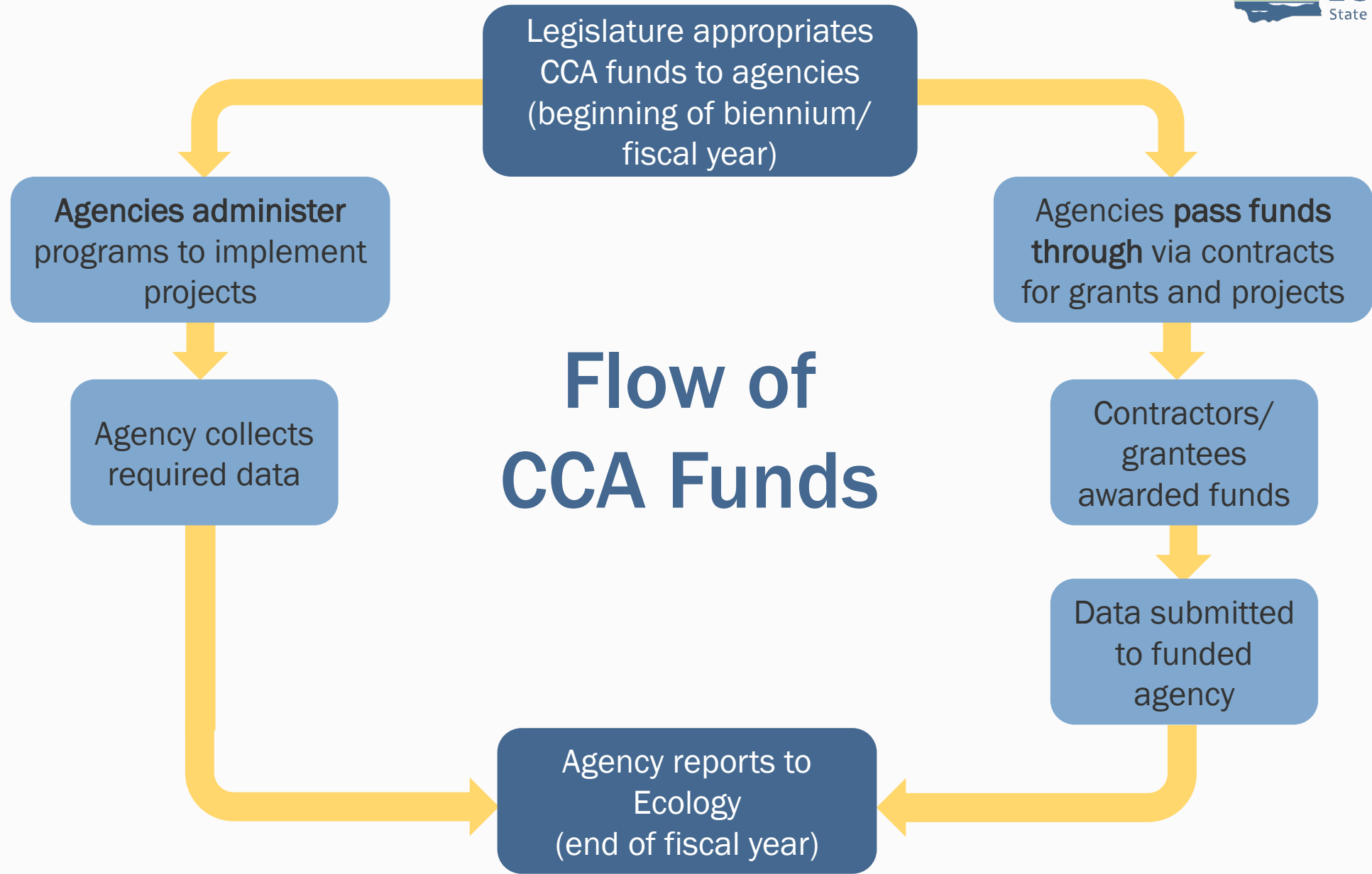
- 35-40% must benefit vulnerable populations in overburdened communities
- 10% must be formally supported by Tribal resolution

RCW 70A.65.030 and 70A.65.230

Annual Report and Rulemaking

- The Climate Commitment Act (CCA) requires Ecology to report to the Legislature annually on spending from CCA accounts.
- The 2023 operating budget clarified that, starting in 2024, the report must include information related to spending on projects that:
 - benefit vulnerable populations in overburdened communities
 - are formally supported by Tribal resolution
- The CCA also requires Ecology to do rulemaking to set reporting requirements for recipients of auction revenue.





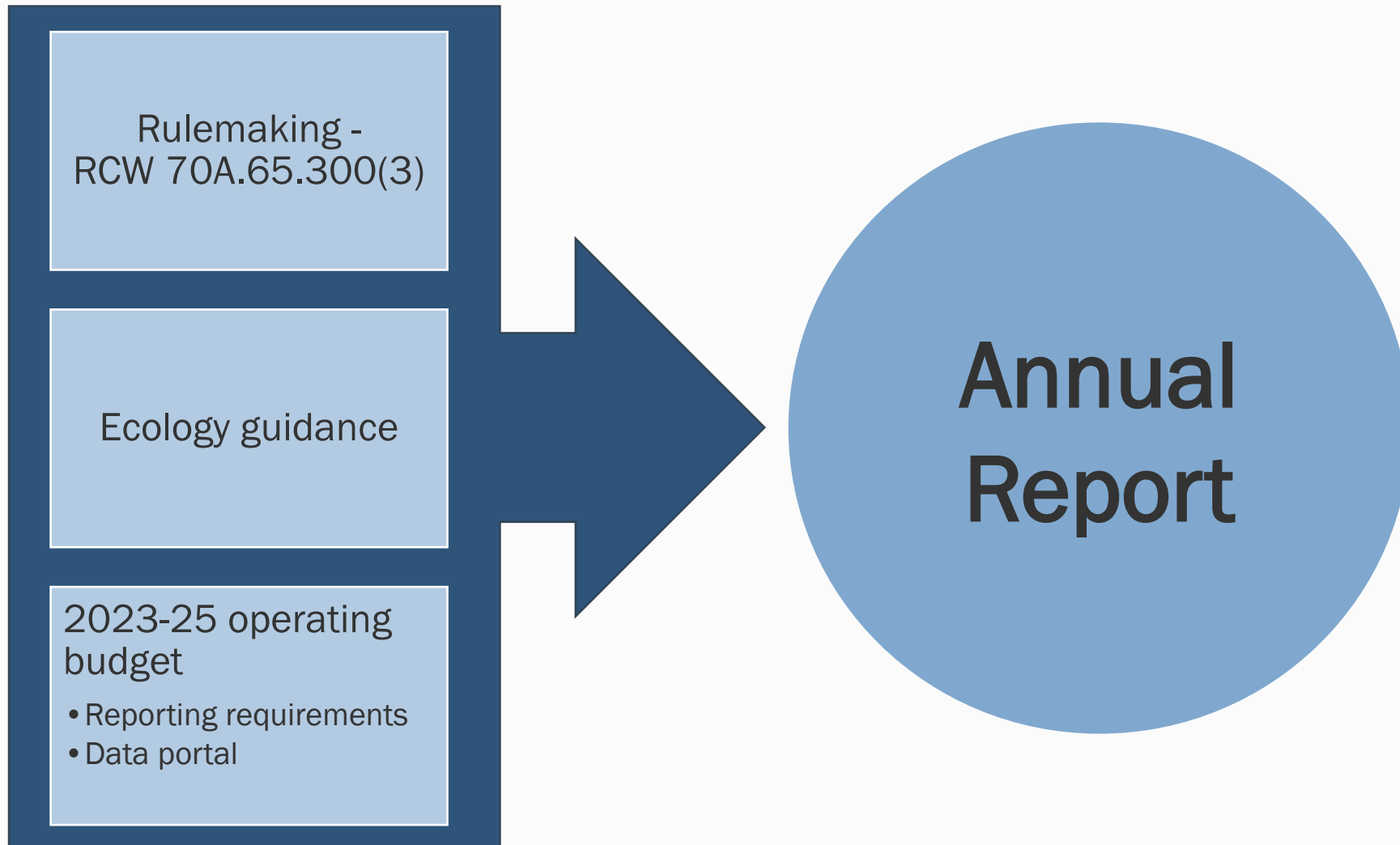
Rulemaking Objectives

The rule will define the following:

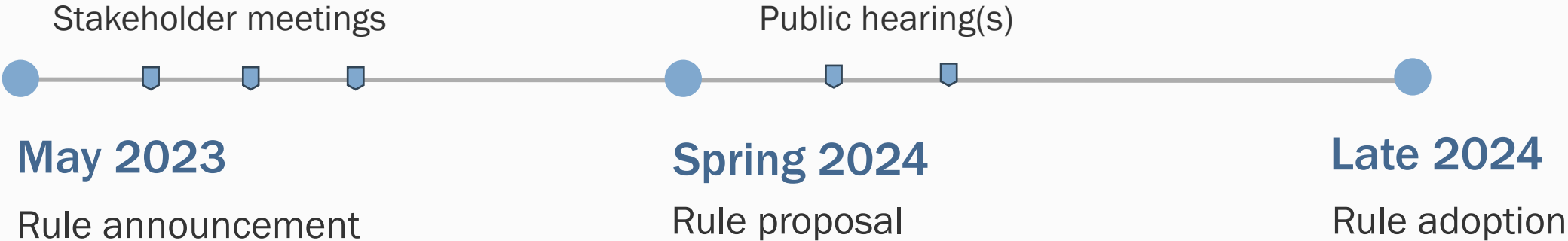
- How and when agencies should report their expenditures to Ecology
- What information they must include
- How Ecology should determine if projects reduce greenhouse gas emissions
- How Ecology should develop methods for calculating emissions reductions
- How the report should specifically reflect expenditures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



Related Processes for Reporting on Climate Commitment Act Funds



Rulemaking Timeline



Other Opportunities to Provide Input

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)

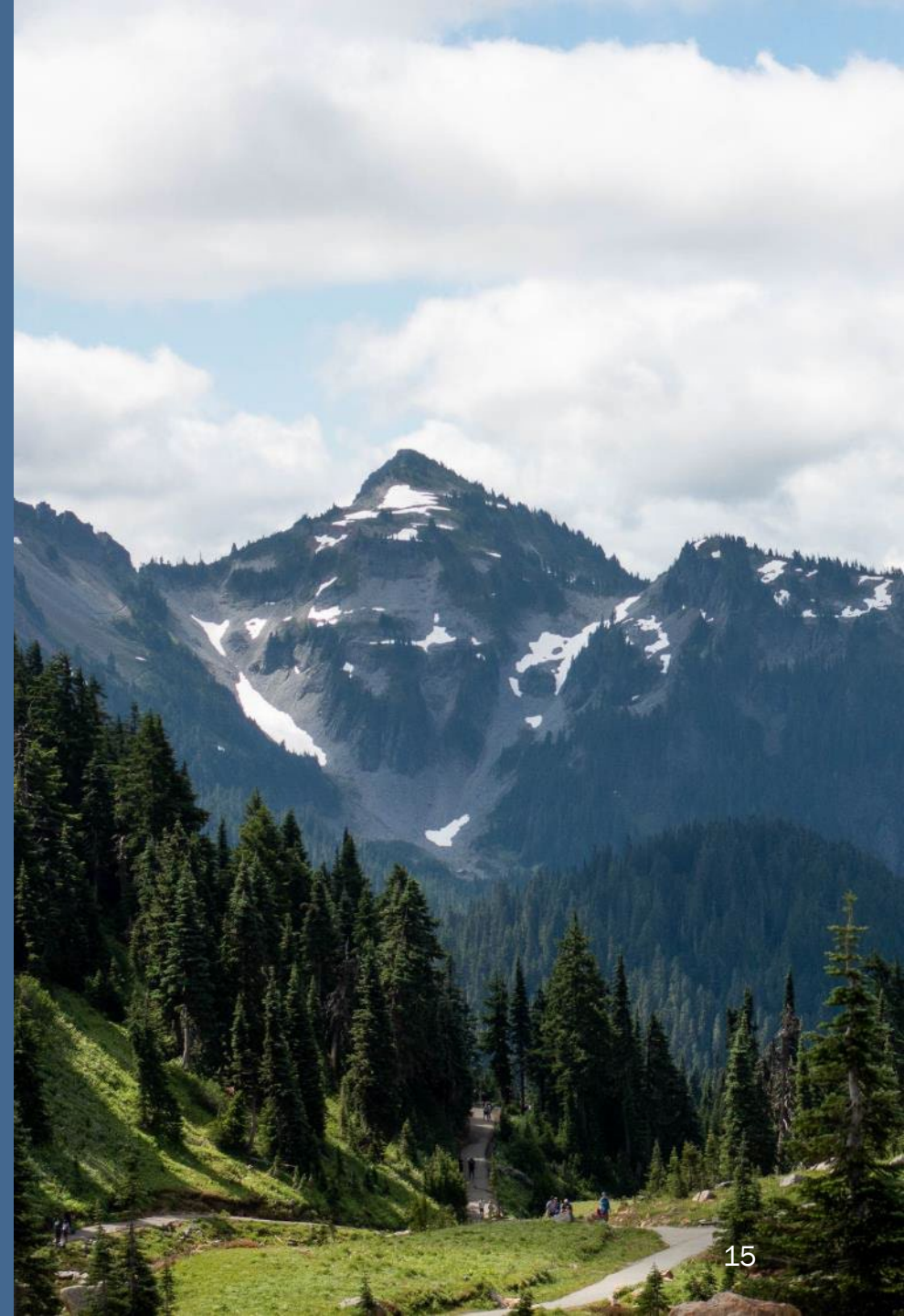
After Spring 2024 rule proposal

Upcoming stakeholder
meeting:
September 12, 2023





Q & A



Topics for Input

- What information should Ecology provide in its annual report?
- What additional information should be included about spending that benefits vulnerable populations in overburdened communities?
- How should Ecology determine which projects are required to report their greenhouse gas emissions reductions?
- What should Ecology consider when determining how to evaluate greenhouse gas emissions reductions from projects?

What information should Ecology provide in its annual report?

Required by CCA

- Recipient, amount, purpose of funding
- Any verifiable reductions in greenhouse gas emissions
- Cost per metric ton of carbon dioxide equivalent in reduced greenhouse gas emissions

Areas to Consider

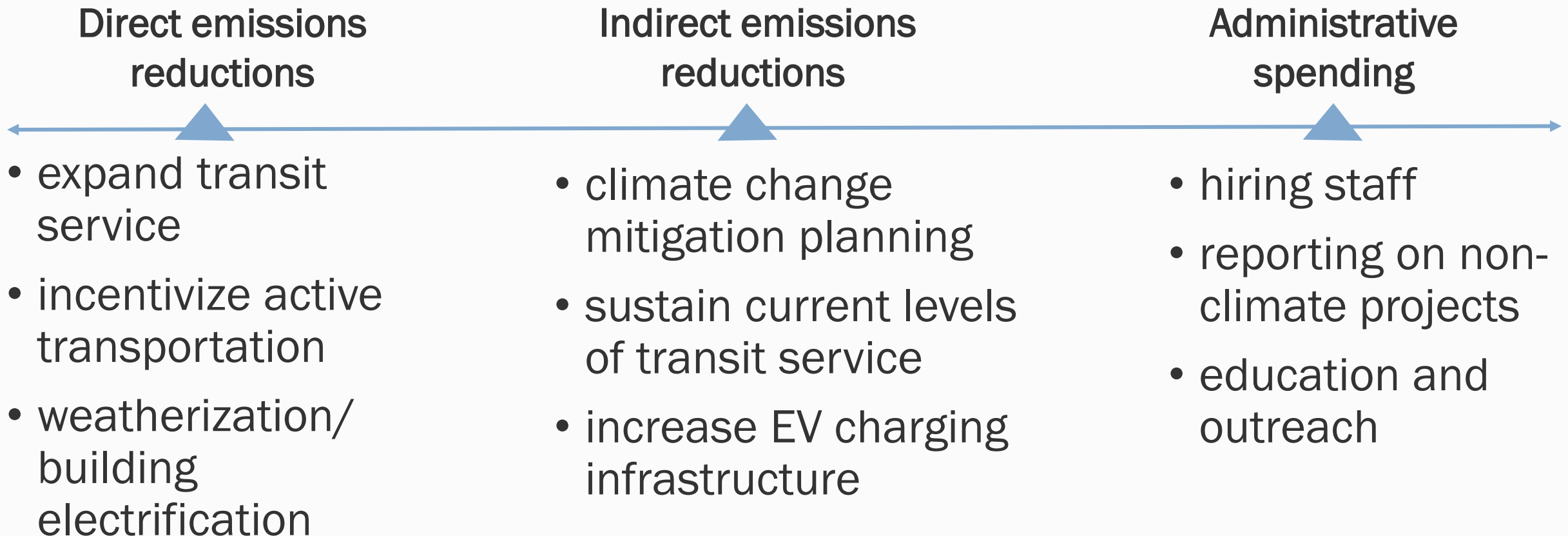
- Level of detail of reporting
- Cumulative reporting vs. fiscal year reporting
- Other data points?

What additional information should be included about spending that benefits vulnerable populations in overburdened communities?

The 2023 operating budget requires recipients to report to Ecology:

- 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 such benefits
 - How overburdened communities and vulnerable populations were identified and an explanation of the outcomes of those identification processes, including the geographic location impacted by the expenditure, and the geographic boundaries of overburdened communities identified by the agency
- An explanation of spending that is not formally supported by a Tribal resolution or benefits vulnerable populations in overburdened communities

How should Ecology determine which projects are required to report their GHG emissions reductions?



What should Ecology consider when determining how to evaluate GHG emissions reductions from projects?

The CCA requires Ecology to report on:

- Whether funded projects produced any verifiable reduction in greenhouse gas (GHG) emissions or other long-term impact to emissions, and if so:
 - The quantity of reduced greenhouse gas emissions
 - The cost per carbon dioxide equivalent metric ton of reduced greenhouse gas emissions

What should Ecology consider when determining how to evaluate GHG emissions reductions from projects?

California Air Resources Board Methods and Calculator Tools

- Predictive calculations happen at the outset of a project.
- Existing methods and calculator tools for a wide range of projects, but not all would be necessary.
- Some inputs would need to be adapted to account for differences in Washington's climate, soils, etc.



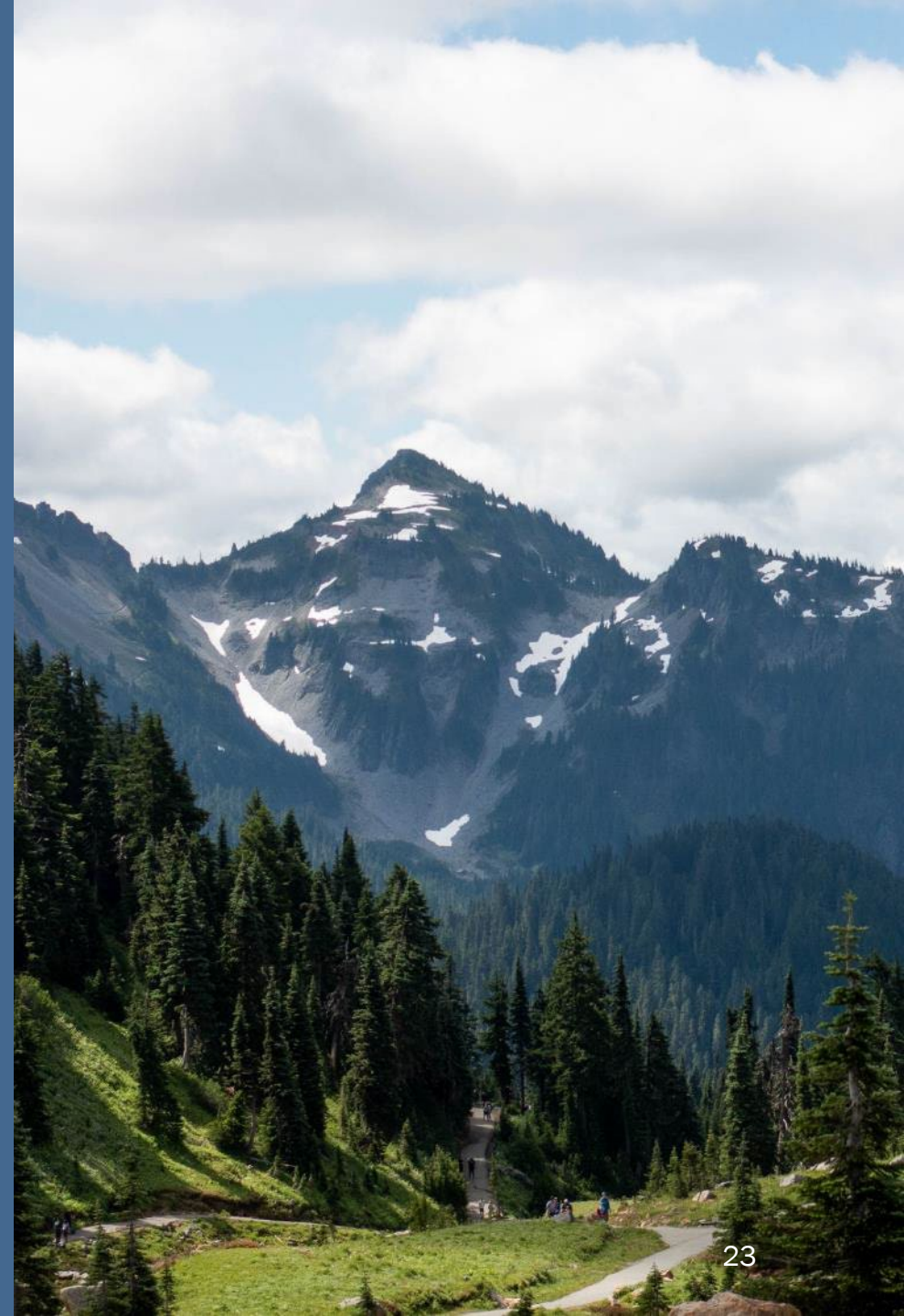
What should Ecology consider when determining how to evaluate GHG emissions reductions of projects?

Topics to consider:

- Choice of evaluation methods
- Looking ahead vs. looking back
- Including **increased** carbon emissions associated with project
- How reductions would be **verified**
- Timeline of emissions reductions
- Balancing thoroughness of evaluation with cost



Q & A





10-minute break



Second Survey

- Collecting same input as this meeting
- Closes September 26, 2023



Next Steps

Second survey

- Closes September 26, 2023

Upcoming stakeholder meetings

- September 12, 2023

Future stakeholder meetings

- November/December 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>

Sign up for email updates

https://public.govdelivery.com/accounts/WAECY/subscriber/new?topic_id=WAE CY_285



Thank you