

CLIMATE COMMITMENT ACT (SB 5126)

Achieving Net Zero Emissions in Washington state by 2050

The **Climate Commitment Act (CCA)** is a law passed by the Washington state Legislature in 2021. It puts a declining cap on greenhouse gas emissions for the state, with the ultimate goal of reaching **Net Zero by 2050**. 75% of Washington's greenhouse gas (GHG) emissions are covered under this policy. Compliance begins in 2023, with key benchmarks set for 2030 and 2040 and regular analysis every two years to ensure we're on track.

PROGRAM OVERVIEW: WHAT WILL THE CCA DO?

The CCA provides three pathways to reaching emission reduction goals:

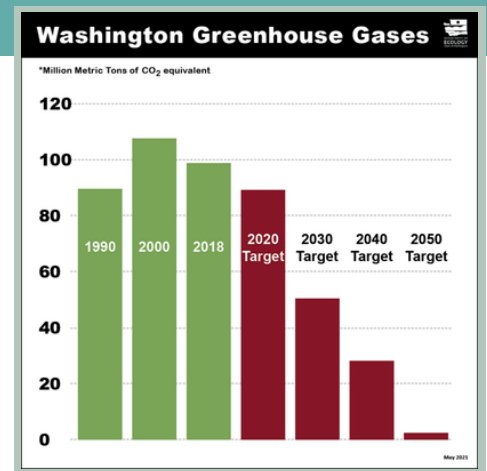
\$7 billion+ for new green infrastructure



Air Quality Program



Greenhouse Gas Reduction Program



Washington State Department of Ecology

GREENHOUSE GAS REDUCTION PROGRAM

The GHG reduction program is focused on large industrial emitters reducing GHG emissions overall through a Cap & Trade system. This program will raise revenue through the use of *allowances*, with limited flexibility for the use of both *allowances* and *offsets*.

WHAT'S AN ALLOWANCE?

1 allowance =
1 metric ton of GHG emissions

Businesses that emit 25K tons of GHG must bid to purchase allowances at state auctions in order to operate in Washington and can face significant daily penalties for violations.

The number of allowances available for auction declines each year toward the goal of Net Zero by 2050.

Revenue from allowances must fund government projects related to climate resiliency, reducing emissions, and/or environmental justice.

WHAT'S AN OFFSET?

An offset is a reduction in GHG emissions – or an increase in carbon storage (e.g., through land restoration or the planting of trees) – that is used to compensate for emissions that occur elsewhere. An offset credit is certified by independent authorities to represent an emission reduction of one metric ton of CO₂.

Industries covered by the CCA can offset some of their emissions by purchasing verified offset credits.

Washington's program does not allow offsets to exceed the total cap on emissions, but provides some flexibility in meeting emissions reduction goals.

Offsets are limited to 8% (3% on tribal lands) of total emissions in a given year in the initial years of the program and will decline to 6% (2% on tribal lands).

RULEMAKING

The Washington Department of Ecology has published its [draft rules](#) for implementation of the program and will finalize them by October 1, 2022. Comments from organizations and the public on these rules can be found [here](#).

In Fall of 2022, Ecology is expected to publish rules to establish and certify the process for linking Washington's Cap & Trade program with California's program.

ENVIRONMENTAL JUSTICE & THE CCA

Local leaders, and particularly communities of color, have been fighting for environmental justice in Washington state for decades.

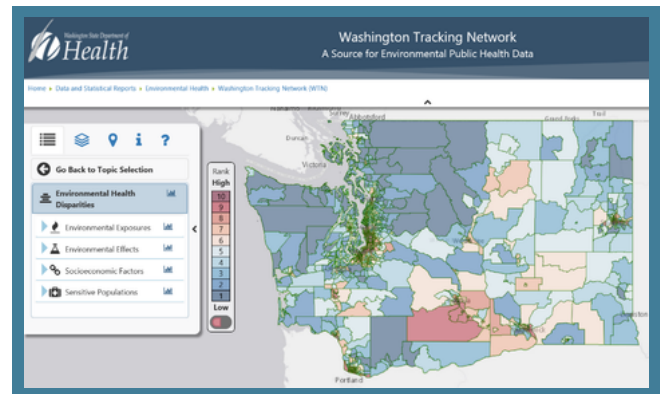
Data like the Environmental Health Disparities Map backs up what communities of color and low-income people have already known: factors like race, income, education level, and ZIP code can make you more at risk for harmful environmental exposures. Populations that have multiple layers of risk are called *overburdened communities* in the CCA and HEAL Acts.

PROGRAM OVERSIGHT: WHO WILL MONITOR & IMPLEMENT CCA?

Both the Department of Ecology and the state Environmental Justice Council will review the impacts of all aspects of the GHG and Air Quality programs.

“Emission Intensive, Trade Exposed Industries”

EITEs are affected by this law differently. Businesses such as oil refineries, Nucor Steel and Kaiser Aluminum are permitted allowances free of charge until 2031, at which point free allowances for EITEs will be reduced to 94%. While allowances are provided free of charge, EITEs are still subject to the cap for total emissions.



Environmental Health Disparities Map, Washington Dept. of Health

In 2021, the HEAL Act defined **Environmental Justice** in Washington law to mean:

the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income in the development, implementation, and enforcement of environmental laws, rules & policies. In practice, this includes both *meaningful involvement* and *directly addressing disproportionate environmental health impacts through policy*.

WORKING TOWARD ENVIRONMENTAL JUSTICE

Under the CCA, implementation requires addressing the disproportionate impacts of pollution on overburdened communities. The CCA does this by:



Prioritizing vulnerable populations + overburdened communities



Working to eliminate environmental harm and disparities



Equitably distributing resources and benefits



HOW WILL THE CCA FURTHER ENVIRONMENTAL JUSTICE?

The **Environmental Justice Council**, established by the 2021 HEAL Act, will help shape the implementation of the CCA and ensure a data-informed lens of equity + justice is applied. They will:

Provide input on the implementation & oversight on all aspects of the program, including revenue allocation and any plans to connect our market with programs in other states like CA.

Work with Ecology to change rules on offsets, linkages, and allowances or work with the Legislature to seek changes to ensure reduction goals are met.

Beginning in 2023, and in partnership with Ecology, conduct a regular Environmental Justice review which includes air quality monitoring.

AIR QUALITY PROGRAM

A key critique of California's Cap & Trade program is that it hasn't reduced health-harming *criteria pollution*. To address this concern, Washington's CCA included a more expansive air quality program that covers all permitted and unregulated sources of emissions, not just the larger emitters covered under the Cap & Trade program. The CCA's Air Quality program will:

- 1 Identify all communities overburdened by air pollution in Washington state
- 2 Expand and improve the air monitoring network statewide
- 3 Set air quality goals for overburdened communities
- 4 Beginning in 2023, every 2 years, Ecology will conduct analysis to ensure reduction goals are being met and ensure compliance
- 5 If criteria pollutants are not being reduced, Ecology and/or local air agencies will issue an enforceable order to the applicable facilities operating in overburdened communities

PROGRAM REVENUE & INVESTMENTS

REVENUE

Estimated **\$6.8 billion** by 2037

\$5.2 billion must go toward emissions reductions (i.e. public transit /electrification funding)

\$2 billion+ toward climate investments (Just Transition, Clean Energy, 25% of which goes toward Natural Climate Solutions)

EXPENDITURES

Minimum of 35% (goal of 40%) of all investments must be in overburdened communities

10% of investments on tribal land

EACH BIENNIUM, THE CCA WILL CONTRIBUTE:

\$20M

Dedicated funding for air quality

\$5M

Tribal offset project development

\$10M

Forest & agricultural riparian easements

\$50M

Tribal mitigation & adaptation