PROTECT
WASHINGTON ACT
I-1631 REVIEW

WA Solar Summit

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Carbon Pollution Fee

- $15/metric-ton of CO2 in July 2020
- July 2021 - price increases by $2/metric-ton (inflation applied to $2)
- Only inflation adjustment when 2035 goal is achieved and emissions reductions are on track for 2050 goal.
Fee Details

• Fee **must** be spent on the issue that engenders a fee, i.e., carbon pollution

• Exemptions:
  • Energy-intensive, trade-exposed enterprises; see WAC 173-442-020(1)(m).
  • Tribal use, state and federally taxed or exempt fuels.
  • Coal plants scheduled to close by 2025 (Transalta and Colstrip 1&2).
Clean Up Pollution Fund

- Clean Air and Clean Energy: 70%
- Clean Water & Healthy Forests: 25%
- Healthy Communities: 5%

Utility Credits considered Clean Air and Clean Energy funds
Emissions Goals

• Reduce carbon pollution by 20 mmt by 2035 and 50 mmt by 2050

• Maximize competitive project selection, a wide range of technologies, and long-term cost-effectiveness
Clean Air and Clean Energy Funding

- Eligible renewable energy resources
- Transportation: transit, electrified transport, rural areas solutions
- Energy efficiency, including market transformation
- Industrial energy solutions: emissions reductions, efficiency and renewables
- Non-fossil fuel gas
- Grid management
- Sequestration in water, agriculture, land, forests
- Other projects that reduce GHG
Clean Air and Clean Energy Admin

• Investment Administrators:
  • Department of Commerce
  • Gas and Electric Utilities upon completion of criteria
  • Department of Natural Resources
  • Recreation and Conservation Office
  • Department of Agriculture

• Oversight Board, Department of Revenue, Governor’s office, and UTC will have central roles in the administration, implementation and evaluation of investments
Clean Water and Healthy Forests Funding

• Investments to increase the resiliency of the state’s waters and forests to the impacts of climate change

• Investments include:
  • Restore and protect estuaries, fisheries and marine shoreline habitats
  • Reduce flood risk and restore natural floodplains
  • Increase the sustainable supply of water and aquatic habitat
  • Increase resilience to wildfires in the face of increased temperatures and drought
  • Improve forest health and reduce vulnerability to impacts of climate change
Healthy Communities Funding

• Prepare communities for challenges caused by climate change and to ensure they are not disproportionately impacted. Investments include:
  • Community preparedness before, during and after wildfires
  • Wildfire suppression, prevention and recovery for tribal communities
  • Relocation of communities on tribal lands due to flooding and sea level rise
  • Education and teacher professional development on climate change
  • Community capacity grants
Support for workers displaced as a result of transition from fossil fuels

- $50 million fund that replenishes annually
- Transition support such as wage replacement, health benefits, retraining, etc.
Investment Criteria/Overlays

• At least 35% of total investments (both state and utilities) must benefit “pollution and health action areas”
  • Reduce environmental burdens and vulnerabilities
  • Protect from the impacts of climate change
  • Meet the climate objectives and needs of vulnerable people
  • Support a just transition for workers in fossil fuel industries
• At least 10% of total investments must be within P&H action areas – counts towards 35%
• At least 10% of total investments must be supported by a Tribe – counts towards 35% but not 10% requirement for geographic criterion
Investment Criteria/Overlays

Support for people with lower incomes

- Requires sufficient funding to eliminate any increase in energy burden on people with lower incomes.
- Minimum of 15% of investments (state and utilities)
- Prioritize investments that reduce energy consumption, weatherization, create community renewables, or provide bill assistance.
- Improve access to existing and future programs
Utility Retention of Fee

- Assessed fee liability based on the power generated (even if exported), fuel or power imported
- Utilities can claim credits for fee liability with submission of clean energy plan to UTC/Commerce
- Prior to clean energy plan - utility conducts stakeholder engagement and meet “meaningful collaboration” standard and engagement with the investment advisory panel.
- Plans must align with state pollution reduction plan, statewide emission reduction targets and low-income and worker goals.
  1. Reduce emissions associated with utility operation plus transportation and built sector coordination.
  2. Must describe long-term strategy to eliminate fee liability (electric sector)
  3. Must meet investment criteria, provide performance metrics, and address any shortfalls from previous plans
Utility Retention con't.

- **Utility Criteria**
  - Minimum - 35 percent of total investments must provide direct and meaningful benefits to pollution and health action areas
  - Minimum 15 percent of total investments (can be part of 35%) must reduce energy burden on peoples with low-income as a result of actions to reduce pollution; additional funds must be allocated for program development, recruitment, enrollment and admin. Investments include:
    - Bill assistance
    - Weatherization and energy efficiency
    - Community-owned distributed energy resources
    - Transportation electrification
  - Preference for investments that also:
    - Use of materials and content that have lower carbon emissions
    - Support high-quality labor standards, prevailing wage rates, apprenticeship, community workforce agreements and minority-owned businesses
    - Reduction of worker and public exposure to pollutants

- UTC/Commerce can approve all, parts or none of submitted plan
  - Plans must be filed every two years with an interim progress report.
  - Investments are in addition to existing emission-reduction efforts and may not support programs, activities, or projects that are otherwise legally required by federal, state, or local laws, or are required as a result of a legal settlement
  - Failure to meet plan can result in fee remitted to state account
Utility Retention con't.

- **Utility Investment Options**
  - Eligible renewable energy resources
  - Increase energy efficiency or reduce carbon emissions of industrial facilities
  - Increase EE in new or existing buildings; ultimately achieve net-zero buildings
  - Reduce transportation-related carbon emissions through EVs, reduced VMT, or transit
  - Market transformation of and investments in EE and distributed energy resources
  - Biogas investments
  - Customer education and outreach
  - Accelerated depreciation of utility owned, fossil fuel-fired generators
  - Renewable energy debt financing
  - For gas utilities, 10% fee liability towards alternative carbon reduction units
Public Oversight & Accountability

15 Member Oversight Board

- Gov appts chair and 4 at-large
- 6 co-chairs of advisory panels
- 4 state agency directors
- Full-time Chair, works across agencies, convenes sub-cabinet, work with advisory panels

Duties

- Final budget recommendations, including programs and proposals
- Adopt rules and procedures
- Consult with Tribes on all decisions that directly impact tribal lands or usual and accustomed fishing areas
Public Oversight & Accountability

Three Investment Advisory Panels

- Clean Air and Clean Energy
  - Co-chairs – business & labor
- Clean Water and Healthy Forests
  - Co-chairs – tribal & environment
- Environmental and Economic Justice
  - Co-chairs – tribal & vulnerable community

- Governor appointed – 9 members each

Responsibilities

- Develop criteria, evaluate projects, and prepare funding recommendations
Public Oversight & Accountability

Effectiveness Reports (starting 2022)
- Accountability for carbon targets and goals for each account
- Achieving investments provisions and consultation
- Impacts on Tribes, EJ, low-income, workers

Pollution and Health Mapping (by July 2019)
- Designation of “pollution and health action areas” based on UW assessment of environmental burdens and vulnerable populations
Rulemakings

- **Ecology** = Carbon content/emissions factors, clean water & healthy forest procedures and criteria
- **Revenue** = Fee collection and disbursement
- **Commerce** = Pollution reduction plans, utility clean energy plans, agency coordination, Oversight Board, Investment Advisory Panels
- **Utilities and Transportation Commission** = Customer attribution, utility clean energy plan – process, timelines, reporting, monitoring and evaluation
- **Health** = Pollution and Health Action Areas
- **Natural Resources, Fish and Wildlife, Puget Sound partnership, recreation and conservation office, Office of Public Instruction** - clean water & healthy forests and healthy communities