THE CLIMATE COMMITMENT ACT

Frequently Asked Questions

Q. How will Ecology ensure environmental justice is considered throughout the program?

The CCA has built-in safeguards to ensure environmental justice and equity remain at the forefront of implementation. These provisions set a national precedent for prioritizing benefits in overburdened communities. The CCA requires that a minimum of 35% (and a goal of 40%) of funds directly benefit overburdened communities while a minimum of 10% must fund initiatives led by tribes. The Environmental Justice Council is required to play a critical role in developing and implementing the program, including developing recommendations for the best use of these funds to benefit overburdened communities. A 2022 bill also established a Tribal Consultation Grant Program to support tribal consultation on all funding decisions that might impact tribal resources.

Q. How will the CCA protect and improve air quality in overburdened communities?

The CCA is more than a cap-and-invest program – it creates a critical air quality program to protect Washington's most overburdened communities to address local air pollution. Through this new air quality program, Ecology will expand Washington's air quality monitoring network and will regulate pollutants like ozone and PM 2.5 that are linked to poor health outcomes and are often concentrated in low-income and BIPOC communities. Importantly, this new air quality program covers all permitted and unregulated sources of emissions, not just the larger emitters already covered under the cap-and-invest program.

Q. Will Washington's program link with California and British Columbia's cap-and-invest programs?

Ecology has not yet decided whether to link with California and B.C's market. One of the main benefits of linkage would be to reduce the cost of compliance by entering into a larger market with more potential emissions reductions opportunities, while still keeping emissions under the combined caps of each program. Ecology's decision will also be based on additional factors, such as ensuring Washington still achieves its own greenhouse gas limits and ensuring that overburdened communities are not negatively impacted.

Q. Will the CCA impact gas prices?

The CCA can actually help us to reduce the cost of fuel as well as provide more transportation choices. For example, the CCA, together with the Clean Fuels Standard, are expected to reduce household fuel expenditures; a 2016 study found California households would save up to $1,500 per year by 2030. The oil industry often points to climate policies as increasing prices at the pump, but the reality is that the oil industry currently holds a near-monopoly on transportation fuels and often exploits our reliance on fossil fuels by charging unnecessarily high prices. The Pacific Northwest consistently has some of the highest fuel profit margins, topping out at over $1 per gallon in the Seattle area over the summer. Encouraging a transition to zero-emission vehicles will decrease our state's dependence on oil. Prices decrease with falling demand, so this may actually help bring down the cost of gas.

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Q. What about my other energy costs – will they go up?

When designing this new landmark law, lawmakers envisioned numerous tools to help keep costs down for consumers. Linkage, for example, would be one way to keep the cost of allowances down and thus help ensure costs don't get passed down onto customers. The "invest" portion of cap-and-invest will also help reduce energy costs if the legislature uses these dollars wisely. For example, a new heat pump rebate program could cut costs of high-efficiency heat pump installations for low- and moderate-income households, helping to reduce energy costs and the upfront costs associated with installation. Additionally, as discussed below, the program also requires utilities to mitigate costs for ratepayers, with specific priority for low-income customers.

Q. How are offsets treated under the program?

Unlike other cap-and-invest programs, which allow covered entities to use an offset in place of retiring an allowance, Washington actually removes an allowance when an entity uses an offset for compliance. Thus the use of offsets is not in place of reducing covered emissions – offsets are solely an additional and external benefit to the required emissions reductions in the cap-and-invest program. Tribes will also have an important role in ensuring Washington has a strong offset program. Ecology created a Tribal Carbon Offset Assistance Grant Program to help and encourage tribes to design and implement offset projects on tribal land and encourage conservation of acres and acres of tribal land.

Q. Is industry exempt from the program?

Manufacturers, refineries, and certain other industries that have a large carbon footprint and compete in national markets are categorized as Emissions-Intensive, Trade-Exposed (EITEs) entities in the CCA. When designing the program, lawmakers gave EITEs free allowances at the start of the program to account for the potential for "leakage." Leakage occurs when entities relocate to areas with weaker environmental protections and simply shift their emissions to the new location instead of reducing them altogether. While their allowances are free, EITEs are still counted under the emissions limit and are not exempt from the emission-reduction requirements of the program. EITEs' ability to sell these no-cost allowances also incentivizes emissions reductions and makes it more cost-effective to pursue investments in clean energy and carbon reduction projects.

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