



Cap-and-Invest Program Update

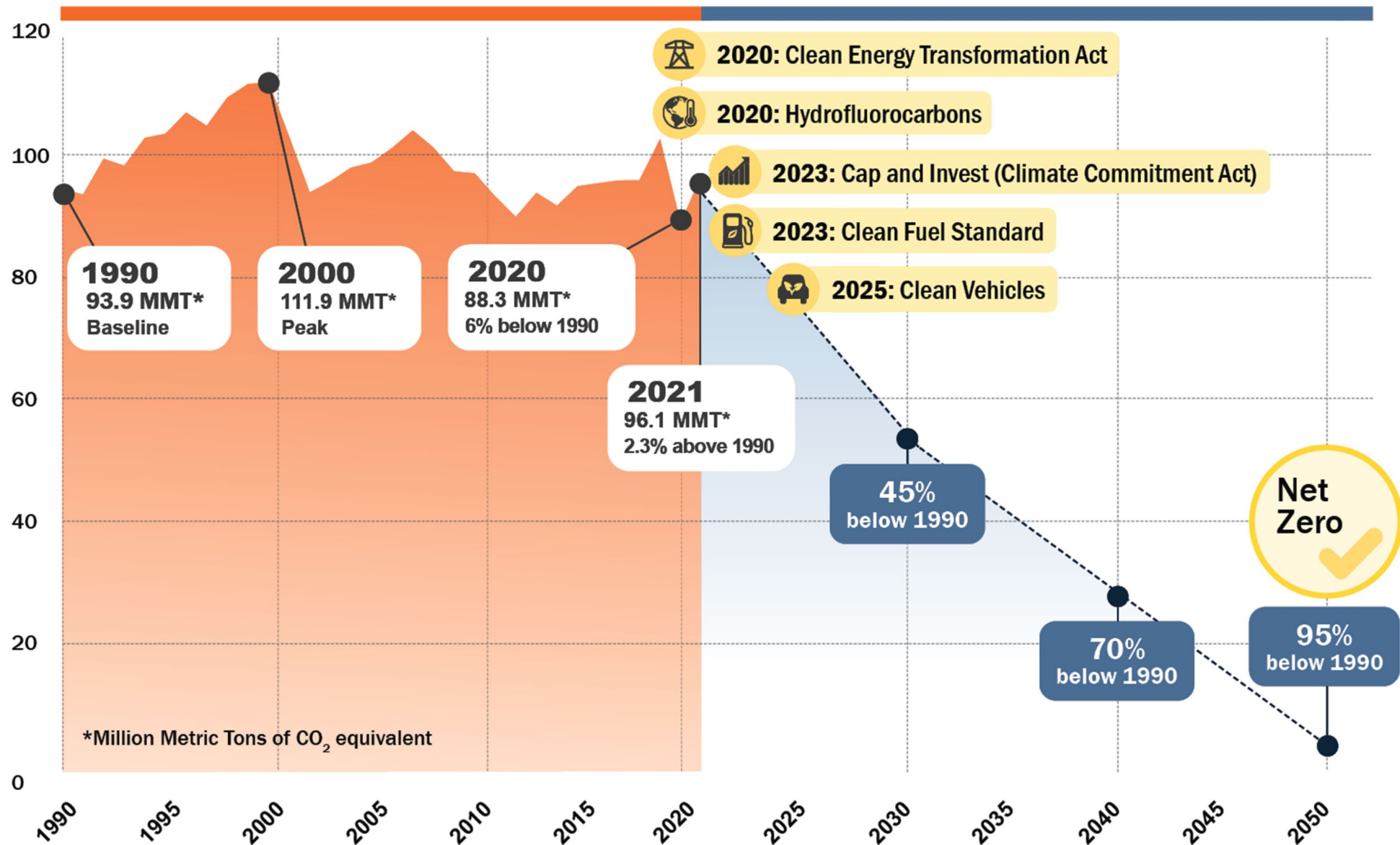
House Environment & Energy Committee

Joel Creswell, Climate Pollution Reduction Program Manager

January 14, 2025

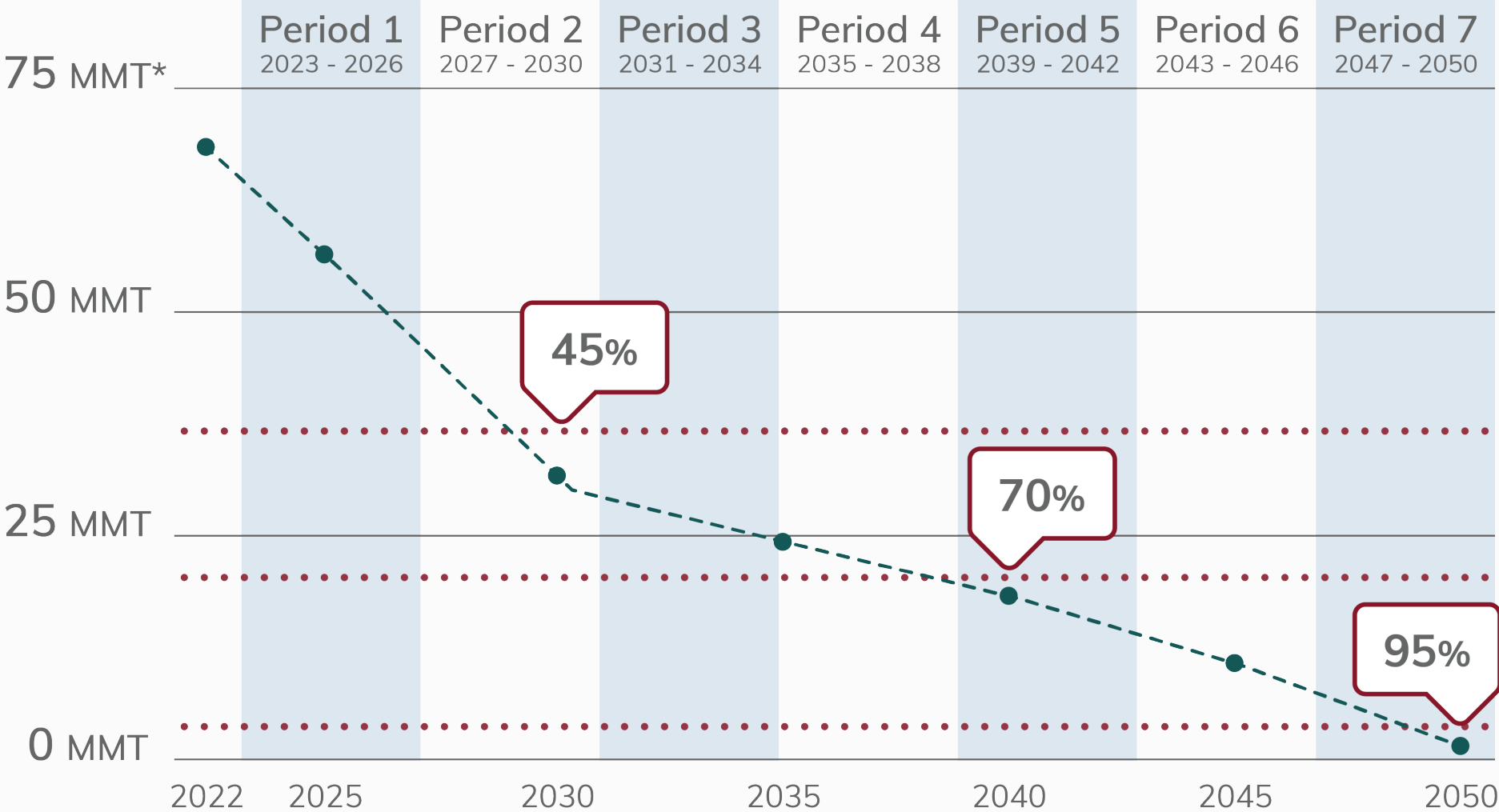
Actual emissions (1990-2021)

Climate policies & future emissions



Projected Emissions Cap Over Time

* million metric tons of CO₂ equivalent



Cap-and-Invest Program

- Sets declining cap on greenhouse gas emissions
- Entities must obtain allowances/offsets for “covered emissions”
- Allowances also can be sold to generate revenue



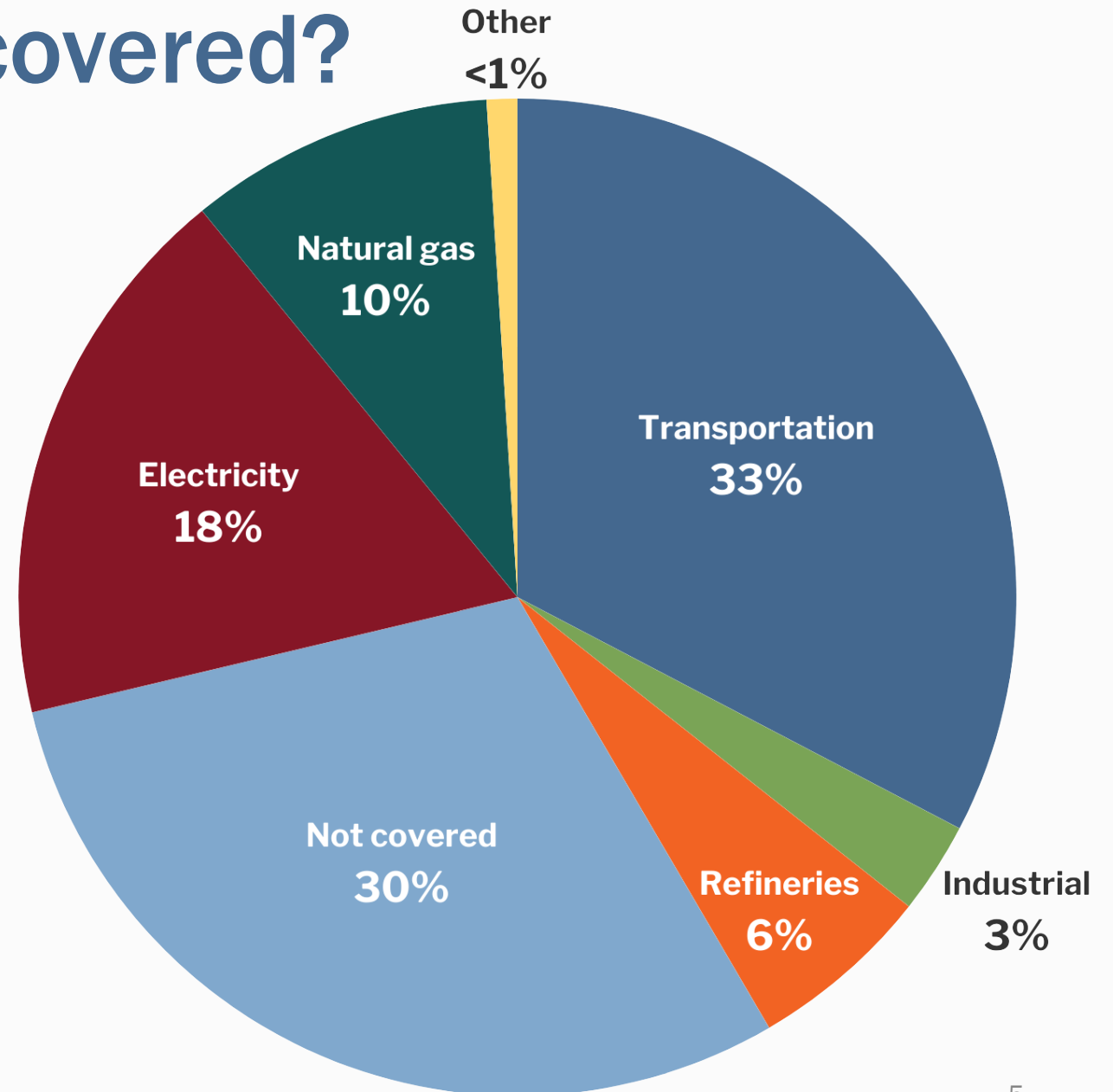
Which emissions are covered?

Covered emissions (~70%)

- Facilities emitting 25,000+ metric tons of CO₂e annually
- Gasoline and on-road diesel
- Electricity consumed in the state
- Natural gas
- 2027 - Waste-to-energy facilities
- 2031 - Railroads

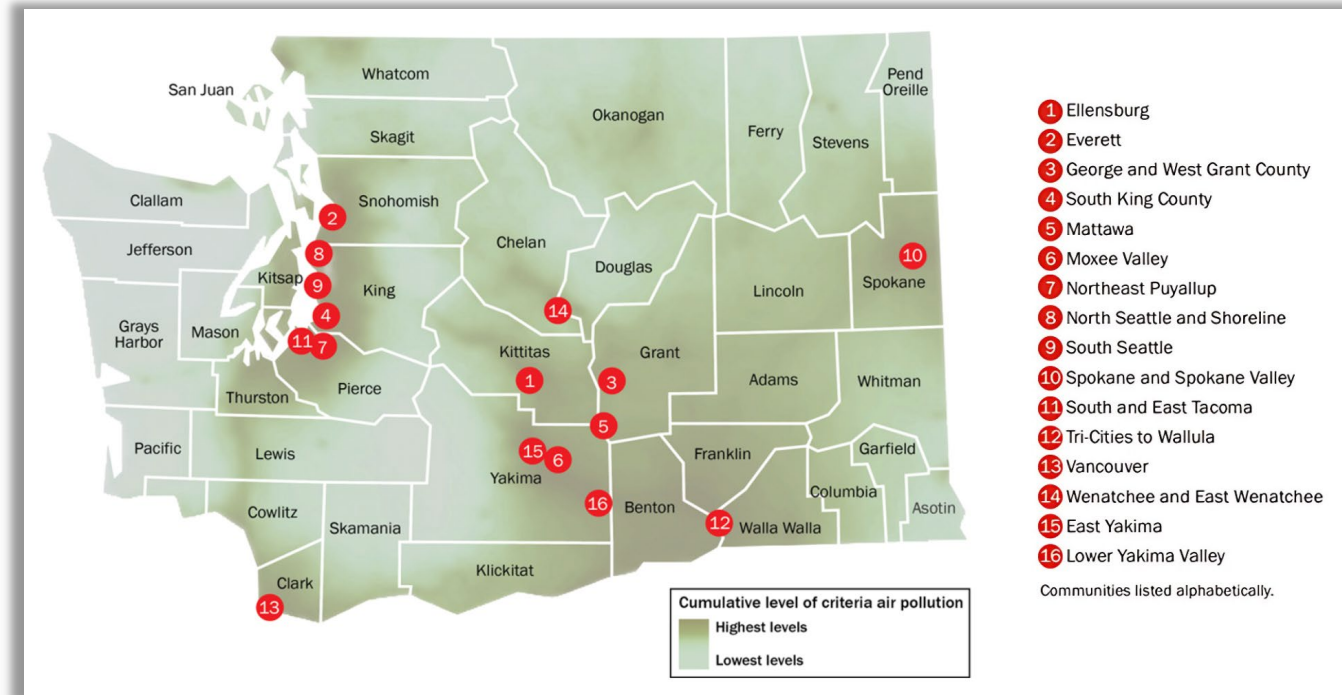
Not covered (~30%)

- Facilities emitting less than 25,000 metric tons of CO₂e
- Exempt fuels: Agricultural operations, maritime, aviation, etc.



CCA air quality protections

- Identify “overburdened communities highly impacted by air pollution.”
- Expand air monitoring in these communities.
- Adopt strategies to address air pollution.
- Conduct biennial environmental reviews.



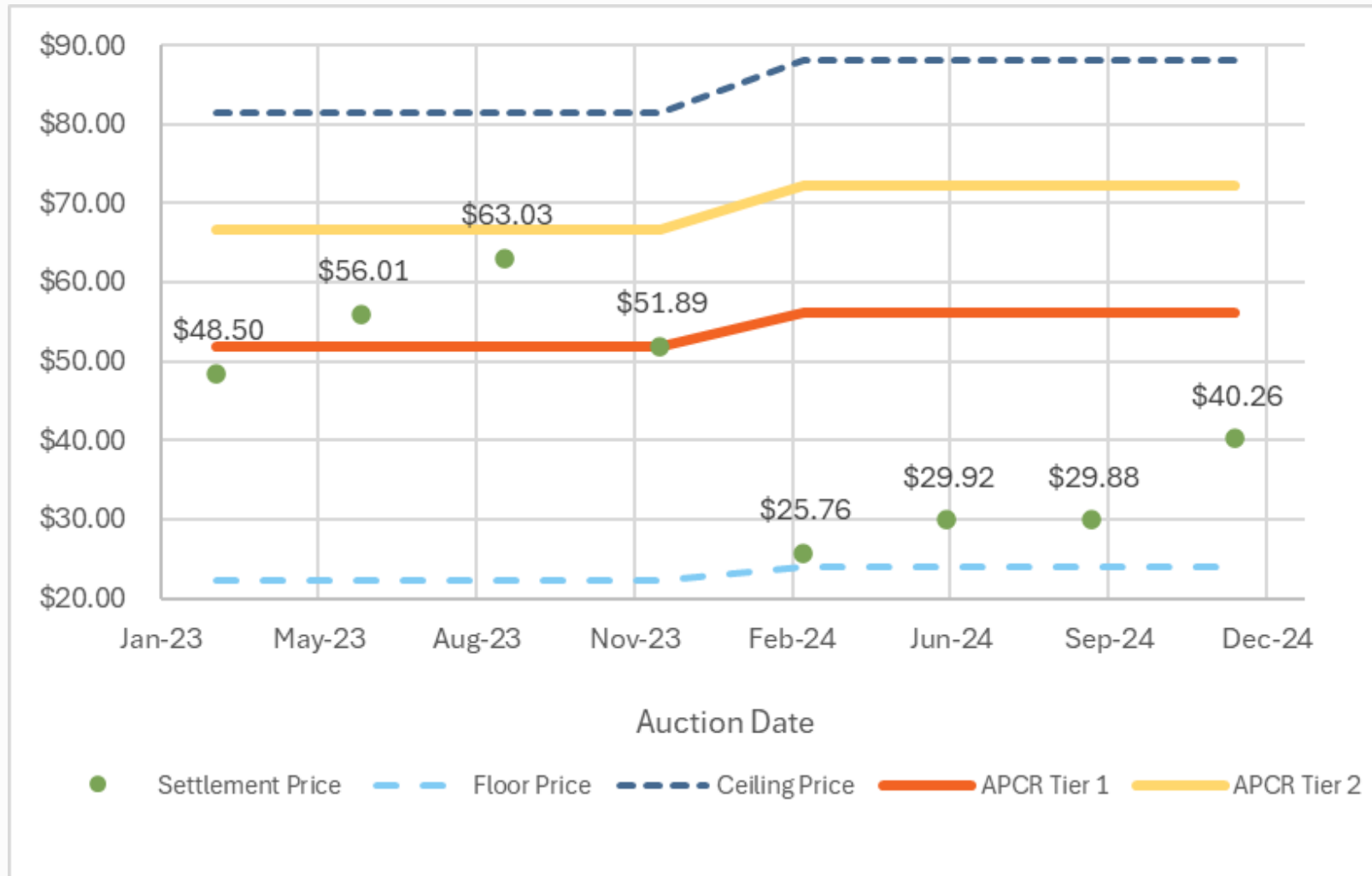
How the CCA prioritizes environmental justice

In addition to air quality provisions, the CCA:

- Restricts the use of offset credits
- Prioritizes funds to Tribes and overburdened communities
- Requires Environmental Justice Council engagement
- Requires Environmental Justice Assessments
- Requires regular reporting

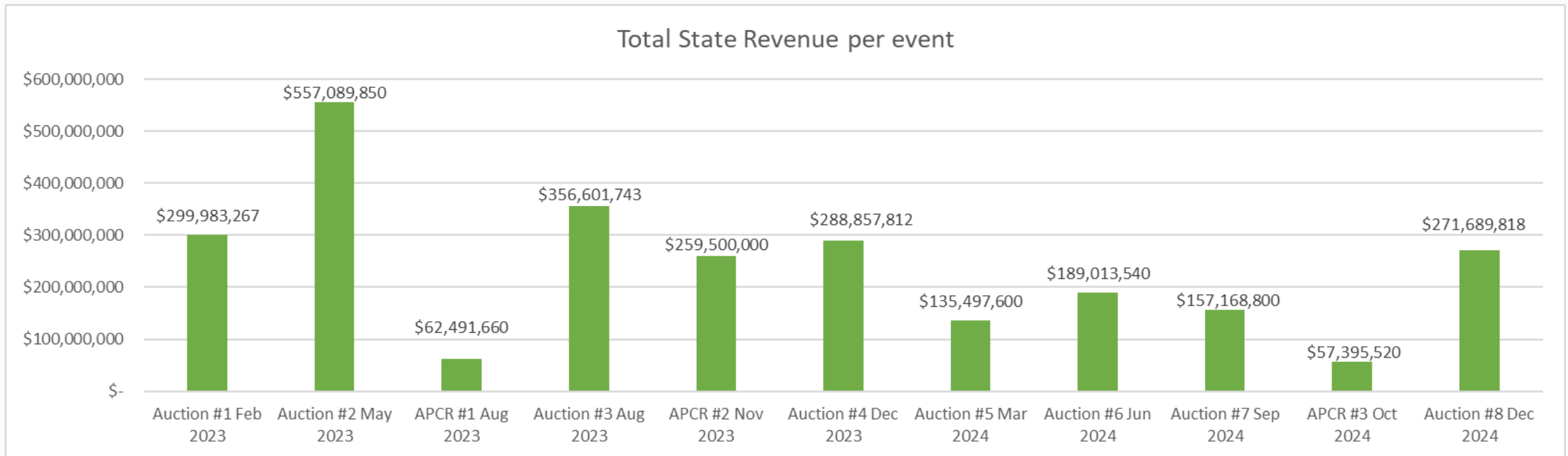


Quarterly auction settlement prices



Auction revenue

Year	Funds to Washington	Funds to reduce utility bills
Total public proceeds in 2023	\$1,824,524,331	\$376,498,151
Total public proceeds in 2024	\$810,765,278	\$319,923,016
Total proceeds	\$2,635,289,609	\$696,421,167



Auction revenues

CERA

Carbon Emissions Reduction Account

For projects that reduce emissions from the transportation industry and increase access to public and alternative transportation.

Subject to appropriation by the Legislature.

24%

Climate Active Transportation Account

56%

Climate Transit Programs Account

CIA

Climate Investment Account

For the administration of the CCA and for projects that support the transition to clean energy, ecosystem resilience, and carbon sequestration.

Subject to appropriation by the Legislature.

75%

Climate Commitment Account

25%

Natural Climate Solutions Account

AQHDIA

Air Quality & Health Disparities Improvement Account

For projects that help identify and reduce criteria pollutants and health disparities in overburdened communities highly impacted by air pollution.

Subject to appropriation by the Legislature.

Biennial appropriations & FY24 expenditures

- 352 appropriations to 37 state agencies/universities totaling \$3,250,249,000
- FY24 expenditures: \$472,488,619 (15% of biennial appropriations)



Fiscal Year 2024 expenditures

Total fiscal 2024 expenditures:
\$472,488,619

- 15% of biennial appropriations

Reduced an estimated
335,170 metric tons of CO₂e

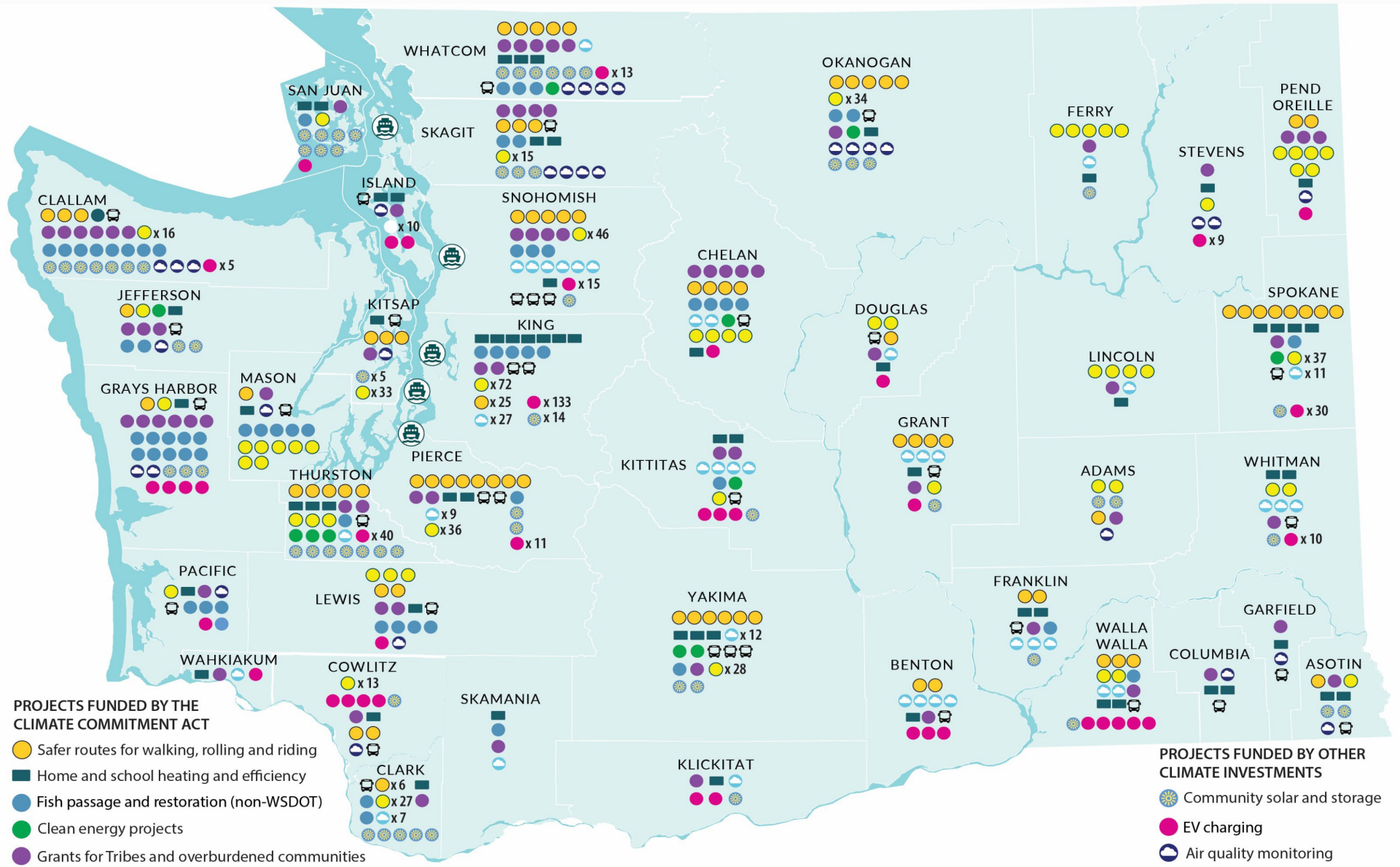
Provided direct and meaningful benefits
for vulnerable populations within
overburdened communities:
\$289,018,910 (61%)

Tribal resolutions & money to support Tribes

Biennial appropriations specifically for
Tribes:
\$232 million

Biennial appropriations for salmon
restoration and projects that protect Tribes'
cultures and treaty rights:
\$209 million

Total fiscal 2024 expenditures supported by
Tribal resolution:
\$1,301,363 (0.3%)

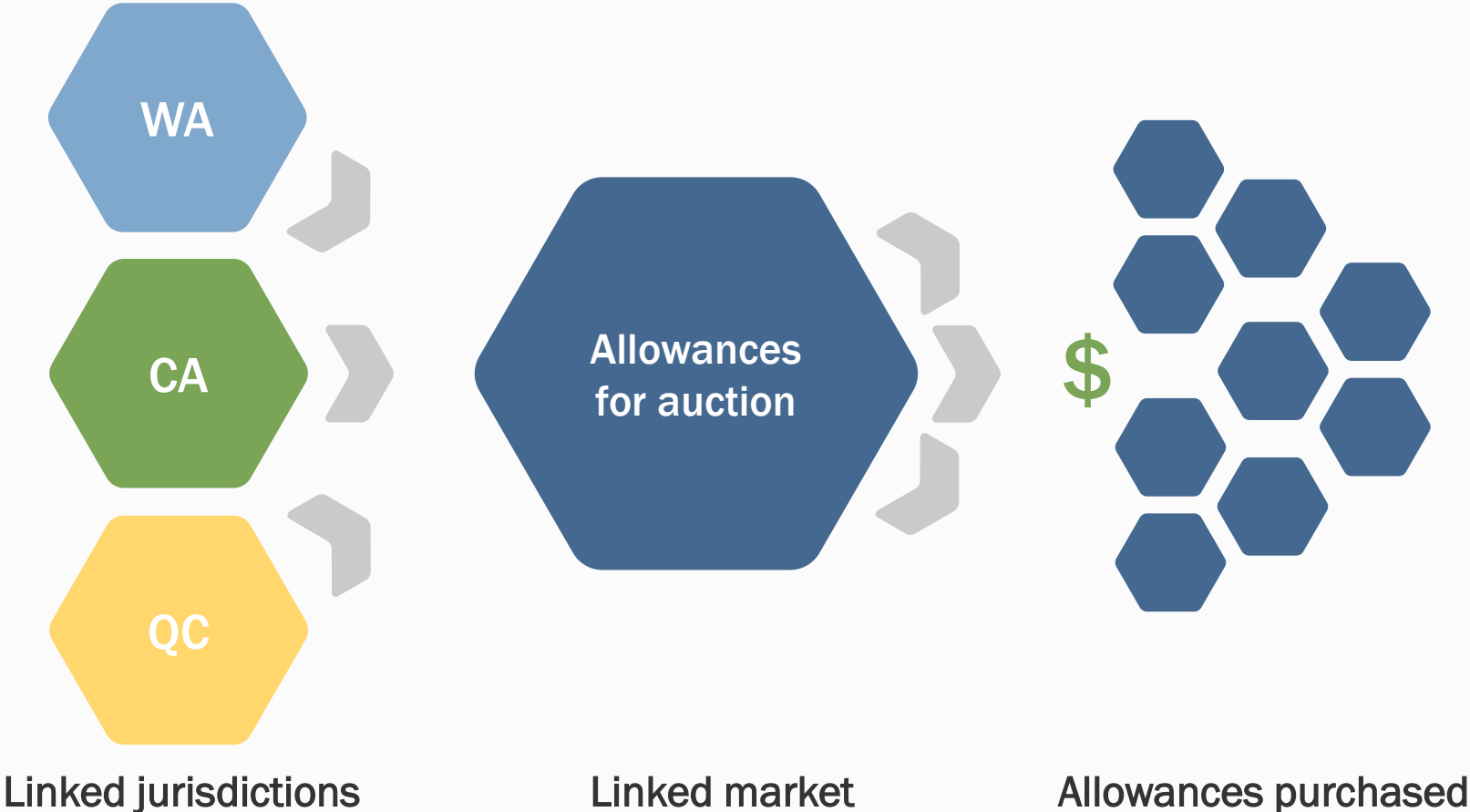


CLIMATE INVESTMENTS IN WASHINGTON

Each dot/icon represents one project/grant.

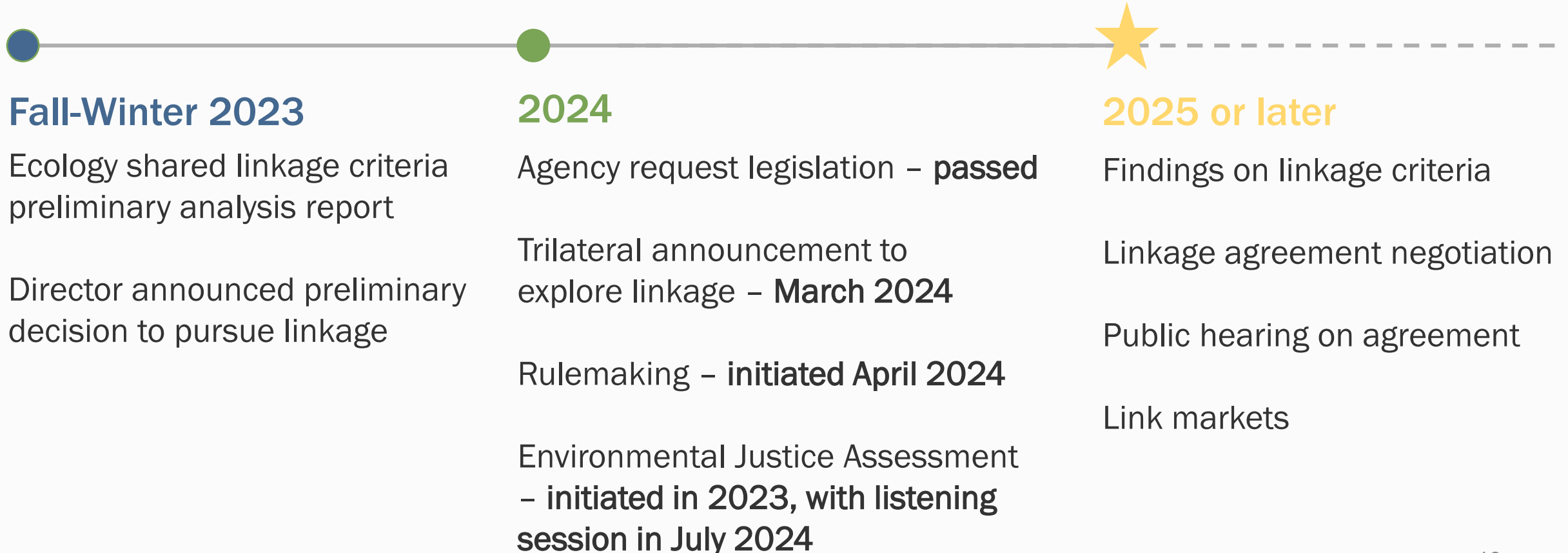
This map is for illustration purposes only. Summarizes examples of climate-related 2023-25 appropriations, but not all.

Market linkage



Linkage process & timeline

Decision to pursue linkage



Linkage negotiations

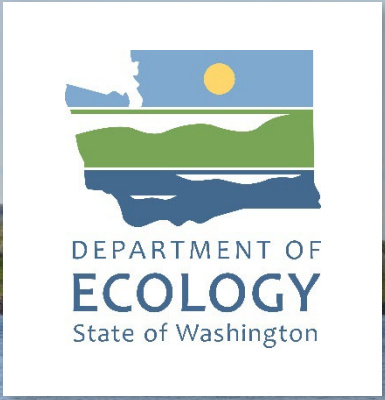
The California-Quebec market is about 6 times bigger than Washington's.

Washington's key areas of innovation:

- Aggressive 2030 greenhouse gas limits
- Measuring and addressing air pollution in overburdened communities
- Offsets that have direct environmental benefits for our state

- The linkage agreement is non-binding
- Enacting linkage in California and Québec would happen through each jurisdiction's rulemaking process.
- California and Québec are updating their programs.
- These updates will be relevant to Washington rulemaking and linkage criteria analyses.

Washington, California, and Quebec have released multiple joint statements about pursuing linkage since March 2024.



Questions?

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