Climate Commitment Act
Cap-and-Invest Program Overview

Washington State Dept. of Ecology, Air Quality Program

Overview

- Program Basics
- Auction Logistics
- Implementation & Next Steps
- Auction Proceeds

Program Basics

- Establishes an emissions cap, declines over time
- Program participants:
  - Covered, opt-in entities have compliance obligation
  - General market participants are investors or offset project developers
- Covered and opt-in entities must obtain allowances for covered emissions, meet compliance deadlines
- All participants can hold extra allowances for future years or sell to generate revenue

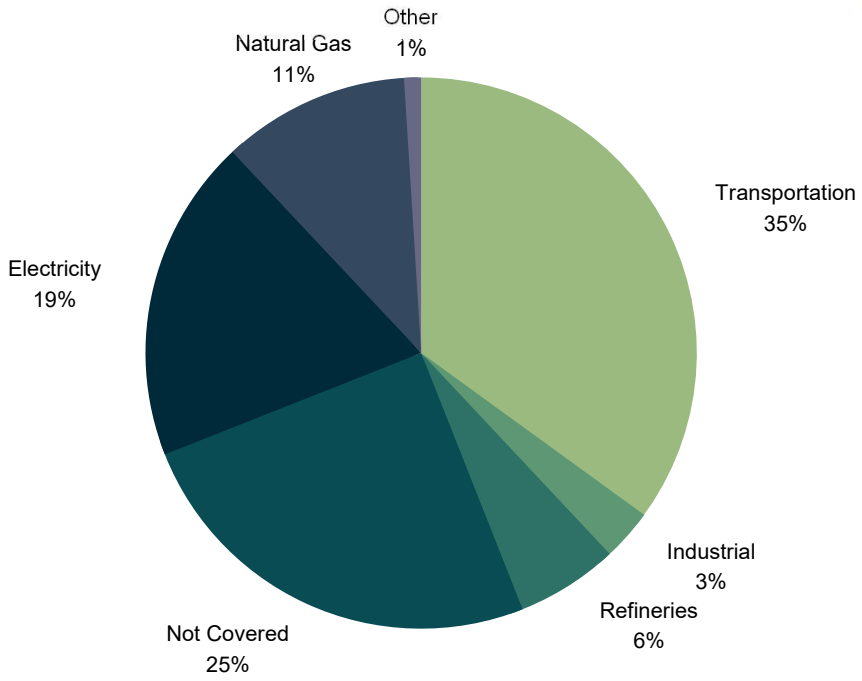
What Counts as Covered Emissions?

Covered Emissions - 75%

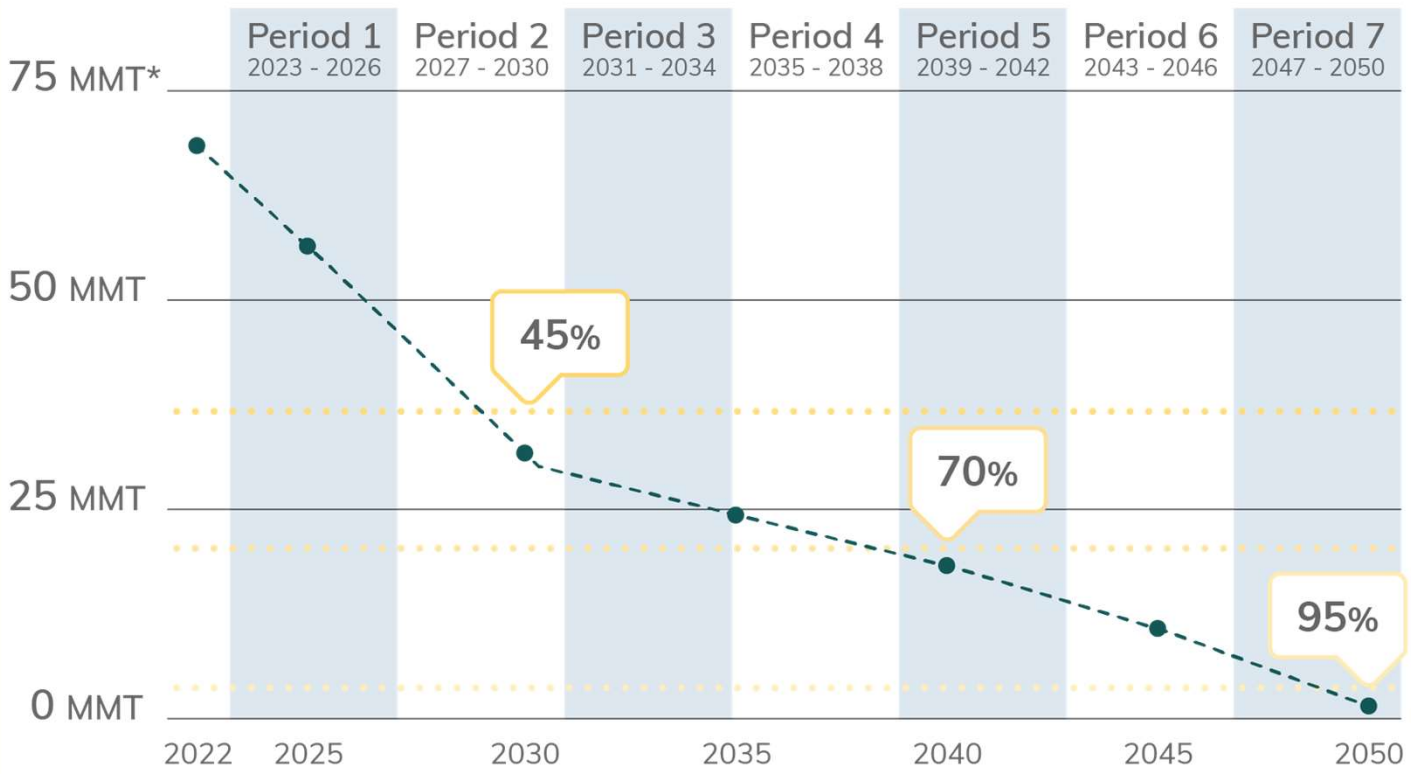
- Emissions from:
  - Facilities that emit more than 25,000 metric tons CO_2e
  - Gasoline and on-road diesel
  - Electricity consumed in WA state
  - Natural gas

Not Covered - 25%

- Emissions from:
  - Facilities that emit less than 25,000 metric tons CO_2e
  - Agricultural operations
  - Aviation fuels and most marine fuels



Emissions Cap Reductions



*MMT = million metric tons of CO_2 equivalent

Auction Logistics

- Auction platform: WCI, Inc.
  - Market Monitoring support: Monitoring Analytics
  - Financial Services Administrator: Deutsche Bank (DB)
- All entities must register with Ecology to:
  - Be assigned holding and compliance accounts (CITSS)
  - Apply to participate in auctions
  - Access WCI platform, place trades

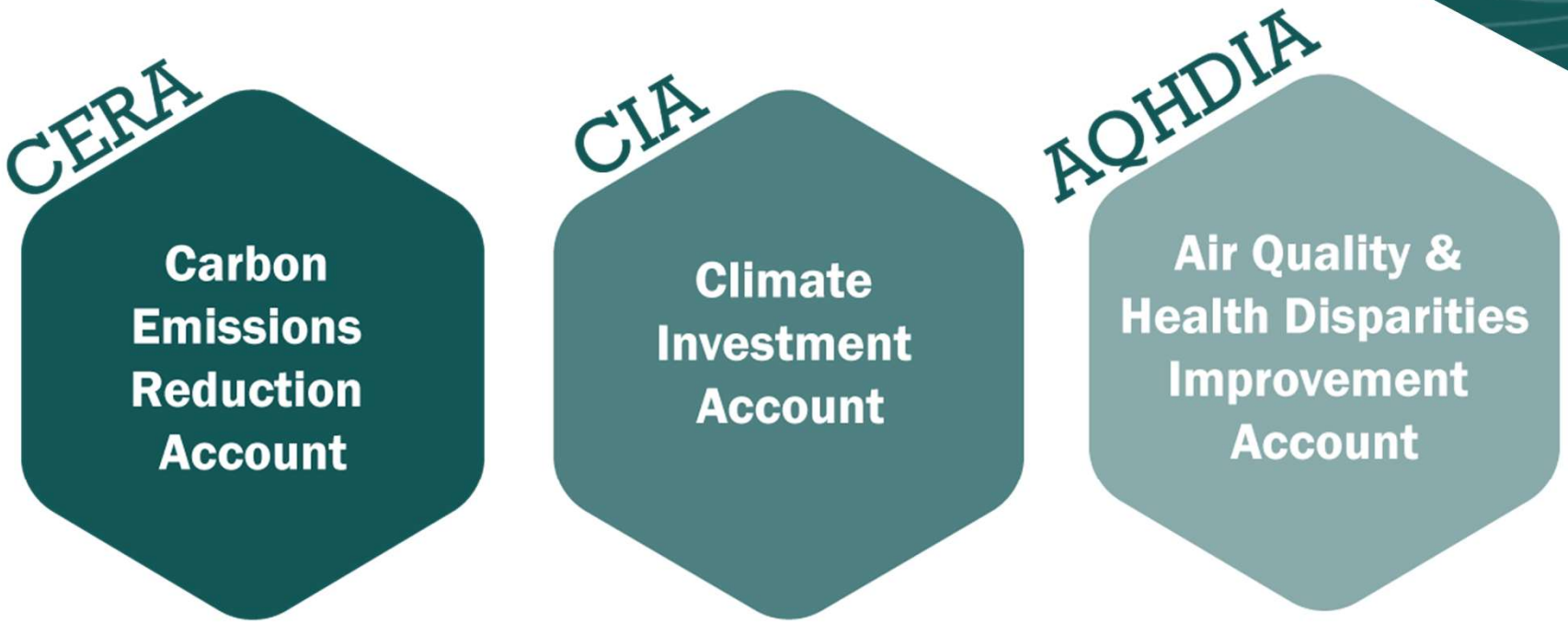
Implementation

- Three rulemakings complete
  - Ch. 173-446 WAC, program structure and function
  - Adopted Sept. 29, 2022, effective Oct. 30, 2022
- Emissions reporting and auctions trainings
- Development of third-party verification and offset programs
- Auction platform registration opened Oct. 2022
  - Market participant onboarding ongoing, team providing direct assistance

Next Steps

- Program launches: Jan. 1, 2023
- Practice auction: Jan. 2023
- First auction: Second half of Feb. 2023
- Four quarterly auctions each calendar year
- Ecology to begin exploring the possibility of linking with CA & Quebec in winter 2023

CCA Auction Proceeds

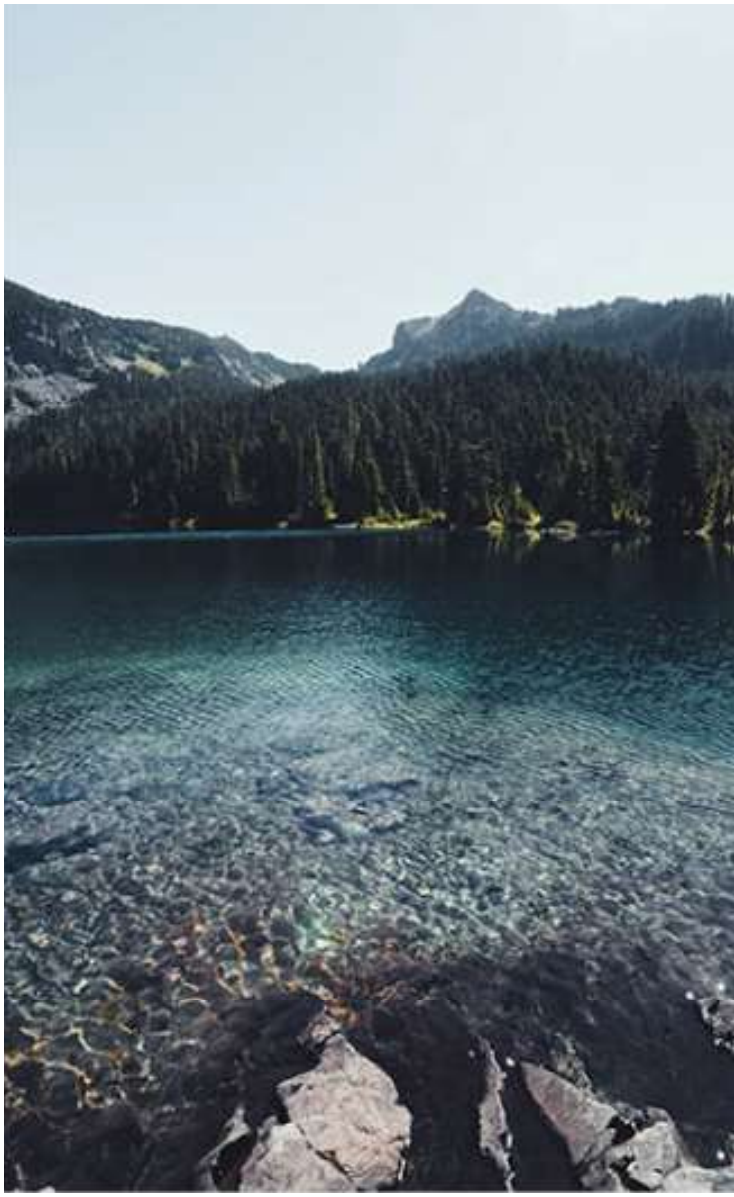


Projected revenue: $957M in first full fiscal year, declines over time as cap reduced

All revenue to be appropriated by the Legislature.

Benefiting all of Washington

- Investments to be appropriated by the Legislature per statutory direction
- Minimum 35% to benefit overburdened communities
  - Statutory goal of 40%
- 10% to projects with Tribal support
- Important role in overall success of the program



Questions?

Luke Martland

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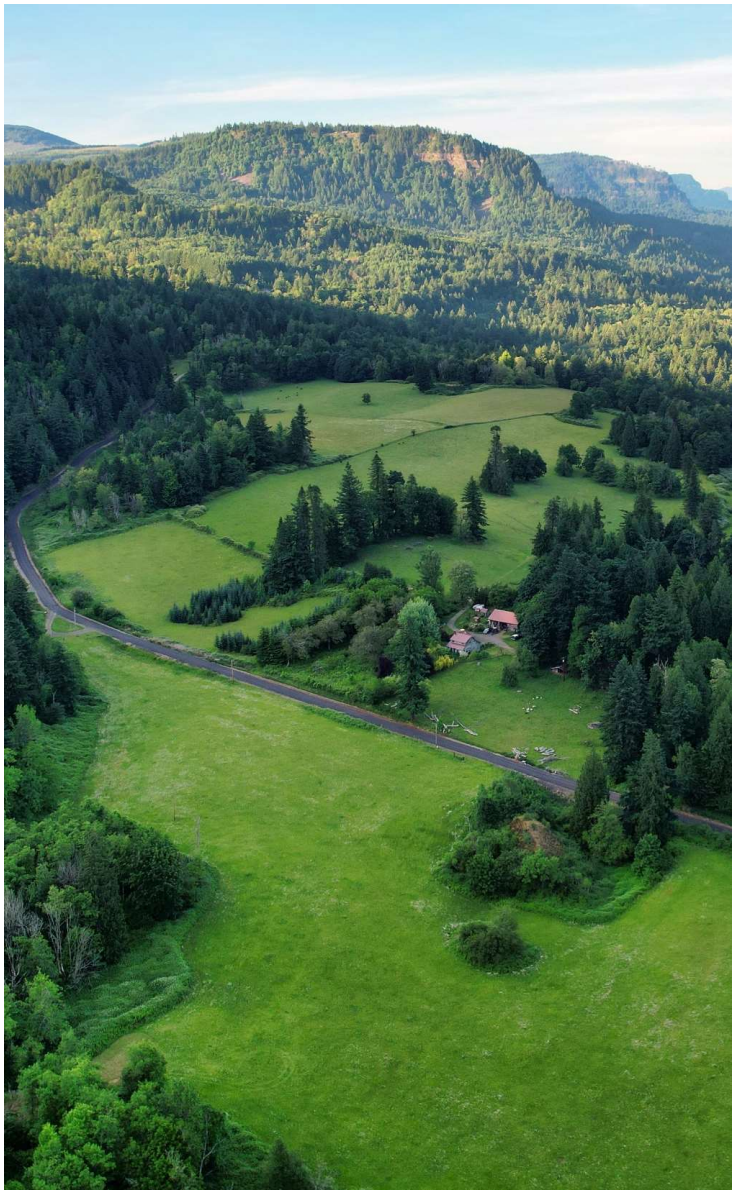
WA State Department of Ecology

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