



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

Washington Climate Challenge

Climate Action Team

Meeting #1

May 13, 2008

WA Departments of Ecology and
Community, Trade & Economic Development
Center for Climate Strategies
Ross & Associates

Agenda

- Welcome and Introductions
- Purpose of and Charge to the 2008 CAT
- Structure and Process for 2008: Work Plan, Ground Rules and Expectations
- Carbon Market Workgroups for the Agriculture and Forestry Sectors; GMA Process; and Developing the Green Economy
- Review and Affirm Implementation Work Group Scopes
- Western Climate Initiative Briefing
- Governance of and Financing for Washington's Long-Term Response to Climate Change
- Next Steps
- Public Comment

Welcome and Introductions

- Departments of CTED and Ecology
- Climate Action Team members
- Ross & Associates and the Center for Climate Strategies

Purpose and Charge

- Purpose of the 2008 CAT:
 - Transform the successful and comprehensive work of 2007 into a focused, refined, and effective set of actions which are specific and complete enough to be seriously considered by the Governor and Legislature in the 2009 Legislative Session.
- Charge to the CAT:
 - Scope and shepherd the work of IWGs
 - Create the base of support necessary for the CAT's 2008 recommendations and policy development
 - Advise on how the CAT's recommendations fit with regional/national cap-and-trade programs
 - Consider revenue implications and broad funding issues
 - Assess the final overall IWG package

Key Outcomes and Timing

- By October 31, 2008, deliver a package of specific policy implementation proposals to Ecology and CTED
 - Deadline necessary for consideration by the 2009 Legislature, including the budget.
- The CAT, with the support of Implementation Work Groups (IWGs), will develop, refine and approve specific climate policies and programs that:
 - Maximize the efficacy and efficiency of GHG emission reductions or storage;
 - Meet multiple goals both within and across sectors; and
 - Make sense for Washington and for Washington's economy.
- CAT recommendations will be part of a larger comprehensive report from Ecology and CTED to the Legislature
 - Due December 1, 2008 as part of the requirements of meeting HB 2815

CAT Process

- CTED and Ecology oversee and coordinate the process
- CAT makes recommendations to CTED and Ecology
- CAT participates on and provides guidance to Implementation Working Groups (IWGs)
- IWGs assist the CAT
- CCS & Ross provide facilitation, technical support and analysis
- Public input and review

Key Principles

- Fully transparent
- Inclusive
- Stepwise
- Strive for consensus
- Fact-based
- Covers short-, medium- and long-term periods of action
- Implementation oriented

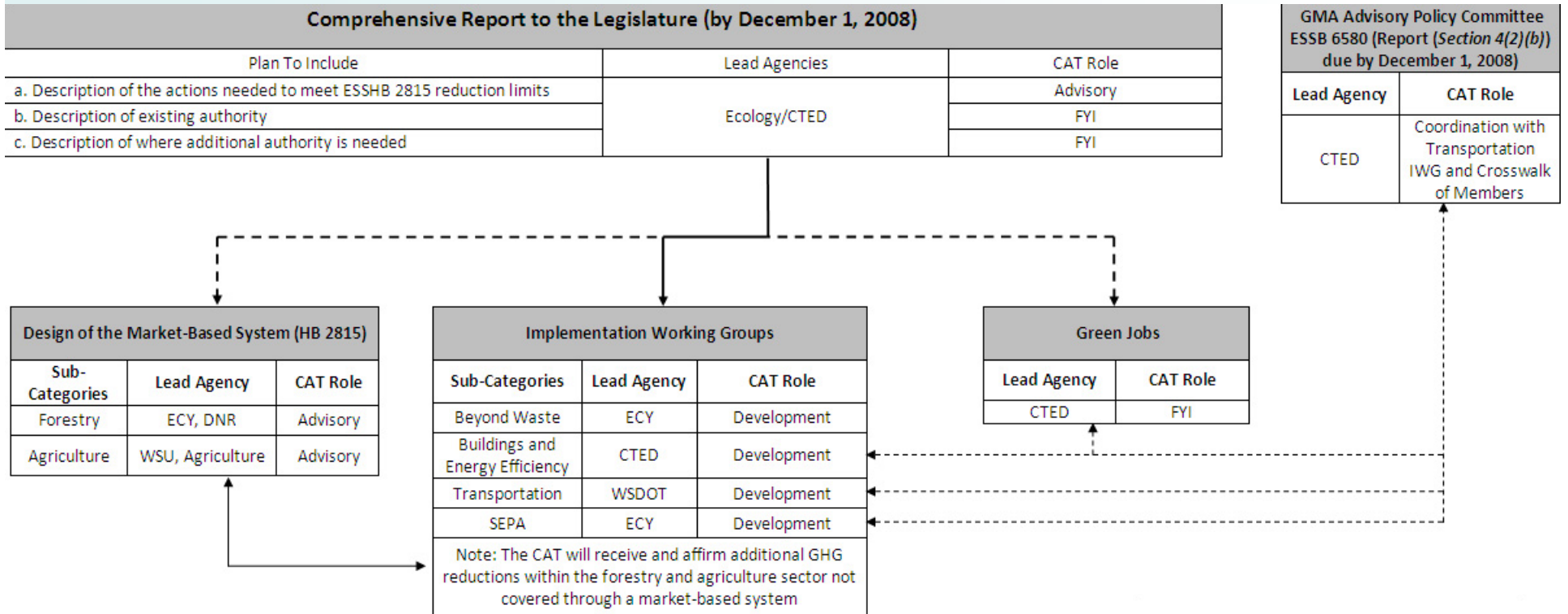
Participant Ground Rules

- Support the process and collaborate in good faith
- Provide leadership and a vision for how Washington will rise to the challenges and opportunities of addressing climate change
- Attend all meetings and stay current with information and decisions
- Act as equals during the process
- No backsliding
- Must be able to vote or otherwise take a position at the meetings
- Provide objective, fact-based comments and refrain from personal criticisms
- Refrain from characterizing the views of others

Draft CAT Meeting Schedule

Date	Meeting
May 13, 2008	1 st CAT meeting
July 25, 2008	2 nd CAT meeting
September 18-19, 2008	3 rd CAT meeting
October 14-15, 2008	4 th CAT meeting
November 21, 2008 (need TBD)	5 th CAT meeting
Between CAT Meetings	IWG meetings

Relationship of 2008 Climate Activities



Comprehensive Report to the Legislature (HB 2815)

- Due December 1, 2008
- Report will consist of the following elements:
 - GHG Reduction Plan - Actions and authorities necessary to reduce GHG Emissions by 2020, 2035, and 2050
 - Regional multi-sector market-based system
 - Preferred design
 - Local participation
 - Forestry and Agriculture offset or credit program
 - Offset or credit from generation of electricity or alternative fuel from landfill gas and gas from anaerobic digesters
 - Progress in achieving GHG reduction requirements
 - Climate Action Team Final Recommendations
 - Energy Efficiency and Green Buildings
 - Beyond Waste
 - SEPA
 - Transportation

Definition of 2008 CAT Roles

- *Development:* CAT members will be active in developing and affirming specific policies
- *Advisory:* CAT members will receive periodic updates, and provide input, advice and counsel in a supportive capacity
- *Coordination:* CAT members will help identify and, where appropriate, bring together common activities to ensure that related efforts move forward appropriately
- *FYI:* CAT members will receive periodic updates

Ag and Forest Sector Carbon Market Workgroups

- HB 2815, Section 4(3)(g) Creating a framework to reduce GHG emissions in Washington State, directs Ecology and CTED to develop recommendations with DNR, Agriculture, the CAT and others
- Recommendations will address how forestry and agricultural lands and practices may participate voluntarily as an offset or other credit program in the regional multi-sector market-based system being designed through WCI
- The recommendations must ensure that the baseline for this offset or credit program does not disadvantage Washington in relation to other states
- Recommendations shall address:
 - Commercial and other working forests,
 - Agricultural and forest products
 - Agricultural land and practices
 - Forest and agricultural lands set aside or managed for conservation
 - Reforestation and afforestation projects

Ag and Forest Sector, Cont.

- The Ag and Forest Sector Workgroups are a forum for stakeholders to develop potential recommendations to meet the intent of the legislation
- Ag Sector Workgroup Co-Leads
 - Kirk Cook, Department of Agriculture
 - Chad Kruger, WSU
- Forest Sector Workgroup Co-Leads
 - Craig Partridge, DNR
 - Stephen Bernath, Ecology
- Coordination with the CAT will be aided by representation of some CAT members on the Forestry and Ag Sector workgroups and briefings at CAT meetings.
 - To the extent that GHG reductions are identified within the Forestry and Ag sectors that are not covered through a market-based system, the 2008 CAT will have shared endorsement as to the scope and status of these recommendations.

GMA Advisory Policy Committee

- SB 6580, Mitigating the impacts of climate change through the growth management act, directs CTED to:
 - Convene an advisory policy committee to develop and approve recommended changes, if any, to GMA and other relevant statutes to address climate change issues
 - Administer a local government global warming mitigation and adaptation program
 - Develop and provide a range of advisory climate change response methodologies
 - Work with WSDOT on VMT reduction efforts
- CTED is organizing the GMA Advisory Policy Committee
 - Nominations from organizations identified in the legislation were due by April 15
- Coordination with the CAT will be enhanced by representation of some CAT members on the GMA Advisory Policy Committee and briefings at CAT meetings

Green Economy

- HB 2815 directs CTED, WSU and Employment Security to stimulate a cleaner, greener economy through work in 5 areas:
 - Definitions: green economy; green collar job
 - Labor market survey: What exists now?
 - Workforce development planning
 - Strategic plan to grow a green economy
 - Minority & Women-owned business enterprises
- Several agencies are working together on this
- The CAT will receive periodic updates

CAT Implementation Work Groups

- The primary activity of the 2008 CAT is to meaningfully advance achievement of GHG emissions reductions in Washington through the work of IWGs covering four subcategories
 - Beyond Waste, Energy Efficiency and Green Buildings, Transportation, and SEPA
- IWG process is designed to enable deliberate and constructive engagement for the purpose of creating implementable policies
 - Fully integrated with the CAT
- Requires meaningful participation from CAT members
 - CAT members will provide input, suggest needed analysis, and contribute to policy and program development at the IWG level.
 - CAT members are expected to maintain sufficient connectivity with all IWGs so as not to impede the advancement of IWG outcomes
 - This may be supported through discussions at CAT meetings
- IWGs serve in an advisory role to the CAT

Implementation Process Steps

- The CAT, supported by IWGs, will:
 - Review and refine the goals and tasks identified for each IWG.
 - Review and refine specific IWG inputs and deliverables.
 - Identify and describe the specific actions or programs necessary.
 - Assess GHG emissions reduction potential and costs and benefits (as appropriate and feasible).
 - Identify barriers to implementation, and propose solutions.
 - Evaluate and document equity impacts, and propose steps to ameliorate or mitigate them.
 - Identify and document public interest impacts, including direct impacts on the public, and implications for individual action or behavior change.
 - Assess budget implications and proposed revenue sources.
 - Set benchmarks and establish accountability.
 - Draft, review, finalize and affirm text for legislative, executive or other appropriate action as time allows.

IWG Co-Leads and Members

- IWG Co-Leads
 - Selected by the CAT Co-Chairs
 - Commit the time and effort required to successfully lead the IWG
 - Guide development and ensure successful completion of IWG outcomes by the deadline
 - Ensure that the majority of IWG members support the final policy proposal sent to the full CAT
 - Reasons for differing opinions on the proposal will be documented, if needed.
- IWG members
 - CAT members, and other experts appointed by Ecology and CTED as needed to perform the tasks
 - Identified by Ecology and CTED, in consultation with IWG Co-Leads

IWG Timing and Milestones

- IWG meeting structure, pacing and frequency varies by group
 - Allows each IWG to follow the process necessary to support its unique goals
- IWG milestones are designed to coincide with the CAT schedule:
 - By the 2nd CAT meeting (July 25):
 - Refine and prioritize specific tasks and deliverables
 - Develop detailed outlines of the specific actions or programs necessary
 - By the 3rd CAT meeting (September 8 & 9):
 - Analyze costs and benefits of the action or program and the likely tons of GHG reduction
 - Draft text for legislative, executive, or other appropriate action
 - By the 4th CAT meeting (October 14 & 15):
 - Finalize text for legislative, executive, or other appropriate action, fiscal notes (as needed)
 - Describe steps to address equity and public impacts
 - Propose benchmarks for accountability

IWG Scopes of Work

- Draft scopes of work have been developed by Ecology and CTED in collaboration with IWG Co-Leads for each IWG
- Scopes describe the specific and unique goal, tasks and deliverables to be accomplished by each IWG
 - Allows for the level of technical, analytical and process support required by the IWG to be determined and aligned with available resources
- Focused effort is required to enable significant progress in the timeframe
 - Some potentially relevant issues will move forward outside the IWGs
 - E.g. Ecology white paper on Low Carbon Fuels, CTED report on Plug-in Hybrids
 - Some issues will be placed in the parking lot due to lack of time to complete
- The CAT will review and affirm these scopes at today's CAT meeting
 - IWGs will be convened following today's meeting

Transportation IWG

- Goals:
 - Recommend tools and best practices to achieve the VMT reduction goals developed by the CAT in 2007 and established in HB 2815
 - Evaluate, explore implementation of, and recommend specific actions to reduce non-VMT GHGs
- Co-Leads:
 - Dennis McLerran, Puget Sound Clean Air Agency
 - Katy Taylor, WSDOT
 - Lon Wyrick, Thurston Regional Planning Council, MPO/RTPO/WSDOT Coordinating Committee

Energy Efficiency and Green Buildings IWG

- Goal:
 - Achieve significant emission reductions in Washington's built environment
 - Directly through reduced use of fossil fuel based energy
 - Indirectly by reducing the use of GHG-intensive products
- Co-Leads:
 - Ash Awad, McKinstry
 - Tony Usibelli, CTED

Beyond Waste

- Goal:
 - Significantly expand source reduction, reuse, recycling and composting and build on what is best and most successful in the current waste management system by developing an implementation plan targeting products and organic materials with the largest GHG reduction potential
 - Identified by the 2007 CAT as policy option AW-3.
- Co-Leads
 - Sejo Jackson, Snohomish County
 - Jay Shepard, Ecology
 - Jody Snyder, Land Recovery Inc.

SEPA

- Goal:
 - Develop recommendations to ensure that consideration of climate change is included in the State Environmental Policy Act (SEPA) processes and documents.
 - Recommendations to clarify how, where, and when to best address climate change in state and local government SEPA processes.
- Co-Leads:
 - Jim Lopez, King County
 - Dick Settle, Foster Pepper
 - Jeannie Summerhays, Ecology

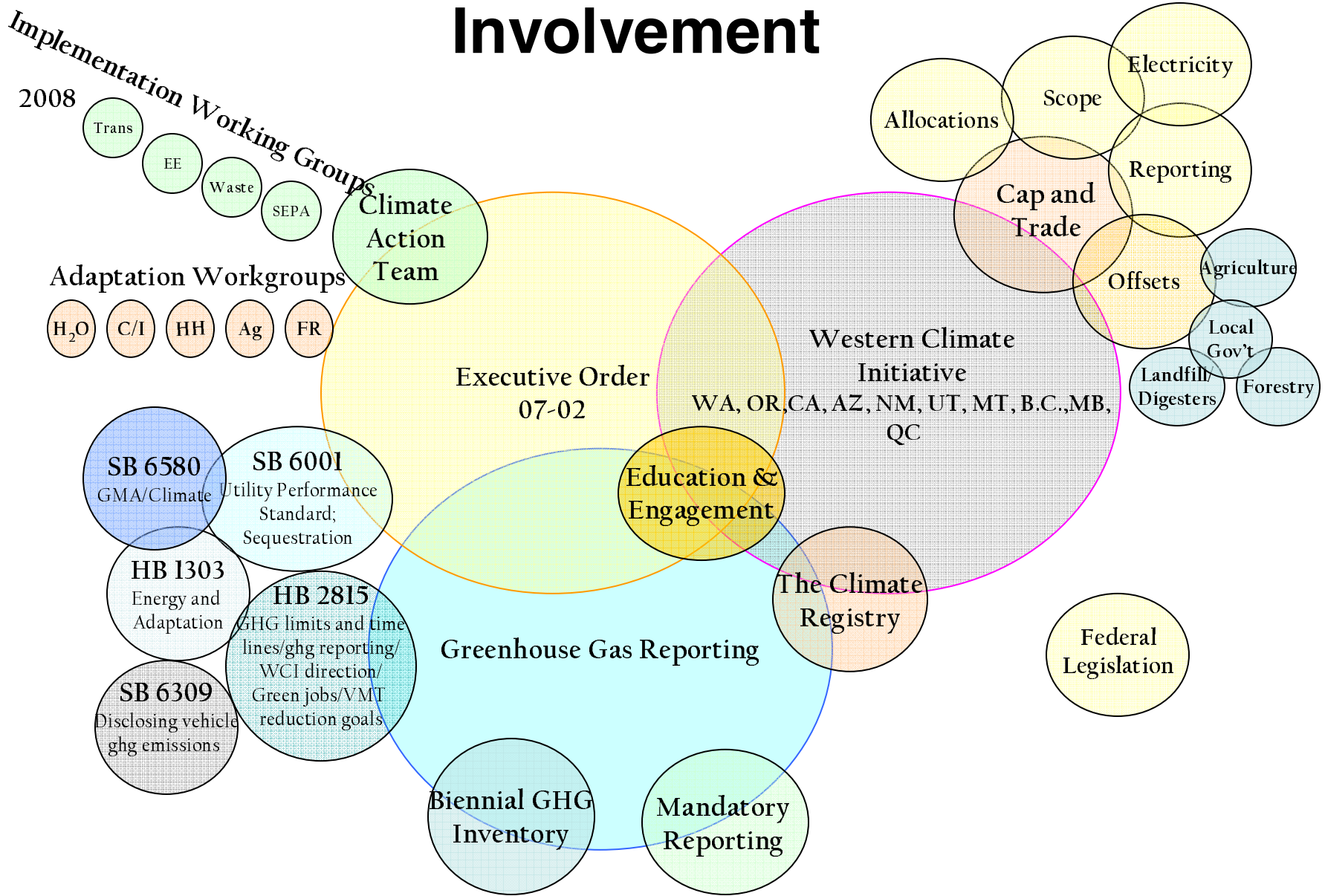


Climate Change

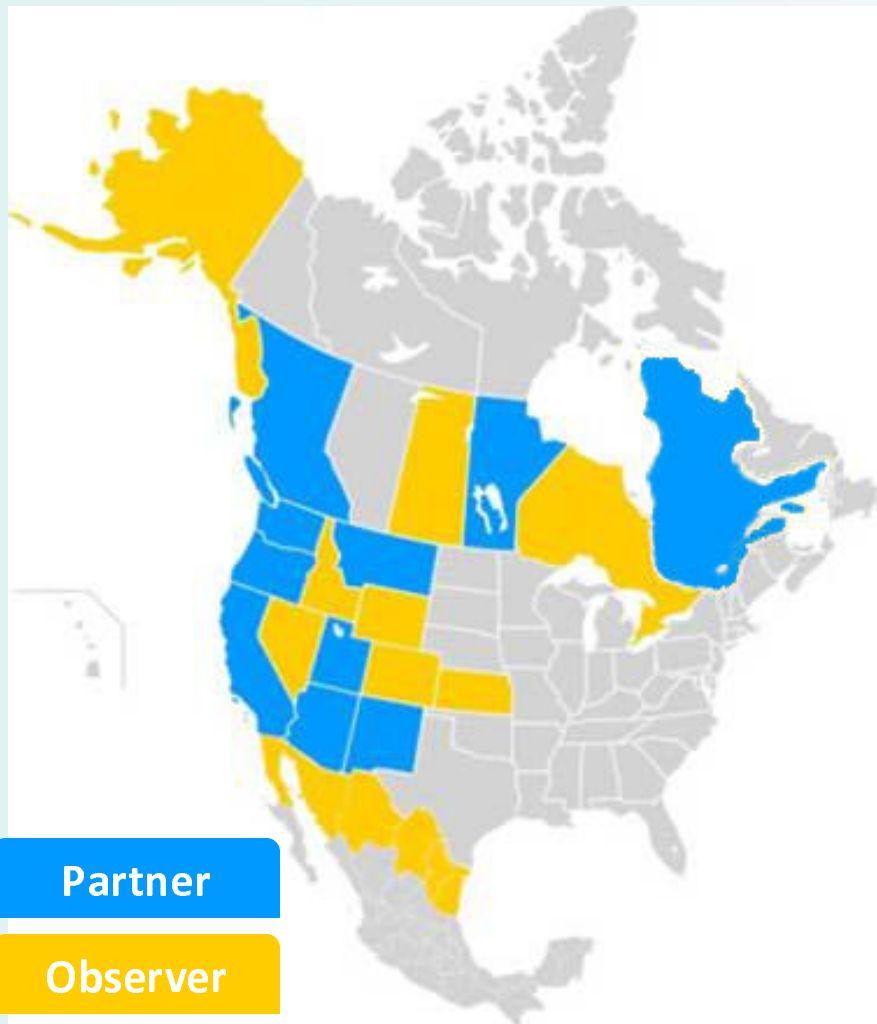
global warming

Update on WCI for
The Climate Action Team
May 13, 2008

State, Regional, National Involvement



Western Regional Climate Action Initiative (WCI)



- Develop regional strategies to address climate change
- Washington, Oregon, California, Arizona, and New Mexico signed in February, 2007
- Montana, Utah, British Columbia, Manitoba and Quebec have signed on
- 6 US states, 6 Mexican states and 2 Provinces are official observers

Collaboration includes

Three specific directives:

- Set a regional emissions reduction goal
- Join a multi-state registry to track, manage and credit reductions
- Design a regional multi-sector market-based mechanism

Joint work to:

- Promote clean and renewable energy in the region
- Increase energy efficiency
- Advocate for regional and national climate policies that are in the interest of western states
- Identify measures to adapt to climate change impact

Western Climate Initiative Status

Achieved two of the three directives:

- A regional goal established
 - 15% below 2005 by 2020
 - Committed to long term reductions to significantly lower the risk of dangerous threat
- All partners and observers have joined The Climate Registry as founding members

The fine art of balancing

- WCI is a microcosm of United States
 - Big/small
 - Urban/rural
 - Hydro/coal/oil and gas
 - More liberal/more conservative
 - Economically diverse/limited economic base
- Multiple stakeholders, all of whom want to “help,” most of whom don’t agree with one another
 - Let’s get on with it -- be cautious; don’t make mistakes
 - Make sure it’s a fully regional market -- make sure the other jurisdictions agree with us
 - We want to trade -- we don’t want to pay

Design Principles

- Equitable, administratively simple, clear compliance path
- Maximize total benefits and avoid localized or disproportionate environmental or economic impacts
- Advance economic, environmental, and public health objectives;
- Real, verifiable, enforceable reductions
- Stimulate investment and reward innovations
- Encourage reductions beyond capped sectors/sources
- Recognition/incentives for early reductions
- Transparent and robust accounting system
- Minimize potential for leakage
- Facilitate links to other systems

Timeline

- 5 subcommittees underway
 - Preliminary recommendations released in Feb and March, 2008
- Consolidated recommendations anticipated May 15, 2008
- Initial draft design mid-Summer, 2008
- ‘Final’ design recommendations late Summer, 2008
- Intense stakeholder work Fall – Winter, 2008
- Continued work with partners on design details

Subcommittees

- Scope
 - Sectors; sources; gases and point(s) of regulation
- Allocations
 - Apportioning allowances under the cap
 - Recognition for early action
- Electricity
 - Point(s) of regulation
- Reporting
 - Coordination: Regional, TCR, EPA; Verification
- Offsets
 - Project location and types; limits; links to other systems

Scope

Initial Recommendations to date

- Large Stationary Combustion
 - Industrial Process
 - Waste Management
 - Fossil Fuel Production and Processing

Expected this week

- Residential and commercial fuels

Still to be decided

- Transportation Fuels
- Threshold levels
- Point of regulation for each covered sector

Allocations

Initial Recommendations to date

- 3 year compliance period with “special” initial compliance period
- Banking, no borrowing
- Allowance distribution by partners
- Minimum percentage auctioned
- Early action credits come from partner budgets

Still to be decided

- Program start date
- Rules for initial compliance period
- Amount of auction v. free distribution
- Partner allowance budget

Reporting

Initial recommendations to date

- Common “essential elements” by all partners
- Use The Climate Registry infrastructure
- Begin reporting before cap and trade starts

Still to be decided

- Identification of essential elements
- Reporting start date
- Coordination with EPA

Offsets

Initial Recommendations to date

- Include offsets as alternative compliance
- ***Expected this week***
- Pre-approved projects
- Project based approval
- Use standardized protocols including protocols developed by WCI

Still to be decided

- Limits: in quantity or geographically
- Offsets and allowances from other systems (EU ETS; RGGI)

Electricity

- Two designs proposed for point of regulation
 - Generator based
 - Generators in partner jurisdiction only
 - Would not cover emissions from other states, federal government or tribes
 - First Jurisdictional Deliverer
 - Generators in partner jurisdiction and
 - First party to deliver electricity generated outside WCI partners (imported power)

Overarching Recommendation

- Create joint structure for administration
 - coordinate review and adoption of protocols
 - coordinate review and issuing of offsets
 - provide the criteria and means to accredit verification service providers
 - coordinate the regional auction of allowances
 - track emissions and allowances
 - monitor and report on market activity

Next steps or how we'll spend our summer vacation

- *A lot* of work remains to be done
 - Much more is “still to be decided” than indicated
 - Some initial recommendations may be revamped or eliminated as the program comes together
 - Work with stakeholders and legislators after “final design” is drafted
 - Prepare for the 2009 legislative session
 - Continue WCI work on next level details – post September
 - Work with our Congressional delegation



Climate Change

global warming

www.ecy.wa.gov/climatechange/index.htm

Washington's Long-Term Response to Climate Change

- The CAT will function as a 'committee of the whole' in considering governance and revenue implications, and broader funding issues, related to the State's long-term climate change program
- In light of everything that has to happen to address climate change and the activities that are underway, what are some of the likely funding and support needs that might emerge?

Next Steps

- May & June - IWGs meet to:
 - Review the goal and tasks
 - Review and refine specified inputs and deliverables
 - Determine timing and prioritization
 - Outline the specific actions or programs necessary to implement each strategy.
- July 25, 2008, Spokane - CAT Meeting #2:
 - Review and affirm IWG progress
 - Consider governance and financing in light of the emerging policy package
 - Discuss connectivity between climate workgroups and other climate activity in Washington and regionally
- Interim WCI milestones:
 - May 21: WCI stakeholder meeting, Salt Lake City, UT
 - June 5: WA stakeholder meeting to discuss draft WCI design recommendations
 - Mid-July: Draft recommendations released

Public Comment

For More Information and to Submit Written Comments

[www.ecy.wa.gov/climate change](http://www.ecy.wa.gov/climate%20change)