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## PROTECT WASHINGTON ACT, A CARBON FEE INITIATIVE

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The following is a summary of the final language of the carbon fee citizen ballot initiative (1631) filed with Washington's Secretary of State on March 2, 2018.

|                                     | Summary of the Protect Washington Act  |
|-------------------------------------|--|
| <b>Carbon Price</b>                 | \$15/metric ton of carbon dioxide  |
| <b>Annual Increase</b>              | \$2 per year plus inflation. If state's 2035 carbon emission reduction goal is met and 2050 goal is likely to be met, subsequent increases are only for inflation.   |
| <b>Revenue Allocation</b>           | <ul style="list-style-type: none"> <li>• \$1.2 billion estimated year 1 revenue, increasing each year. After admin costs, revenues are divided:</li> <li>• 70% Clean Air and Clean Energy</li> <li>• 25% Clean Water and Healthy Forests</li> <li>• 5% Protecting Communities</li> </ul>   |
| <b>Fee Exemptions</b>               | <ul style="list-style-type: none"> <li>• Tribal fuel purchases that are already exempt from state tax</li> <li>• Fossil fuels or electricity exported from Washington</li> <li>• Fossil fuels for utility power production</li> <li>• Emission Intensive Trade Exposed (EITE) facilities identified in the WA Clean Air Rule or state Dept. of Commerce rulemaking</li> <li>• Aviation and maritime fuels</li> <li>• Special fuels already tax exempt</li> <li>• Agricultural diesel, biodiesel, or aircraft fuel</li> <li>• Coal power from plants already scheduled to close by end of 2025</li> </ul>   |
| <b>Oversight and Accountability</b> | <ul style="list-style-type: none"> <li>• Public Oversight Board evaluates funding proposals, adopts rules, reports on effectiveness to Gov. and Legislature, and develop tribal consultation process.</li> <li>• 15 voting members, including a chair, 6 co-chairs of the advisory panels below, 4 agency heads (Commerce, Ecology, RCO, and Public Lands Commissioner), and 4 at-large appointed by the Gov. (including one tribal representative). DOT, DOH, and SPI are non-voting members. Full-time chair appointed by Gov., can hire staff, presides over a climate sub-cabinet of state agency representatives.</li> <li>• Three Advisory Panels: appointed by the Gov. At least one third to represent pollution and health action areas. Panels develop criteria for fundable projects, recommend funding, can recommend rule language to Oversight Board. The Advisory Panels are: 1). Clean Air and Clean Energy Advisory Panel, 2) Clean Water and Healthy Forests Advisory</li> </ul> |

|  |   |
|--|---|
|  | <p>Panel, and the 3) Environmental and Economic Justice Advisory Panel.</p> <ul style="list-style-type: none"> <li>• Every 4 years, Commerce reports on progress in carbon pollution reduction and in meeting intent of investment accounts in a timely and cost effective manner, gives recommendations for improving implementation.</li> </ul>   |
| <p><b>Notable Funding Provided</b></p> | <ul style="list-style-type: none"> <li>• <b>Fuel efficiency in vehicles and vessels.</b> Owners of vehicles and vessels can apply for funds to increase fuel efficiency, where they lack practical options to switch to zero-emissions (electric) propulsion, low-carbon fuels, or transit.</li> <li>• <b>Resilience of waters and forests to climate impacts.</b> Covers both freshwater and marine, reducing flood risk, increasing clean water supply, stormwater infrastructure.</li> <li>• <b>Carbon sequestration, protection of working lands.</b> Includes sequestration in soils, farms, forests, marine environments, protection of carbon-sequestering farm and forest lands.</li> <li>• <b>Wildfire suppression, response and recovery,</b> including forest health to boost resilience to drought, heat, insects.</li> <li>• <b>Public school education</b> on climate impacts and emissions reduction.</li> <li>• <b>High-speed broadband</b> in rural communities to reduce driving and support remote job training, telemedicine etc</li> <li>• <b>Accelerated deployment of zero-emission vehicles,</b> including off-road and maritime</li> </ul> |

**Initiative Goals**

The ballot initiative goal is to achieve emissions reductions, in combination with other state policies, that deliver Washington’s proportional share of global emission reductions needed to keep temperature increases below 2 C and preferably under 1.5 C. The goals of the pollution reduction investment plan are to reduce the state's carbon emissions from 2018 levels by a minimum of 20 million metric tons by 2035 and a minimum of 50 million metric tons by 2050 while creating economic, environmental, and health benefits.

**What is a Carbon Fee?**

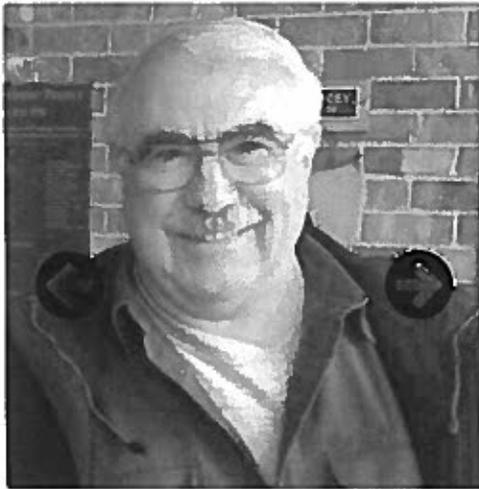
A carbon fee places a price on emissions of carbon dioxide and other greenhouse gases, with revenues dedicated to reduce pollution and alleviate impacts. The carbon fee would be collected at the first sale of coal, oil, or natural gas entering the state. Unlike tax revenue, fee revenue may not be diverted to other purposes.

# Guest column: Shape plans to cut carbon emissions for coastal communities

The risks and damages just keep mounting

By Mike Cassinelli and Brad Warren Special to The Daily Astorian

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SUBMITTED PHOTO

Mike Cassinelli

Abundant fisheries are Ilwaco's lifeblood, so I take an interest in reducing the carbon emissions that undercut the ocean's ability to produce seafood. I own a charter fishing operation and currently serve as mayor of Ilwaco.

Why do I care? Overheated river water killed half the sockeye salmon returning to the Columbia River in 2015. That year a warm-water "blob" in the ocean helped fuel an algae bloom that fouled some of our main fisheries with a neurotoxin called domoic acid. It caused job-destroying closures of Dungeness crab fishing. It shut the razor clam harvest that draws hundreds of thousands of visitors to Washington's coast.

The risks and damages just keep mounting. Ilwaco's biggest private employer is a fish plant that relies on city water from a forested watershed. Logging and climate change could destabilize our water supply.

A citizens' initiative is being drafted that could help Washingtonians prosper and cut carbon pollution. The measure needs improvement to reduce emissions enough and to fit rural realities. But the proposition wending toward ballots in

2018 stands a decent chance of passing.

The Alliance for Jobs and Clean Energy proposal would raise about \$1.2 billion a year initially and reinvest the money to reduce pollution, ease climate impacts, and mitigate inequitable impacts of carbon pricing. A few percent of revenues are reserved to aid workers who could lose their jobs if big polluters close shop and energy-intensive businesses costs rise. Administrative expenses are capped at 5 percent. For the balance, the Alliance promises 70 percent for clean energy and 30 percent for water and forest projects.

Carbon revenues might help us protect Ilwaco's water supply. They could help build an efficient cold storage, saving the cost and emissions from trucking our tuna all the way to Bellingham and back. With some adjustments, this plan has potential. Suggestions:

- **Achieve Washington's greenhouse gas targets.** An initial model forecast indicates that the Alliance plan (as previewed in 2017's H.R. 1646) would fall short of state emission targets. Why shoot to miss? Recommendation: Model emissions outcomes and adjust the proposed investment priorities (and complementary rules) until the plan can deliver.
- **Keep costs low.** The proposed starting price of \$15 per metric ton of carbon dioxide (13.5 cents/gallon of gas) could fund transformative investments in a cleaner economy. But the Alliance has proposed to raise the tax as much as 7 percent annually whenever emissions exceed goals. Other states are achieving — and beating — emissions targets with low carbon prices. Why not Washington? Recommendations: Limit the tax to \$15 for at least five years. Cap later price hikes at the rate of local wage increases by county.
- **Protect rural communities.** Because we lack Seattle's density, wealth and infrastructure, some criteria in the Alliance proposal could exclude us. Recommendations: Make sure carbon revenues help rural people drive down our fuel bills. Reserve 25 percent of carbon revenues for rural areas. Allow rural projects that use fossil fuels if they reduce emissions. Wherever labor standards govern investments, use average local wages by county.
- **Fund projects to improve fuel efficiency in both vehicles and commercial marine vessels.** Transportation produces nearly half of Washington's carbon emissions. We need investment guidelines that make improvements affordable, not unattainable. Recommendations: Use simple, cheap "input and output" measures to confirm emission reductions in transport (instead of picking winners by defining "verified" technologies). Fuel purchase records, fuel flow meters and biannual emission tests might work.
- **Don't isolate Washington.** The Alliance has proposed to prohibit investments to reduce any emissions that occur outside the state. This disadvantages residents who buy fuel at home but burn much of it out of state (including fishermen). It will also impair efforts to link arms across borders to meet this big, shared challenge. Recommendations: Explicitly permit investments that reduce emissions from vessels or vehicles owned by Washington individuals or entities, regardless of whether those emissions occur within the state.

These are just a few ideas to refine the Alliance's plan to work for fishery-dependent communities like ours. The Alliance has made a decent start tackling a problem that matters to all of us, but they have their own priorities. Now it's up to the rest of us to help shape that plan into a solution we can support (and live with). Time is short. Probably by the end of October, the window will close to adjust initiative language. How to get involved? Join the Working Group on Seafood and Energy, which helped me learn enough to speak up.

*Mike Cassinelli is the mayor of Ilwaco, Washington. Brad Warren is senior adviser to the Working Group on Seafood and Energy, a trade organization representing the seafood industry, coastal communities and fishery-dependent tribes.*

## Estimated fuel cost effect of I-1631

| Cost with Price applied to ton of CO2, with 2.1% inflation and \$2 |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
|  | Year 1    | year 2    | year 3    | year 5    | year 10   |
| Price/ton  | \$ 15.00  | \$ 17.36  | \$ 19.77  | \$ 24.74  | \$ 38.08  |
| Price/ gallon gas  | \$ 0.13   | \$ 0.15   | \$ 0.18   | \$ 0.22   | \$ 0.34   |
| Price/gallon diesel  | \$ 0.15   | \$ 0.18   | \$ 0.20   | \$ 0.25   | \$ 0.39   |
|  |           |           |           |           |           |
| Cost of 10k miles/yr (gas)   | \$ 59.09  | \$ 68.18  | \$ 363.64 | \$ 104.55 | \$ 154.55 |
| Cost of 20k miles/yr (gas)   | \$ 118.18 | \$ 136.36 | \$ 163.64 | \$ 209.09 | \$ 309.09 |
|  |           |           |           |           |           |
| Cost of 10k miles/yr (diesel)                                      | \$ 68.18  | \$ 81.82  | \$ 90.91  | \$ 113.64 | \$ 177.27 |
| Cost of 20k miles/yr (diesel)                                      | \$ 136.36 | \$ 163.64 | \$ 181.82 | \$ 227.27 | \$ 354.55 |
|  |           |           |           |           |           |
| Propane per gallon (home & business use)                           | \$ 0.09   | \$ 0.10   | \$ 0.11   | \$ 0.14   | \$ 0.22   |
| Natural gas per therm  | \$ 0.08   | \$ 0.09   | \$ 0.10   | \$ 0.13   | \$ 0.20   |

Inflation is represented here at the 2017 rate of 2.1%

**Notes:** the price stops rising when the state's 2035 emissions goal is met and emissions are on trajectory to meet 2050 goal.



# RGGI and Energy Efficiency Saving Jobs



## Contractors Hired by Madison Paper

- AMEC, Portland
- A C Electric Corp, Auburn
- CCB, Inc, Old Town
- Horizon Lighting & Energy Services, Portland
- Kennebec Supply, Division of FW Webb, Waterville
- Millennium Power Services, Fairfield
- New England Controls, Inc, Bangor
- Sullivan & Merritt Constructors, Hinckley
- Trask-Decrow Machinery, S. Portland
- Zampell Refractories, Auburn

## Employment Impact

Several full time positions and many local jobs have been secured because of the efficiency projects. These jobs will also provide ongoing economic stability to the immediate area, supporting many other jobs in the area.

## Other Madison Paper Efficiency Projects

Through Efficiency Maine's Business Program, which is partially funded by RGGI, Madison Paper has also received \$87,000 to install an energy-efficient air compressor and lighting. These improvements will save Madison Paper an additional \$93,000 annually.

### Lighting Project through Efficiency Maine Business Program

- Project Cost: \$48,891
- Efficiency Maine Incentive: \$16,483
- Projected Savings: \$24,212 per year (302,655 kWh per year)
- Payback Period: 1.3 years

### Air Compressor Project through Efficiency Maine Business Program

- Project Cost: \$161,891
- Efficiency Maine Incentive: \$70,827
- Projected Savings: \$68,419 per year (855,242 kWh per year)
- Payback Period: 1.3 years

## Future of RGGI

RGGI delivers significant benefits to Maine and the region. However, future prospects are uncertain. Maine, so far, has done a good job protecting the revenue from RGGI to be invested in cost-saving energy efficiency. To deliver maximum benefits to ratepayers, Maine should continue to dedicate RGGI revenue to energy efficiency investments, and ensure the program continues to succeed.

*The Regional Greenhouse Gas Initiative (RGGI) is a ten state program that reduces global warming pollution from power plants using a market-based approach that spurs investment in energy efficiency. Maine joined RGGI in 2006, and today it is delivering a cleaner, more efficient electric sector and a more energy-independent and competitive economy for Maine.*

### 2010 RGGI Industrial Beneficiaries

| RGGI Grant Recipient                 | Grant Amount |
|--------------------------------------|--------------|
| Bowdoin College, Brunswick           | \$400,000    |
| GAC Chemical, Searsport              | \$314,000    |
| Huhtamaki, Fairfield                 | \$400,000    |
| Irving Forest Products, Dixfield     | \$706,500    |
| Jackson Laboratory, Bar Harbor       | \$369,000    |
| Madison Paper, Madison               | \$1,082,000  |
| Moose River Lumber, Jackman          | \$450,000    |
| Mt. Abram Ski Area, Greenwood        | \$129,000    |
| Prime Tanning Company, Hartland      | \$667,500    |
| SAPPI, Hinckley                      | \$301,000    |
| State of Maine, Augusta              | \$750,000    |
| Stonyvale Farms, Exeter              | \$650,000    |
| Twin Rivers Paper, Madawaska         | \$500,200    |
| University of Maine, Orono           | \$300,000    |
| University of New England, Biddeford | \$154,000    |

*To date, RGGI has generated \$8.8 million to be used in Maine's manufacturing sector alone. These funds have spurred an additional \$18.5 million in private investment and are generating tens of millions of dollars in annual energy savings.*

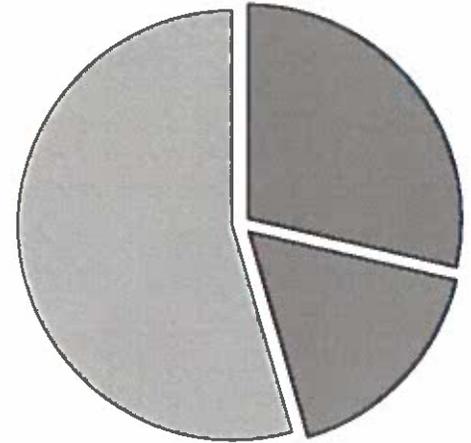
# RGGI Saving Energy & Money in Maine

## For Every RGGI \$1 Invested, Maine Consumers Save \$4

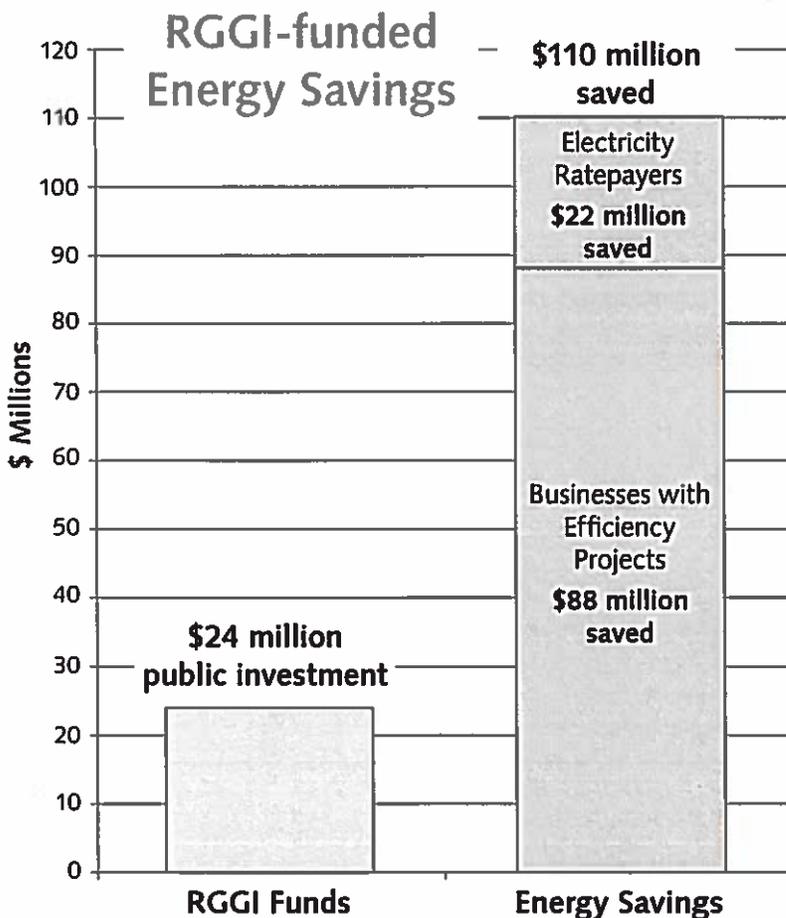
Since RGGI took effect in late 2008, Maine has invested approximately \$24 million from its sale of carbon credits in energy efficiency projects, generating \$110 million in energy savings for Maine people and businesses (the benefit-cost ration of these investments has averaged 4 to 1—the highest in the RGGI region).<sup>1</sup>

## Efficiency Maine's Allocation of RGGI Funding

- Large Project Fund **\$7.1 million**
- Business Program **\$13.5 million**
- Residential Program **\$4.2 million**



Source: Efficiency Maine



## Maine Businesses and Ratepayers Have Saved \$110 Million on Energy Bills

In Maine, a third of RGGI funds were distributed as large grants to improve energy efficiency at industrial companies like Madison Paper Industries. Most of the remaining funds helped Efficiency Maine's Business Program serve other businesses, and a small amount supported residential energy efficiency improvements and low-income weatherization projects. In total, these investments will save Maine energy users more than \$110 million over the coming years—including about \$22 million in savings among all electricity ratepayers, and \$88 million for the scores of businesses that completed efficiency projects.

Because energy efficiency investments such as these keep money in Maine's economy, RGGI also produces economy-wide benefits. For every dollar invested in energy efficiency in Maine, there is a \$5 increase to the state's gross state product (GSP). So far, Maine's GSP has grown by \$115 million because of RGGI, and it is expected that about 135 jobs will be created for 10 years as a result.<sup>2</sup>

<sup>1</sup> "Economy-wide Benefits of RGGI", Environment Northeast, December 2010, Table 1

<sup>2</sup> Ibid.

## For more information:

1. To save money in your home or business with energy efficiency, contact **Efficiency Maine**, at [www.energymaine.com](http://www.energymaine.com) or call toll-free 1 (866) 376-2463.
2. Learn more about RGGI, energy efficiency opportunities and benefits, clean energy jobs, or additional case studies by visiting the **Natural Resources Council of Maine (NRCM)** online at [www.nrcm.org/issue\\_cleanenergy.asp](http://www.nrcm.org/issue_cleanenergy.asp).
3. Please help support strong energy efficiency policies and programs in Maine. Stay informed by joining **NRCM's Action Network**: visit [www.nrcm.org](http://www.nrcm.org) or contact Emmie Theberge at [emmie@nrcm.org](mailto:emmie@nrcm.org) or (207) 430-0105.



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