

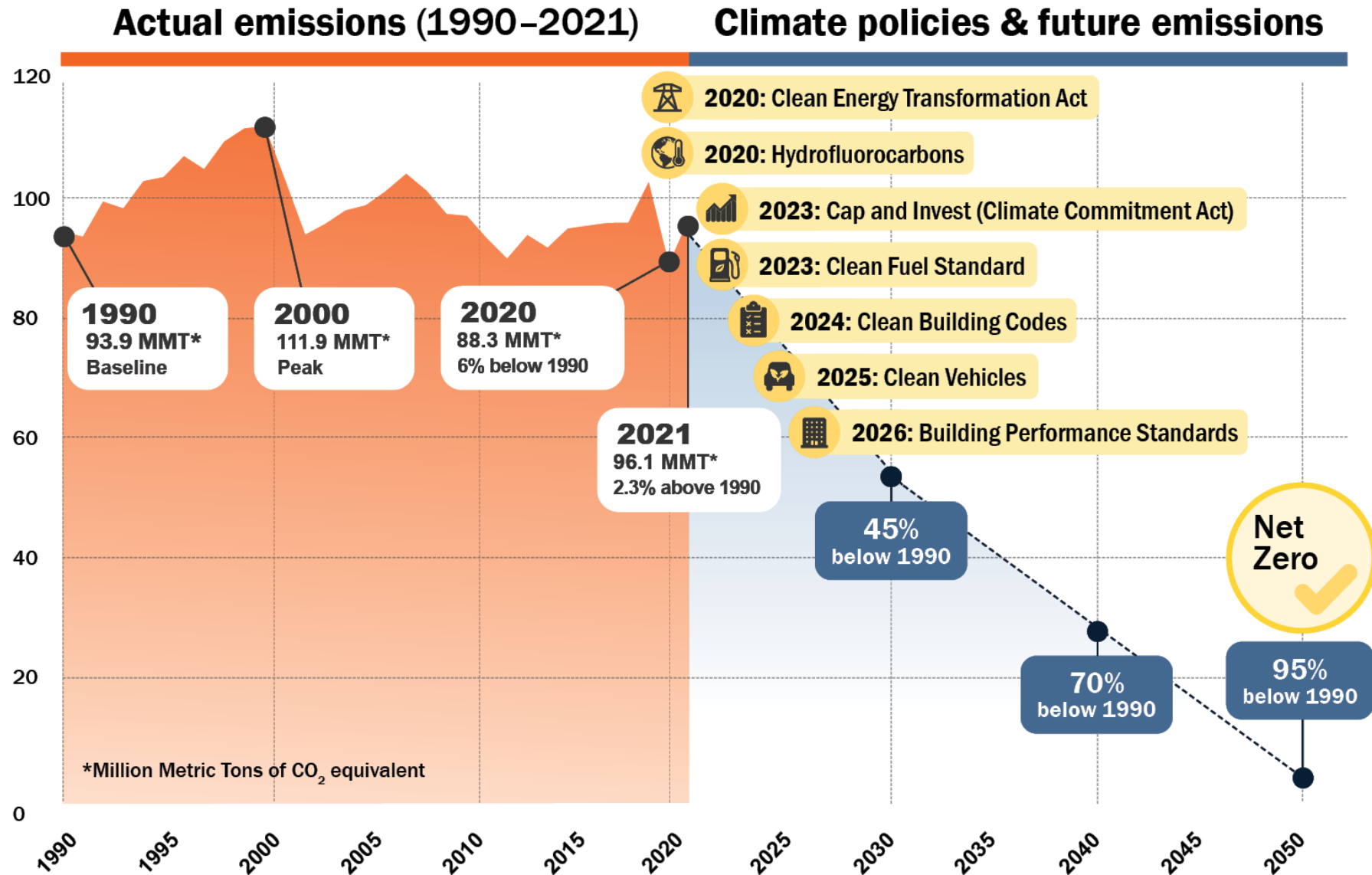


Washington's Climate Commitment Act

Joel Creswell, Climate Pollution Reduction Program Manager

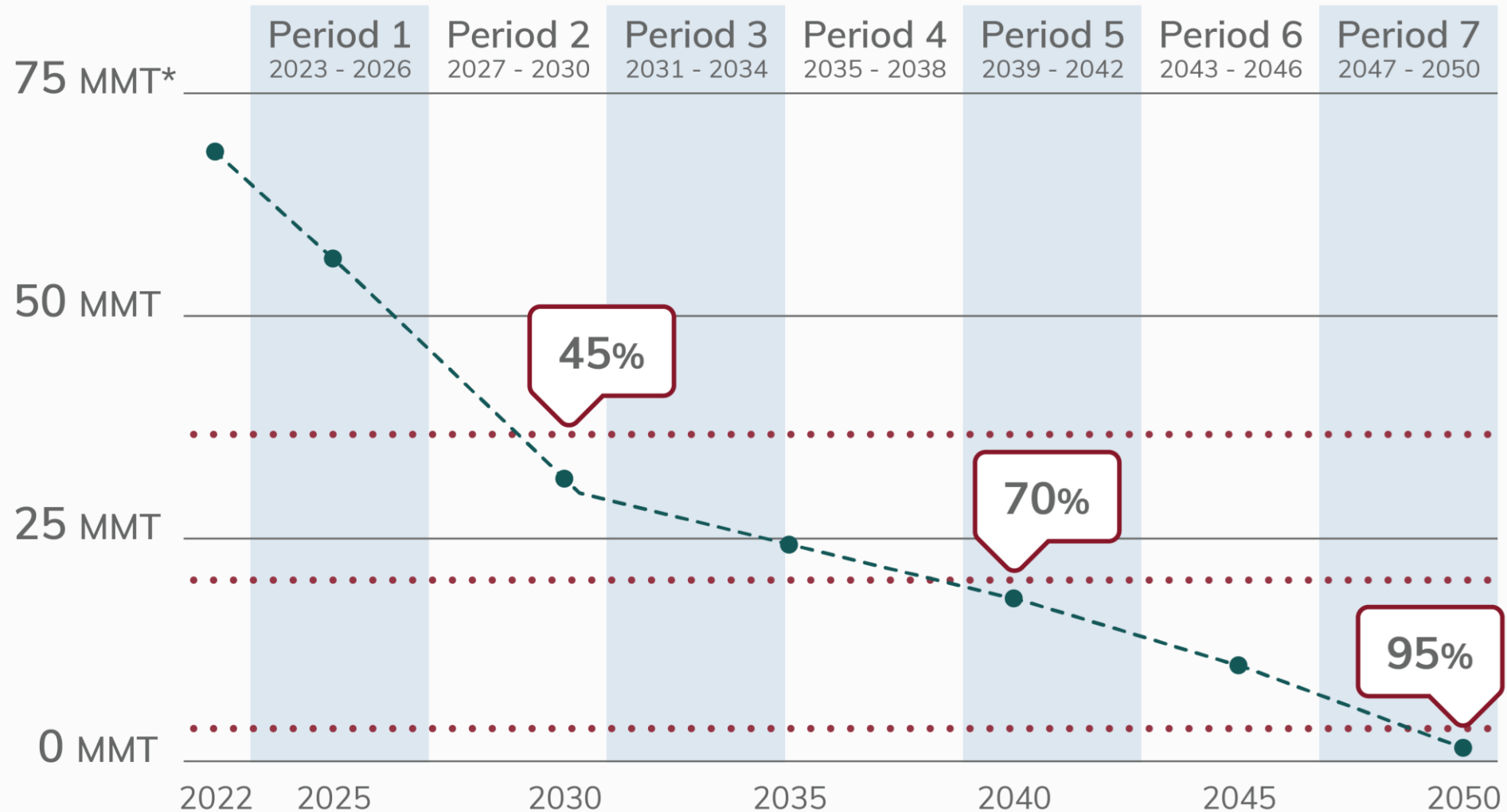
September 30, 2025

Tracking Washington's Greenhouse Gases



Projected allowance budgets over time

*million metric tons of CO₂ equivalent



Climate Commitment Act: Cap-and-Invest

- Caps emissions, cap declines over time
 - Emissions cap = allowance budget
 - One allowance = one metric ton of CO₂ equivalent
- Entities must obtain allowances/offsets for “covered emissions”
 - Some entities receive no-cost allowances
 - Annual compliance deadlines
- Allowances sold by state to generate revenue
 - Allowances can also be traded between entities or consigned to auction



Which emissions are covered?

Covered emissions (~70%)



Facilities



Fuel suppliers



Electricity imports



Natural gas
suppliers

Not covered (~30%)



Fuels used for
agricultural
operations



Fuels used for
maritime and aviation



Waste-to-energy*



Railroads*

**will be added to
covered emissions in
the future*

Cap-and-Invest participants



Covered entities

Greenhouse gas emitters that meet the program thresholds; participation is required



General market participants

Person who wants to buy, sell, or trade allowances as a financial instrument



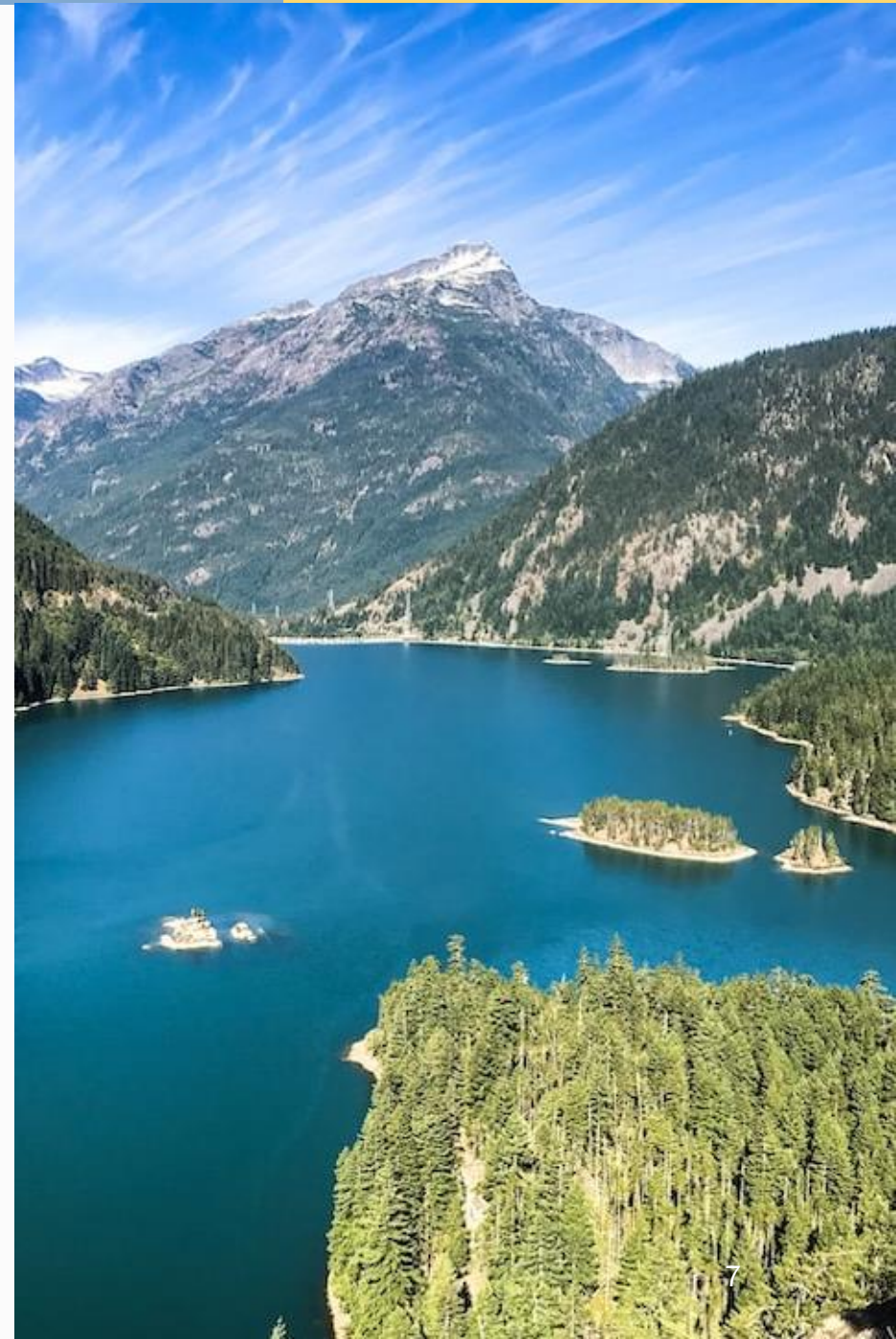
Opt-in entities

Greenhouse gas emitters that don't meet the covered emission thresholds but choose to participate

Climate Commitment Act: Air quality protections

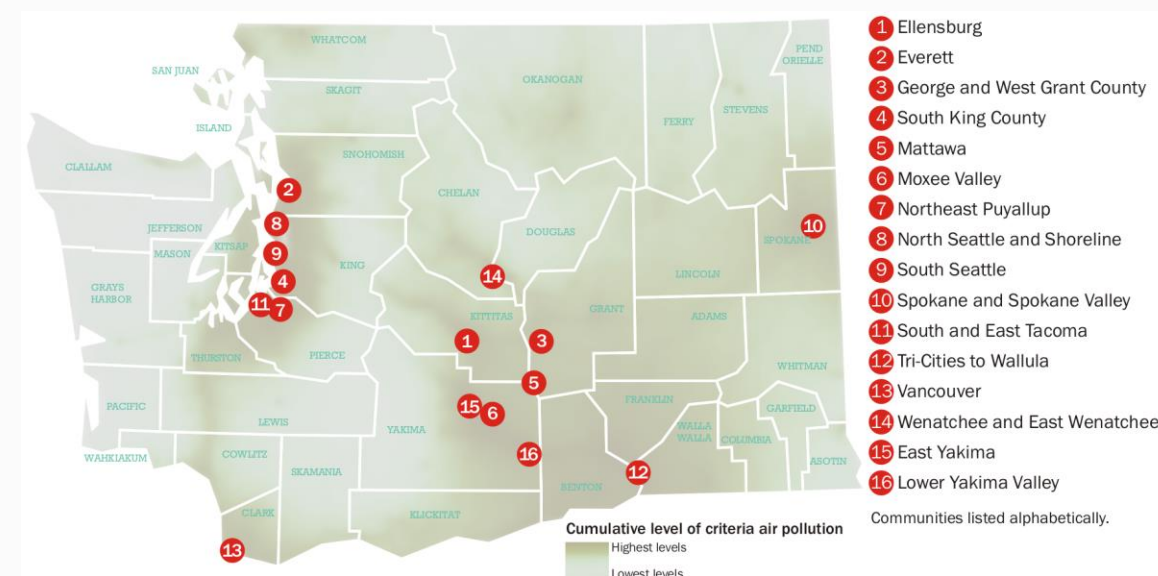
Ecology must:

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



Climate Commitment Act: Additional environmental justice provisions

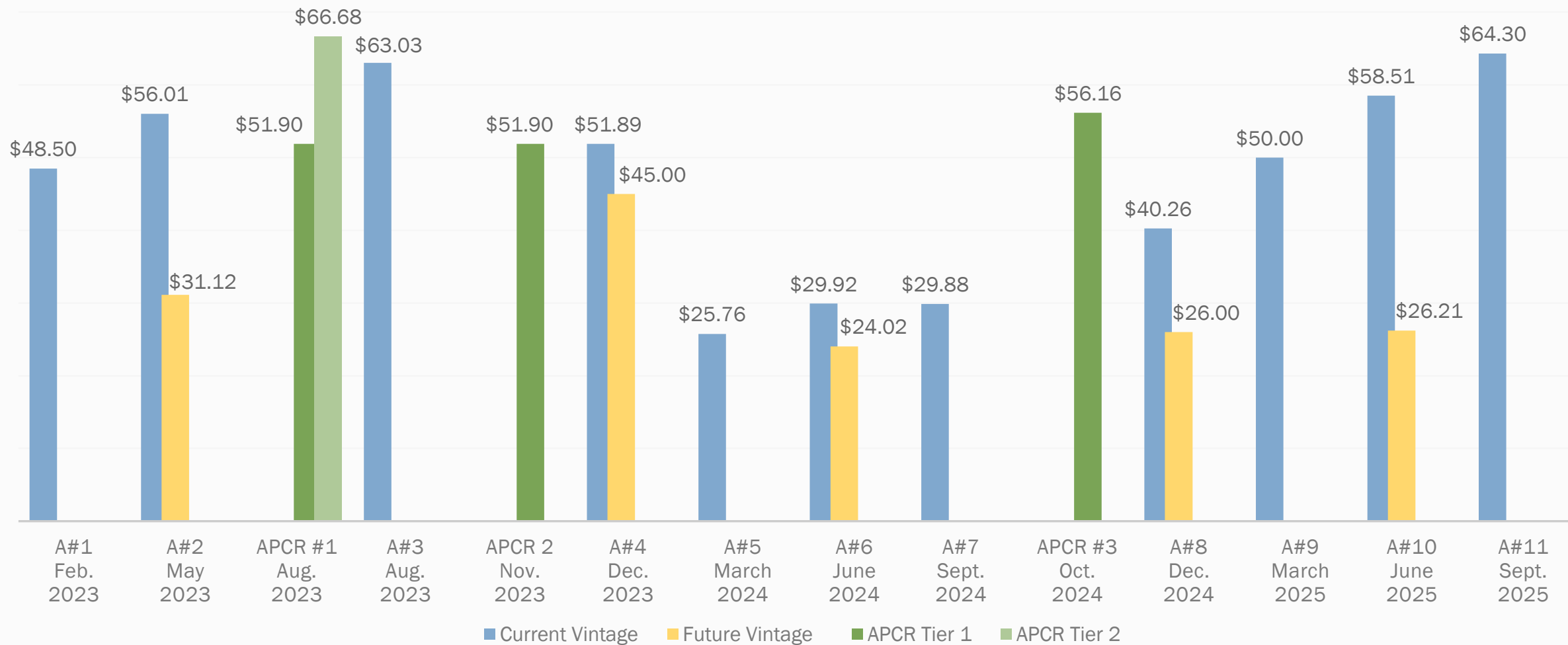
- Restricting the use of offset credits
- Prioritizing funds to Tribes and overburdened communities
- Environmental Justice Council engagement
- Environmental Justice Assessments
- Regular reporting
- Prioritizes proceeds from sale of utility no-cost allowances to low-income customers





Auctions and market

Auction settlement prices



Auction revenue to date

Auction description	Proceeds to Washington	Proceeds to utilities
Total public proceeds in 2023	\$1,824,524,331	\$376,498,151
Total public proceeds in 2024	\$810,765,278	\$319,923,016
Auction #10 June 2025	\$322,366,000	\$126,035,572
Auction #11 Sept. 2025	\$295,780,000	\$150,269,164
Total public proceeds in 2025, so far	\$848,146,000	\$413,609,486
Sum of proceeds, to date	\$3,483,435,609	\$1,110,030,653



Use of funds

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.

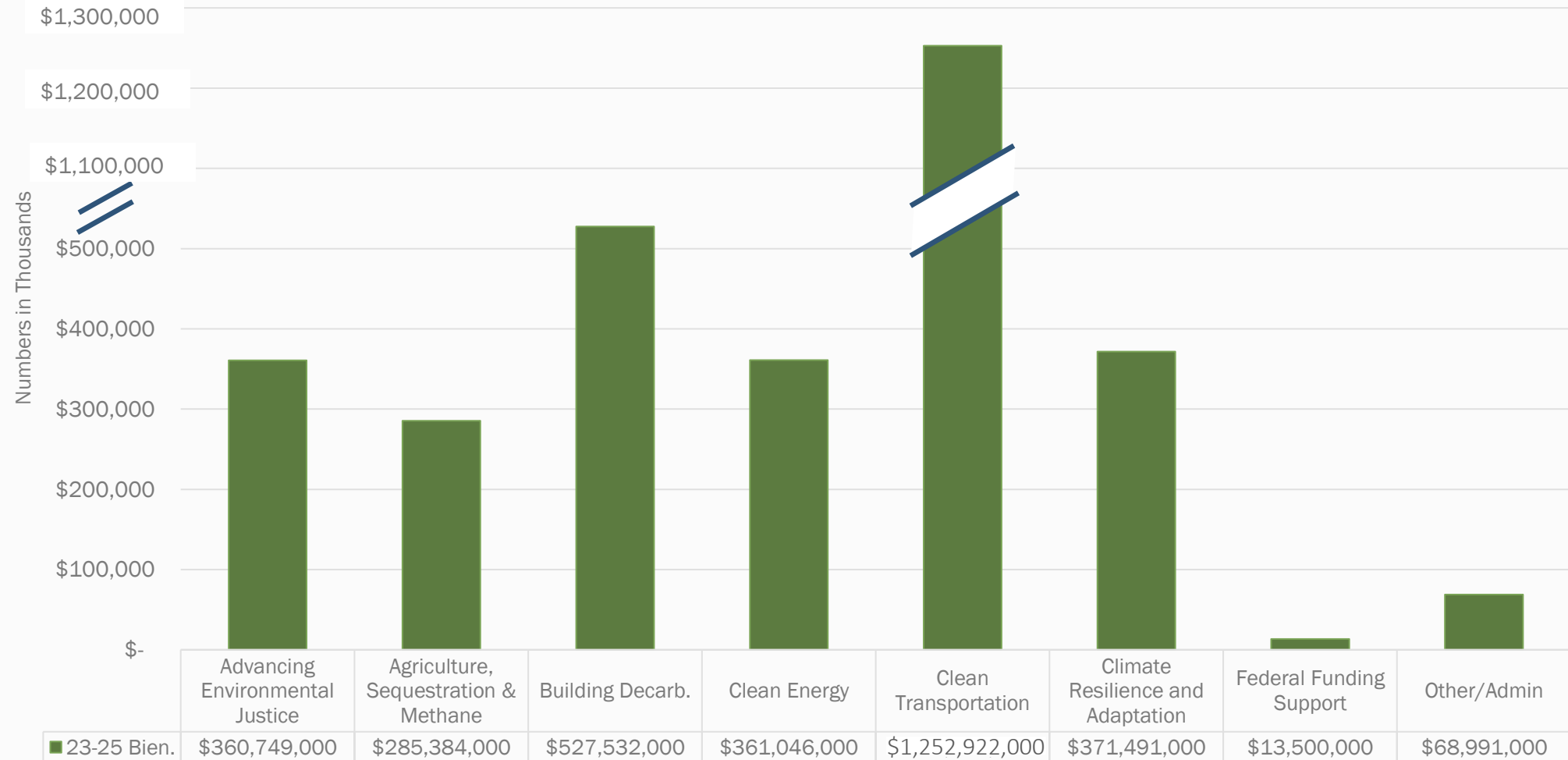
Subject to appropriation by the Legislature.

Climate Commitment Act funds

- Legislature determines which activities and projects are funded
- At least 35% of revenue to directly benefit vulnerable populations within overburdened communities
 - Goal = 40%
- 10% of revenue to projects with supported by Tribal resolution
- For an overview of investments, visit: tinyurl.com/CCAFunds

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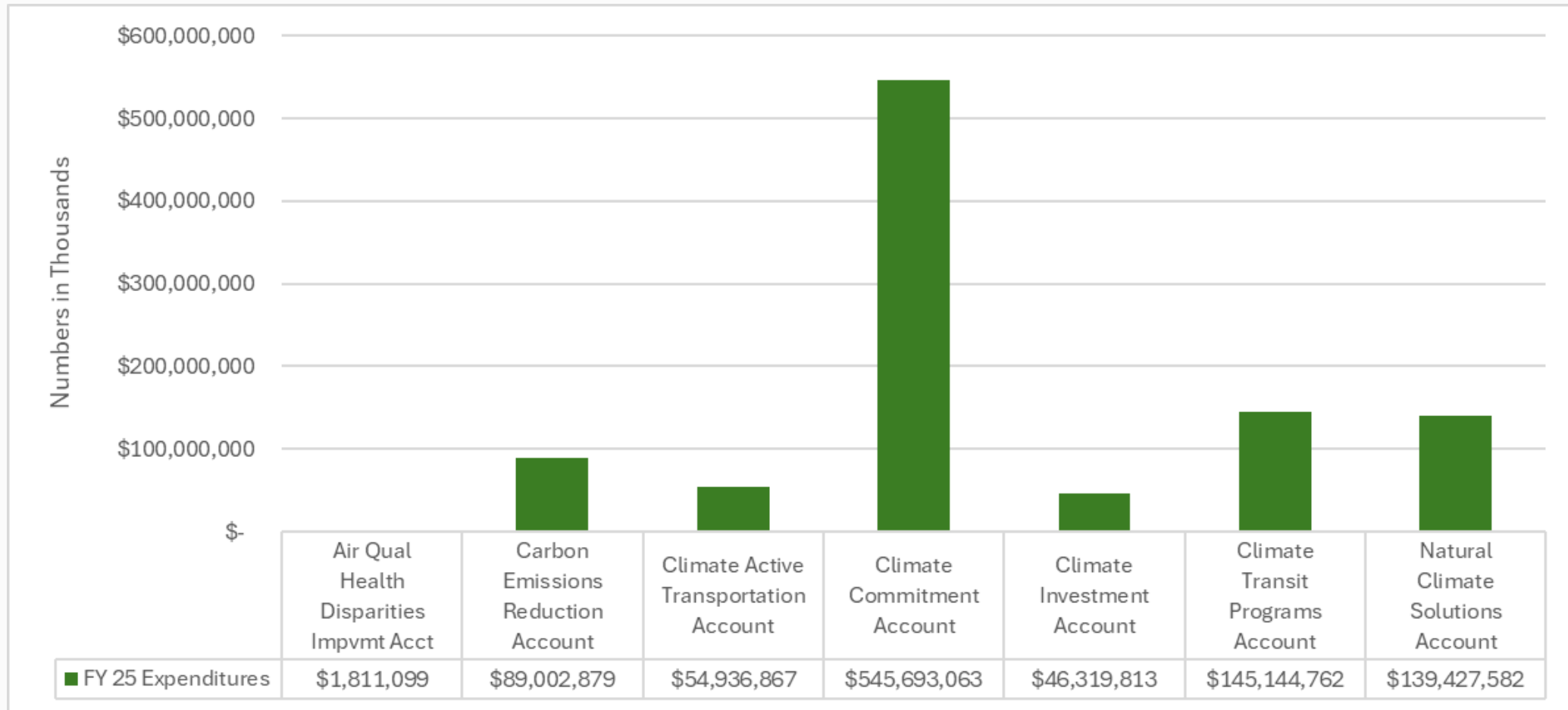
Climate appropriations by category, 2023-25 biennium



Funded project examples

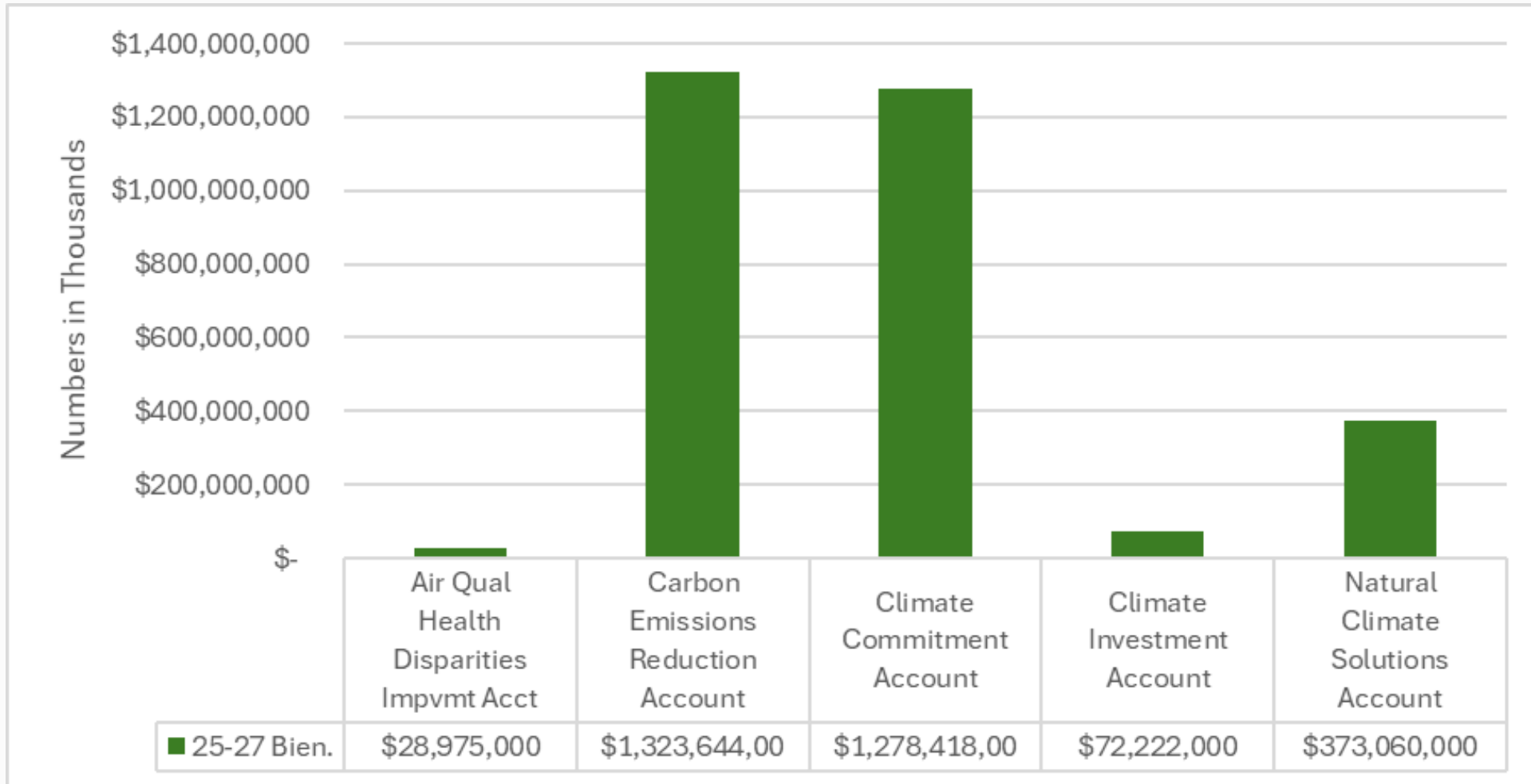
- \$429 million for public transit grants and projects, including free transit for youth under 18
- \$64 million for converting three of the state's Jumbo Mark II ferries to hybrid-electric
- \$30 million for grants to school districts to replace deteriorating HVAC systems
- \$150 million for energy vouchers for low and moderate income residential electrical consumer
- \$15 million for landfill methane capture grants

Climate expenditures by account, fiscal year 2025



Total CCA expenditures for FY 25: \$1.02 Billion

Climate appropriations by account, 2025-27 biennium



Total CCA Appropriations: \$3.07 Billion



Future revenue trends and planning

Future plans for revenue

The Comprehensive Climate Action Plan (CCAP) is a comprehensive assessment of Washington's climate actions that:

- Provides strategic planning that prioritizes future policies and investments
- Builds off existing state policies and plans
- Identifies gaps and ideas for future actions
- Is informed by data analysis and extensive engagement/collaboration

All CCA revenues will continue to be appropriated by the Legislature

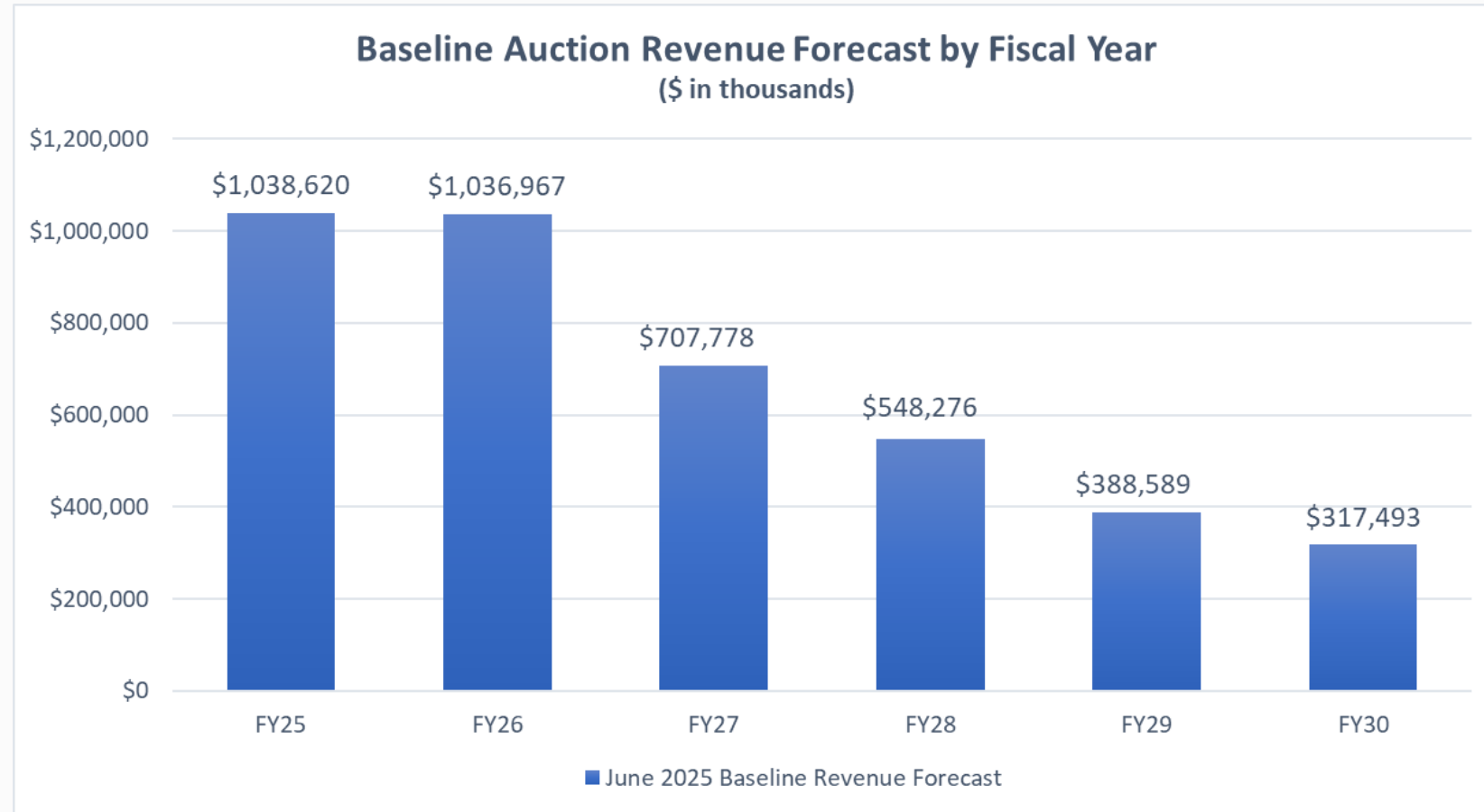


**WASHINGTON
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Planning for a thriving Washington

Declining auction revenue

- Revenues are projected to decline over time as the allowance supply declines
- No-cost allowance allocation reduces allowances available for auction



No-cost allowances

- No-cost allowances provided from annual budgets to:
 - Electric utilities
 - Natural gas utilities
 - Emissions-intensive, trade-exposed industries
- 2025 allowance budget allocation:
 - Electric utilities: 28%
 - Natural gas utilities: 13%
 - Emissions-intensive, trade-exposed industries: 17%

Emissions-intensive, trade-exposed industries



Legislature has not specified the approach to EITE allocation from 2035-2050 (default is 94%)



Ecology required to submit a report on best practices to avoid emissions leakage and allocate allowances

Report scheduled for end of 2025

Includes feedback received from EITEs and other interested parties

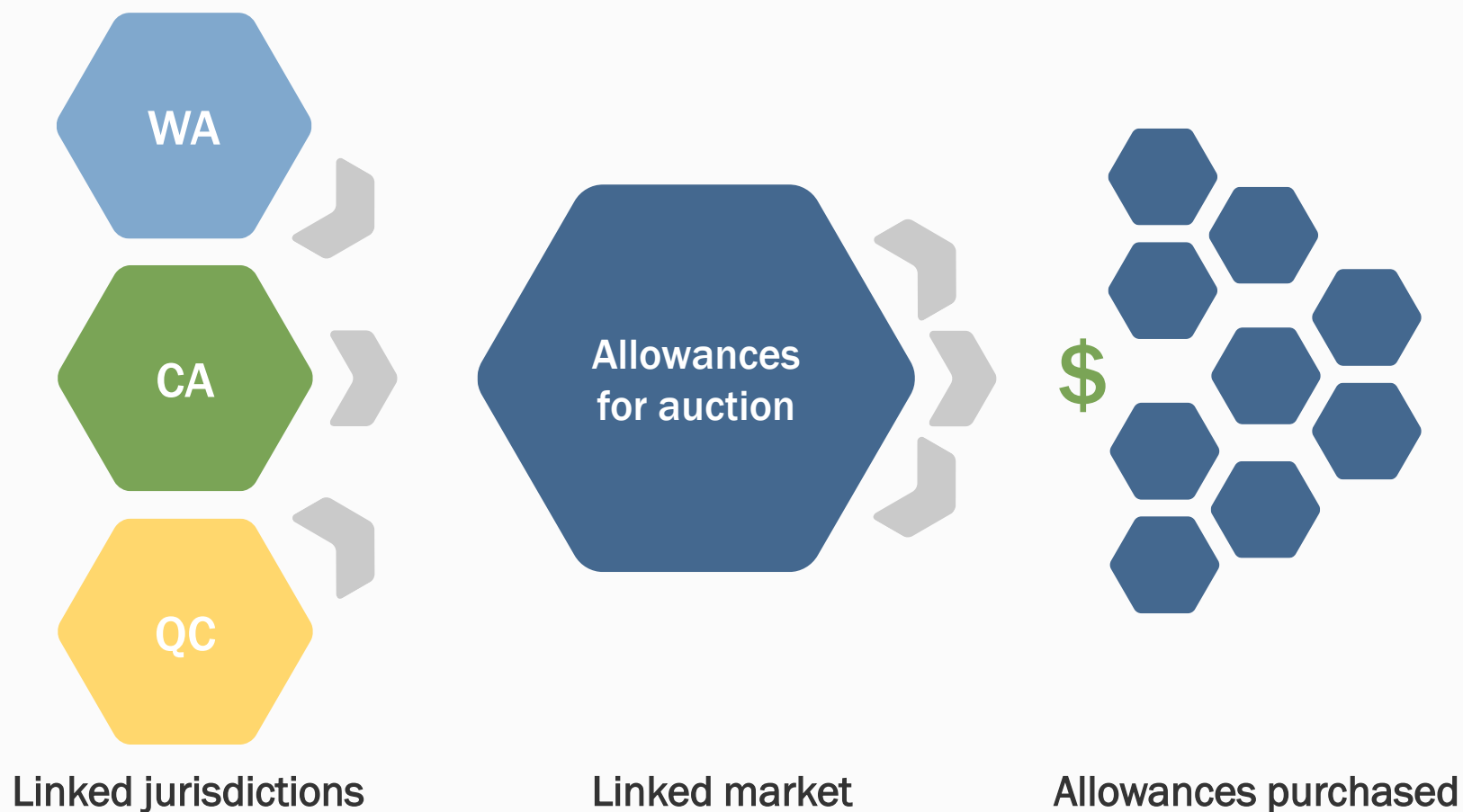


Legislature to determine next steps for EITE allowance allocation



Linkage

Market linkage



Cap-and-Invest linkage with the California-Québec carbon market

Process & timeline

First half of 2023

Linkage exploratory process



Fall 2023

Decision to pursue linkage



Started in 2024

Align market policies
Environmental Justice Assessment



Likely in 2026

Linkage agreement



2026 or 2027

Link markets



**tentative dates, timing still to be determined based on conversations with California and Québec*



Thank you

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