

Climate Commitment Act Clean Fuel Standard

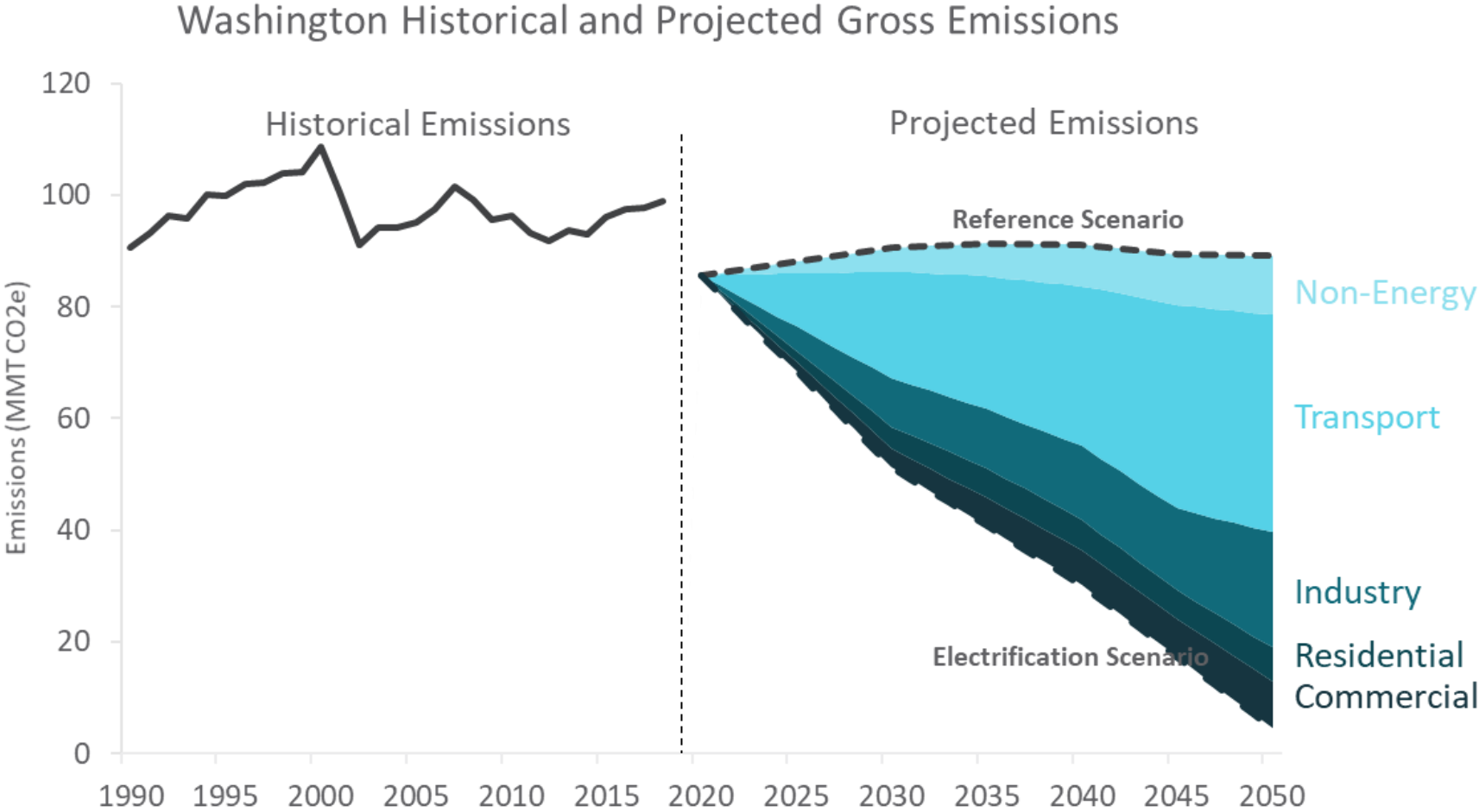
October 7, 2021



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Washington's Emission's Pathway

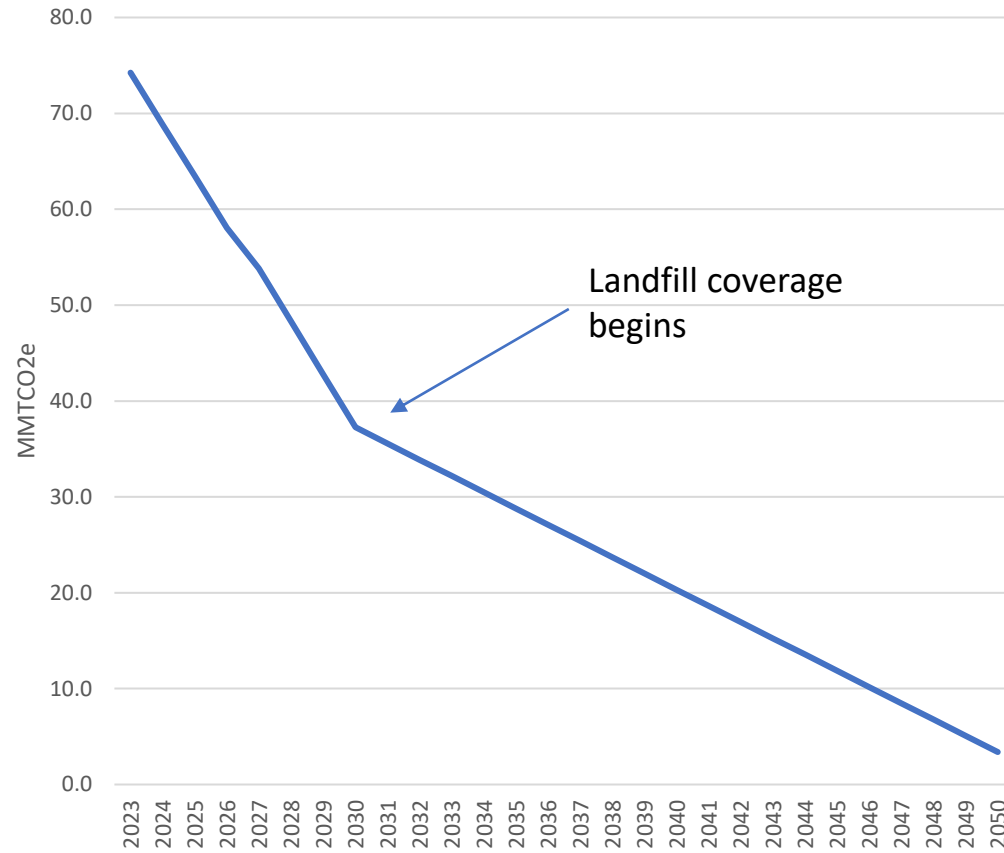


Climate Commitment Act

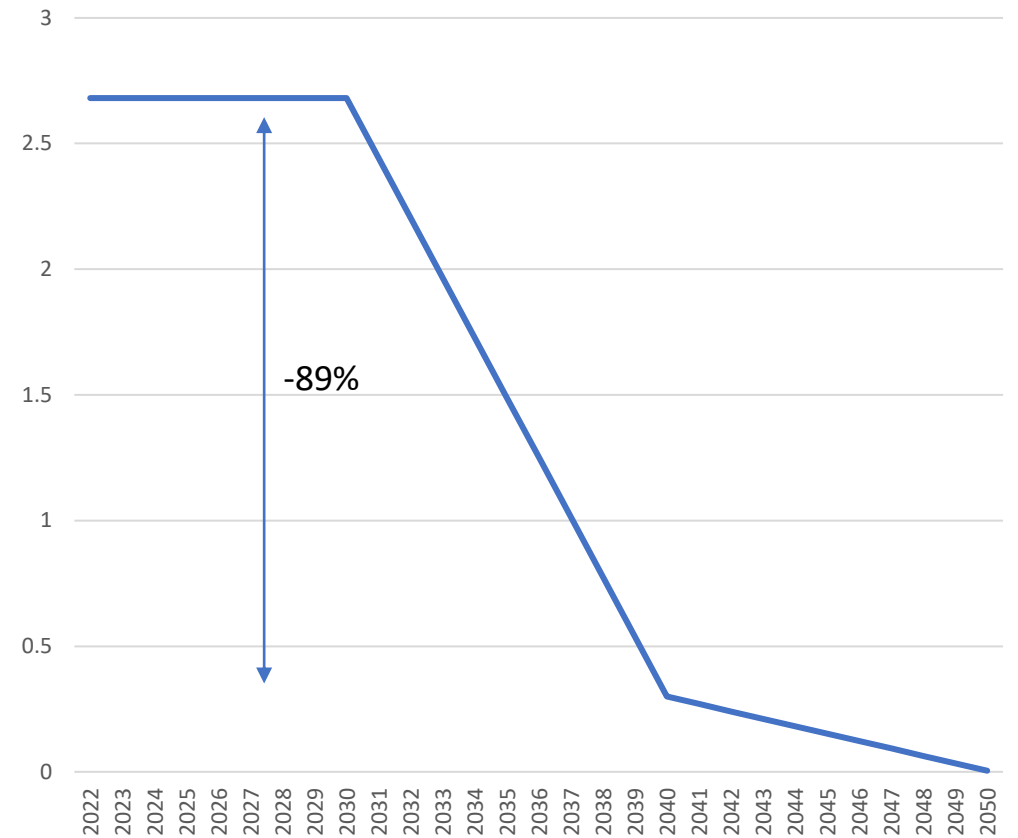
- Establishes a declining cap on about 75% of Washington's emissions.
- Relevant covered entities (RCW 70A.65.080):
 - (1)(a) Where the person owns or operates a facility and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent;
 - (2) A person is a covered entity as of the beginning of the second compliance period...where the person owns or operates a waste to energy facility utilized by a county and city solid waste management program and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent.
 - (3)(a) A person is a covered entity beginning January 1, 2031...where the person owns or operates a:
 - (i) Landfill utilized by a county and city solid waste management program and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent;
 - (b) Subsection (a) of this subsection does not apply to owners or operators of landfills that:
 - (i) Capture at least 75 percent of the landfill gas generated by the decomposition of waste using methods under 40 C.F.R. Part 98, Subpart HH - Municipal Solid Waste landfills, and subsequent updates; and
 - (ii) Operate a program, individually or through partnership with another entity, that results in the production of renewable natural gas or electricity from landfill gas generated by the facility.
 - (c) It is the intent of the legislature to adopt a greenhouse gas reduction policy specific to landfills. If such a policy is not enacted by January 1, 2030, the requirements of this subsection (3) take full effect.

Approximate CCA Trajectory

Overall



Solid Waste Emissions (Representative Pathway)



Climate Commitment Act - Revenue

- In order to emit a ton of carbon, a covered entity must retire a compliance instrument—an allowance, an offset, or a price ceiling unit.
- Allowances may be purchased from:
 - Quarterly auctions; or
 - Other entities that have previously acquired allowances and no longer need them.
- CCA provides for a price floor at auction, which will set the economywide price for auctions. Auctions may exceed price floors.



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 - Other entities that have previously acquired allowances and no longer need them.
- CCA provides for a price floor at auction, which will set the economywide price for auctions. Auctions may exceed price floors.
 - California allowance prices have generally traded about 6% above the floor
 - The last California auction went for over 30% over floor

Biennium	Total Revenue (millions of \$)	Climate Commitment Account (millions of \$)
2021-2023	\$220-\$290	\$55-\$103
2023-2025	\$888-\$1,168	\$109-\$306
2025-2027	\$915-\$1,203	\$127-\$349

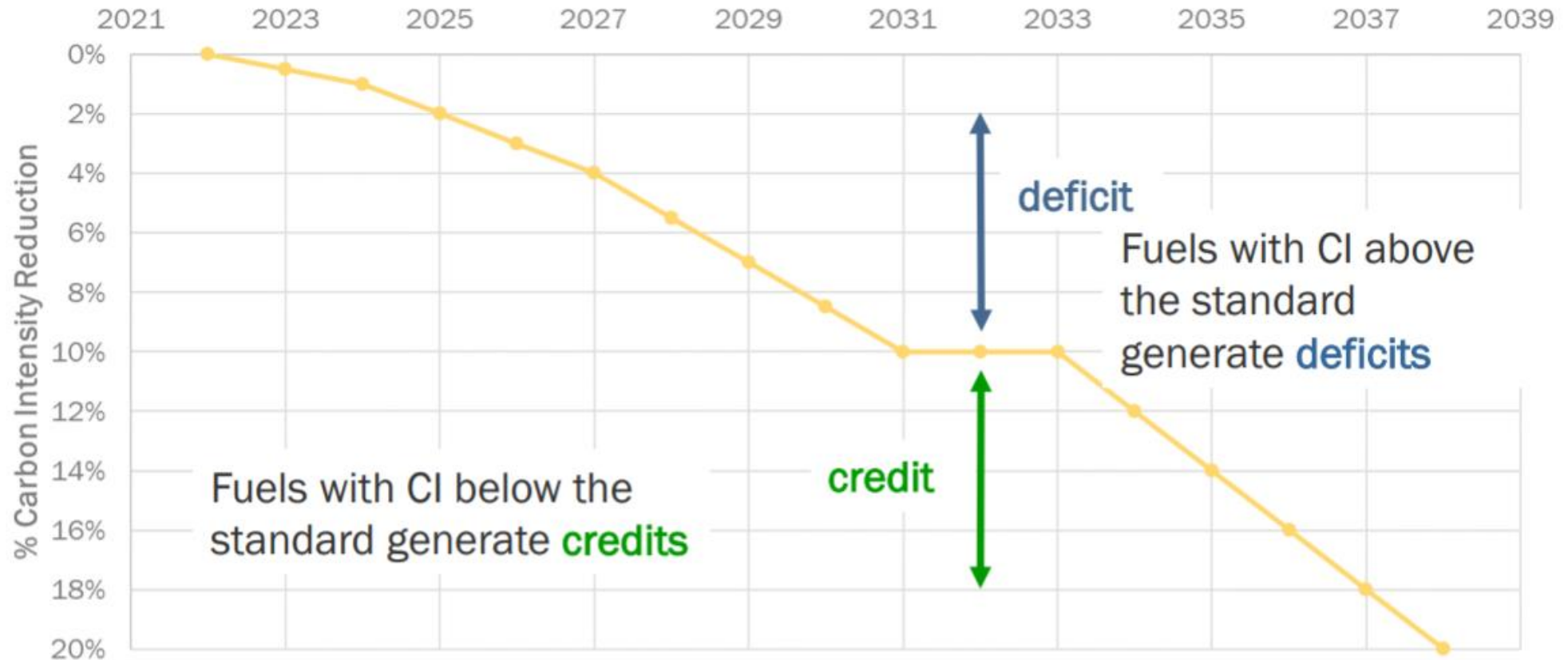
Climate Commitment Account - Revenue

An enormous list of eligible spending categories, including:

- Clean energy
- Building electrification
- Worker transition investments
- Working Families Tax Rebate
- Agricultural carbon reductions
- “Programs, activities, or projects that reduce emissions from landfills and waste-to-energy facilities through diversion of organic materials, methane capture or conversion strategies, or other means”

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Clean Fuels Standard



For example...

Regulated entity

- In 2025, the Clean Fuels Program requires an average carbon intensity of 95 gCO₂/MJ.
- A petroleum refinery:
 - Produces 100,000 MJ worth of gasoline at an intensity of 100 gCO₂/MJ.
 - This produces a deficit 500,000 gCO₂.
 - It must acquire an equivalent number of credits.



For example...Regulated entity

- It can:
 - Improve efficiency of its operation to reduce emissions by 500,000 gCO₂.
 - Blend ~10,000 MJ of a biofuel with a score of 45 gCO₂/MJ.
 - Purchase credits from producers of clean fuels equivalent to 500,000 gCO₂.
- Why is this good?
 - Reduced emissions. Pollution reduction that benefits climate *and* local air quality.
 - Created demand for a low carbon biofuel.
 - Created a new revenue stream for a low carbon fuel producer.



For example...Credit generator

For the last week, the average LCFS credit price in California was \$180.02/metric ton

LCFS Weekly Snapshot	27 th September 2021 - 3 rd October 2021	
Transfer Type	All Non Zero	Type 1
Average Price [3] (\$/MT)	\$180.02	\$171.50
Price Range (\$/MT)	\$154.50 - \$198.00	\$154.50 - \$196.00
Total Volume (MT)	620,146	290,704
Total Value (\$)	\$111,641,490	\$49,857,092

	\$/GGE
Cedar Hills Landfill	\$1.23
Landfill Gas Average	\$0.96
Food Waste, Used Cooking Oil, Etc	\$1.61
Urban Landscaping Waste	\$2.00



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Questions?