To the Environmental Justice Council,

Thank you for accepting my feedback. I am a retired professional civil engineer, and a grandmother. I want our state government to act effectively and quickly to cut fossil fuel emissions, especially to avoid further human health and environmental harms, while taking care to lighten the financial and pollution burdens on low income people and disadvantaged communities.

Failing to rapidly cut fossil fuel use to meet our Washington State greenhouse gas limits would result in more climate disasters, heat waves, smoke, and climate-driven high food prices — tragic for all of us, but even worse for people with fewer economic resources. Every pound of CO2 we emit disproportionately harms people who don't have the resources to escape heat, recover from disasters, or pay more for food. Climate justice requires all of us to get off fossil fuels quickly, in a carefully controlled and organized way.

Something to keep in mind is that the WA state greenhouse gas limits as they appear in our current law are out of date. Actual global warming is closely correlated with the cumulative amount of fossil fuels burned. Because year after year we have failed globally to peak emissions and begin rapid cuts in fossil fuel use, we have used up nearly all of the remaining global carbon budget which would keep us well under 2 degrees of warming. Please appeal to the Washington State legislature to update the state greenhouse gas limits. https://www.thegreatsimplification.com/episode/82-kevin-anderson

I am concerned about unintended consequences of linking the Washington state carbon market (under the Climate Commitment Act) with other nearby carbon markets, especially large markets like those in California and Canada. For background on the regulated and unregulated carbon markets, I recommend this interview of Joe Romm by David Roberts:
https://podcasts.apple.com/us/podcast/voltscast/id1548554104?i=1000623458847

In my comments below, I will refer to the third-party analysis provided to the Environmental Justice Council (EJC) by Danny Cullenward. I didn't have time to write about the information provided by Dr. Leah Stokes, and Dr. Matto Mildenberger. You have obtained good advice from these three experts.

Excerpts from Danny Cullenward's summary of the effects of linkage are below (indented, in italics), with my comments.

Danny:

1. Washington can get lower carbon prices, but only by reducing environmental benefits.

A market link with California will lower prices in Washington because regulated emitters in Washington would be able to purchase the hundreds of millions of surplus allowances and offsets from California, where those instruments trade at a significantly lower price than they do in Washington today. Those surplus allowances and offsets do not represent real climate benefits, however, so the reduction in Washington prices would come at the expense of Washington making less progress toward its climate goals and potentially missing them if too many outside allowances and offsets are imported.

Donna's comment: In his first point above, I read Danny's phrase "Those surplus allowances and offsets do not represent real climate benefits" to mean "Those surplus allowances and offsets do not represent real fossil fuel reductions or real greenhouse gas emissions reductions."

I recently commented verbally to WA UTC on an Avista natural gas IRP in which Avista proposed to continue to sell natural gas through 2040 to Washington customers at about the same volume of natural gas they sell today — to be clear, Avista proposed no substantial reductions to natural gas use, through 2045! This is in direct opposition to State of Washington greenhouse gas emissions limits in current law which require dramatic reductions in fossil fuel use by 2030 (45% reduction) and 2040 (70% reduction), and very little remaining fossil fuel use by 2050 (95% reduction in emissions). This is also not in alignment with the WA State Dept of Commerce Energy Strategy, which proposes electrifying building heat as a key strategy for decarbonizing buildings. This is one of the easiest parts of our economy to decarbonize. If we fail to quickly decarbonize our buildings, we put unreasonable expectations on the tougher decarbonization challenges in heavy industry and agriculture, in which success is not guaranteed. (As an engineer, I managed projects which replaced building heating and ventilation systems.) Link to Washington Dept of Commerce Energy Strategy: https://www.commerce.wa.gov/growing-the-economy/energy/2021-state-energy-strategy/

If I understand Danny Cullenward's advice, linkage to the California carbon market could prevent Washington state from controlling and cutting our own fossil fuel use and greenhouse gas emissions. That risk is too big to take. **Failure to reduce emissions rapidly and effectively would disproportionately impact low income people and disadvantaged communities.**

I believe major polluters are planning to take advantage of cheap allowances. As shown in their recent IRP submitted to WA UTC, Avista clearly plans to use any carbon allowances or credits available to them to continue selling natural gas in the same quantities they do today, for as long as they can. I expect other high emitters would use cheap allowances the same way — to continue polluting. Link to WA UTC Docket 220244: https://www.utc.wa.gov/casedocket/2022/220244/docsets

From the above Docket, dated 8/9/23, Integrated Resource Plan Presentation (see the graph on slide 11): https://apiproxy.utc.wa.gov/cases/GetDocument?docID=38&year=2022&docketNumber=220244

Danny:

2. Lower prices lead to both economic benefits and costs in Washington.

Lower carbon prices in Washington will lead to

(1) lower costs for businesses and consumers in Washington, but also

(2) a reduced incentive to cut pollution, which potentially could have a pronounced impacts on pollution-burdened communities, and

(3) lower revenues collected under the program. In addition, lower prices in Washington achieved through a link with the California program will mean

(4) that Washington money flows out of state to purchase surplus allowances and offsets from California and Québec, thus reducing the extent to which the costs imposed by the program lead to in-state investments in pollution reductions and other economic benefits.

Issue 1 is an economic benefit, while issues 2 through 4 are economic costs. A link would deliver all four together. You get the good with the bad.

Donna's comment: Lower carbon prices and the resulting lower fossil fuel costs for businesses (*Danny's issue 1 above*) would delay the energy transition, in the absence of regulation. A swift, orderly, and predictable transition may be more important to a good economic result. Generally, regulation will result in more reliable decarbonization. Consider that predictability is important for businesses. Delaying the transition makes meeting our State greenhouse gas limits unlikely, and may not be an economic benefit when all the costs of meeting Washington greenhouse gas limits are considered. **Because the impacts of climate change are worse for people without financial resources, delay or failure to meet Washington greenhouse gas limits is unjust.**

Note that the full health cost of burning fossil fuels is generally not included in analyses that calculate the cost of transitioning from fossil fuel systems to mostly electric systems powered by clean electricity. Most of the health impacts are borne by low income and disadvantaged communities.

Low income people pay a higher proportion of their income on energy than people with higher incomes. Low income people must be protected from high energy costs, regardless of whether a cost increase is related to the energy transition.

Since the Environmental Justice Council is focused on fairness and equity, the health impacts of delaying the transition off fossil fuels is important to consider (*Danny's issue 2 above)*. Fossil fuel pollution has serious health impacts which are unevenly distributed, falling heavily on some communities. Delaying the transition off fossil fuels directly harms people in these communities.

I defer to Danny on *issue 3 and issue 4 above*, both of which he sees as economic costs.

Danny:

3. Subsequent policy reforms in California could mitigate these concerns, but would also reduce the expected cost savings from a market link.

The cost savings from a Washington-California market link are premised on the large surplus supply of allowances and offsets in the California-Québec program. If California and Québec were to reform their programs to substantially reduce or eliminate these supplies, as is needed for California to get on track for its climate laws, then I would expect market prices in the California-Québec to be much more similar to those in Washington. Such a reform would reduce the expected cost savings from a market link (issues 1), as well as mitigate concerns the economic costs (issues 2 through 4). The more similar the programs, the smaller the costs and benefits of linking.

Donna's comment: If I am reading *Danny's third point above* correctly, after the Washington carbon market was linked with the California market, we could hope that California reforms its carbon market to actually reduce Washington greenhouse gas emissions, but that would eliminate cost savings that Washington might get from linking our market with theirs (which eliminates the primary reason Washington would consider linkage in the first place). **Letting cheap allowances into Washington, would delay cutting fossil fuel use, resulting in higher greenhouse gas emissions, possibly for years, which we could never compensate for.**

Donna's comment (conclusion):

There is risk and delay in a linkage of the Washington carbon market with California. I don't think there is any lasting cost savings, when all the costs of meeting Washington greenhouse gas limits are considered. It's not real savings, it's just delay in acting effectively. Linkage increases the risk that Washington will not meet our greenhouse gas limits.

Low income people and disadvantaged communities must be protected during any transition or economic crisis from high food prices and high energy prices. They already use a disproportionately large part of their income for food and energy.

From the climate justice perspective, delay or failure to meet greenhouse gas limits disproportionately harms people who don't have the resources to rebuild after a flood or fire, people without air conditioning, people exposed to fossil fuel pollution, people without transportation, people who can't afford rising food prices, developmentally disabled people, children, the elderly, and people who are physically limited or with long term health problems. Failure to meet our own greenhouse gas limits harms people in other countries, many of whom use very little energy or resources and are not responsible for the climate problem - this is beyond unfair. There is an inherent intergenerational justice problem with failing to meet our greenhouse gas limits, because our greenhouse gas emissions are causing harm to our children and the generations who will follow them - the impacts of climate change will last thousands of years due to ocean acidification, tipping points such as melting of ice sheets, and other intractable problems that are effectively permanent on human timescales - this is unforgivable. Delay or failure to meet Washington greenhouse gas limits is deeply unjust.

Thank you for your work and for reading my comments.

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