

The Nature Conservancy's vision is of a world where people and nature thrive. The climate crisis is the greatest threat to that vision and our mission. We must work with urgency to drive a transformation in society and economy to reduce current and future impacts of climate change, including making rapid progress to 1) reduce greenhouse gas emissions and draw down greenhouse gas concentrations, 2) grow the resilience of natural systems and human communities, and 3) focus on the health and well-being of communities and people most impacted by climate change.

The pace and scale of needed change requires profound public policy interventions and investment, coupled with transformation in business and energy practices. This requires working within flawed, inequitable systems. We are committed to working across differences of perspective and opinion on the basis of dignity, respect, and a willingness to learn.

Carbon pricing is only one of the policy mechanisms needed to address the climate crisis. TNC-WA has supported a fee-and-invest approach (I-1631) in the past and, at a national and global level, TNC has supported an array of carbon pricing models. We have sought to learn and understand the impacts cap & trade programs have had on overburdened communities. We've focused on learning from organizations representing communities of color that are members of the Climate Alliance for Jobs & Clean Energy. TNC-WA recognizes the negative impacts that C&T has had on communities in places it has been implemented. Given the concerns of some of our partners, TNC-WA will only support a carbon pricing policy that advances environmental and health equity in its design and implementation.

TNC's level of support for specific pieces of legislation, including the Climate Commitment Act (SB 5126) and WA Strong (SB 5373), will be influenced by the direct engagement of legislators with tribal nations and key advocates for frontline/overburdened communities as well as the extent of resolution (or lack thereof) of concerns related to reducing and eliminating localized pollution levels. There is a range of views on these issues among Tribes and frontline/overburdened communities; we will specifically track the views of Tribes across the state, our partners in the Climate Alliance for Jobs and Clean Energy, and other organizations and representatives of frontline/overburdened communities. While we have provided technical analysis and suggestions to legislators and we have sought open, respectful dialogue about policy options with a wide range of partners, TNC cannot and does not speak for Tribes or frontline and overburdened communities. The voices of these communities should be central to the legislative process. Unless the concerns of these communities are addressed in the development of a carbon pricing proposal, TNC will not support it and will engage legislators and partners in alternative pathways for reducing emissions and generating revenue for urgently needed investments.

This document details TNC-WA's current understanding of the issues surrounding cap & trade, as well as a set of criteria we are using to evaluate any carbon pricing policy proposed in Washington. It includes a range of specific proposals that TNC-WA supports as policymakers attempt to address the problems communities have identified with C&T.

In our work learning about Cap & Trade programs, we have heard from some environmental justice organizations in Washington regarding their firm opposition to C&T. We encourage engaging with and learning from these organizations directly. Below are some recent position statements these organizations have made regarding their concerns:

- [Front & Centered](#)
- [Got Green](#)
- [Puget Sound Sage](#)

### Negative Impacts of C&T on EJ Communities Nationwide

In the interest of transparency and recommended practices in equitable policy development, TNC-WA is sharing resources which provided our organization insight into the concerns and shortfalls of Cap & Trade programs nationwide.

- [Numerous studies](#) show that [polluting facilities](#) and [their emissions](#) tend to concentrate in disadvantaged communities.
- Chevron Richmond Refinery, one of California's largest emitters, is located in a majority minority city near Oakland and [released more greenhouse gases in 2017 and 2018](#)—the last years for which data are publicly available—than it has since 2008. And in several recent years, it emitted as much or more of [certain air pollutants](#).
- A [2018 study](#) led by Lara Cushing, now at the University of California, Los Angeles, found that more than half of the facilities covered under cap and trade may have increased their in-state emissions during the first three years of the program.
- A [2019 report](#) by the environmental group Food and Water Watch found similar results for the East Coast's Regional Greenhouse Gas Initiative—a cap-and-trade program that regulates the power sector.

### Carbon Pricing & Investment Criteria

As TNC-WA analyzes and advocates for carbon pricing in general, we will apply the below criteria, developed by the Washington Environmental Council, to ensure that any resulting policy incorporates overburdened communities in decision-making processes, is structured to effectively reduce carbon emissions, and invests revenue equitably and in programs designed to reduce carbon and build community resilience.

- **Process criteria**
  - Tribal consultation is both incorporated into the development of the policy and the overall functionality of the program to ensure it upholds tribal sovereignty.
  - People of color and frontline community organizations are both engaged in the development of the policy and in how the program is managed and evaluated in a way to address their priorities.
- **Program structure criteria**
  - For an economy wide approach, program establishes and maintains a carbon pricing mechanism that demonstrates over time direct results in criteria pollutant reductions at covered sources, particularly those most polluting facilities in overburdened communities.
  - Should there be offsets, offsets are minimized to the point that the most polluting facilities have as close to zero offsets available.
  - For those offsets that are available to facilities and industries deemed eligible, offsets should preferentially be located in Washington State providing direct environmental benefits in the state. Offsets should be quantifiable, verifiable, additional and permanent in nature, and with a preference towards nature-based solutions. And, there should be a priority to offsets being directly beneficial to those most overburdened, including offsets managed by tribal nations.
  - The program is structured to achieve the following goals:
    - 1) to achieve equitable, anti-racist carbon reductions;
    - 2) invest in Washington's workers for a long-term clean energy economy and in frontline communities first;

- 3) maximize the impact of our natural and working lands to draw down emissions; and
- 4) uphold tribal sovereignty.
- There is timely, strong oversight and adaptive management in order to review the functionality and integrity of the program in a timely way and enables the adjustment of the program (cap, tax, etc.) based on science and outcomes of the review as needed in order to meet the goals of the program.
- As possible, an economy wide program is built in a way to reduce co-pollutants and/or is coordinated with other policies to reduce co-pollutants.
- There are not preemptions of additional regulatory mechanisms to address ghg emissions and co-pollutants.
- Should the program link with other jurisdictions, WA's program ensures the linking jurisdiction meets our criteria.
- **Investment structure criteria**
  - Prioritize investments in overburdened communities and uphold tribal sovereignty.
  - Carbon pricing revenue must be dedicated to investments that:
    - Reduce air pollution and transition our state away from greenhouse gas emissions to help achieve the Washington climate pollution limits and dramatically reduce the health impacts of communities most impacted by pollution.
    - Assist with economic transitions to a clean energy economy, including direct support for workers and communities in economic transition.
    - Improve the resiliency to climate change of waters and forests, that supports biodiversity conservation, natural climate solutions, cleans our airs, and promotes the health of our communities and environment.
  - At least 35% of investments must provide direct and meaningful benefits identified by vulnerable populations in highly impacted communities, as defined by the WA Health Disparity Map, and tribal communities, and at least 1% of total revenue must be dedicated to community-led project development, planning, and participation.
  - At least 10% of investments must be used for programs, activities, or projects formally supported by a resolution of a tribal nation, with priority given to otherwise qualifying projects directly administered or proposed by a tribal nation.
  - Tie investments to create good, high wage, union jobs in Washington state and assist with economic transitions to a clean energy economy, including direct support for impacted workers and communities.
  - Prioritize investments that achieve co-pollutant benefits.
  - Require investments to reduce emissions, particularly in highly impacted communities.