

GOVERNOR'S DECISION DOCUMENT

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Reviewed by Chief of Staff

DATE: 5/5/09

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ISSUE: Climate Change EO

PURPOSE: **DECISION NEEDED**

ALSO REVIEWED BY:

BACKGROUND:

Executive Summary: Attached is a recommended Executive Order directing several agencies to take specific actions designed to address climate change. The directives largely track the terms of SB 5735, your climate change bill, but we have simplified a number of the provisions to reduce costs. We have also proposed four new provisions that go beyond the bill's requirements. Two of these direct Ecology to take action to prepare for two of the most significant impacts of climate change -- diminished snow-pack and rising sea level. Two other new provisions direct Ecology to take administrative actions paving the way for a regulatory approach to reducing greenhouse gas (GHG) emissions. The first directs Ecology to develop GHG emission performance standards for large stationary sources using existing Clean Air Act authority. The second directs Ecology to develop a proposed "low carbon fuel standard," which would apply to transportation fuels. The proposed executive order would not require that either the emission performance standard or the low carbon fuel standard be implemented, rather it would require Ecology to do necessary technical and administrative precursor work, putting the agency in a position to impose either or both standards.

DECISION (LIST OPTIONS):

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RECOMMENDATION:

With the legislature's failure to pass your climate change bill, you directed us to prepare an executive order (EO) that accomplishes what the bill would have authorized and more. Attached is the proposed EO. Generally, we have crafted an EO that tracks your climate change bill, but we propose adding several significant directives that make the EO more significant, more attractive to those interested in making progress on climate change and more controversial for those not so inclined.

The majority of the EO provisions track your climate bill, including provisions that:

1. direct Ecology to continue to participate in the Western Climate Initiative to develop a regional cap and trade program (Section 1(a));
2. direct Ecology to participate in the development of a national climate program (Section 1(a));
3. direct Ecology to develop a compliance order with Trans Alta by which their Centralia Coal plant would, by 2025, meet the emissions performance standard applicable to new coal plants (Section 1(c));
4. direct your office to work with other west coast states and the private sector to develop a west coast highway electrification project (Section 3);
5. direct Ecology to work with DNR and other forestry interests to develop forestry offset protocols and other financial incentives for the forest products industry to promote carbon sequestration (Section 1(d));
6. direct DOT to work with regional transportation planning organizations to develop transportation plans that will reduce emissions of greenhouse gases and per capita vehicle miles traveled (Section 2(a));
7. direct DOT to work with Ecology, local governments and interested stakeholders to develop additional transportation related strategies designed to reduce emissions of greenhouse gases and to report back to you by the end of 2010 regarding progress in the transportation sector in meeting reduction goals for emissions and VMT (Section 2(a & b));

The recommended EO contains four additional directives. Two deal with adapting to environmental changes caused by higher global temperatures – sea level rise and loss of snow pack. Section 4 of the EO directs Ecology to develop amendments to its shoreline management guidelines to require that local shoreline master programs be amended to address the risk of shoreline flooding and habitat loss posed by a rising sea level. Section 5 of the EO would direct Ecology and DOH to develop the capacity and tools to predict and manage changes in water supply caused by climate change.

The other two new requirements increase our ability to require reductions in greenhouse gas emissions from two significant sources – large industrial facilities and the transportation sector. Section 1(b) of the EO requires Ecology to develop sector-based emission performance standards

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for major stationary sources like aluminium smelters and refineries. Like the emission performance standard that would apply to Trans Alta, this kind of standard would place a limit on the quantity of greenhouse gases that could be emitted per unit of energy consumed or product produced. Section 1(e) of the EO directs Ecology to work with CTED and DOT to develop a "low-carbon fuel standard" or an alternative standard designed to reduce emissions from transportation fuels.

These latter two provisions will put Washington in a position to require significant reductions in the emissions of greenhouse gases using existing Clean Air Act authority. However, the EO does not authorize Ecology to begin implementing either the emission performance standards or the low carbon fuel standard unless and until authorized by you. We would not expect such authorization unless either a national or regional cap and trade program is put in place. We, of course, expect a national program to be established, but if it isn't, having these administrative mechanisms available will be critical to meeting our state's 2020 reduction requirement. An almost certain increase in the regulated community's interest in getting a national program in place will be an important side benefit.

GOVERNOR'S COMMENTS: