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Please accept this as DNR's response compiled across programs. We appreciate the opportunity to comment.

Overall, we feel that the reporting requirements are logical considering what is set out in the statute, and what data would be required to meet the intent of the statute. However, some additional clarity is needed throughout the draft rule (noted below, and in the attachment). And, perhaps most importantly, it is clear that DNR (and likely other state agencies) currently does not have the capacity, and in some instances expertise, to comply with the rule as proposed. Funding would be required to appropriately staff the agency in order to comply with the reporting requirements as proposed in the draft rule.

Specifically, DNR would require one FTE in our Office of Finance, Budget, and Economics to support the necessary data collection, analysis, and preparation of reports related to CCA account expenditures. In addition, DNR would likely require up to four FTE in our Office of Equity and Environmental Justice to comply with the requirements around identifying and reporting direct benefits to vulnerable populations and those within the boundaries of overburdened communities, including engagement with these populations and communities. One FTE would develop standardized guidelines for the agency to complete this work and serve as a general point of contact for the agency on this process. The remaining three would be embedded each in our largest programs, Wildland Fire Management, Uplands, and Forest Regulation, Resilience, and Aquatic Resources to support programmatic staff as they implement work on the ground from these expenditures. Similarly, DNR would require an FTE within our Tribal Relations team to support the significantly increased Tribal consultation and engagement throughout the agency related to these expenditures.

Additionally, DNR would require at least one FTE as a subject matter expert on GHG emissions reductions calculations and reporting. DNR does not currently have this expertise on staff. Additional staff may also be required to support the development of a process to embed the requirements into granting and contracting processes and to collect the necessary information from grantees and contractors on an on-going basis.

Ecology may be able to support agencies in completing this work, in such a way that could decrease DNR's staffing requirements to a degree. For instance, ECY could have a centralized team that could provide expertise related to interpreting the protocols for GHG emissions reductions reporting.

Furthermore, how certain terms within the draft rule are defined will also impact the amount of reporting DNR may be required to do. For example, much of DNR's work may fall under "climate resiliency projects" and therefore we would be exempt from reporting whether the funding produced any verifiable reduction in GHG emissions. A clear definition of this term is needed. Additional clarity would also be required around what it means for projects to have "other long-term impacts to emissions."

It is also unclear the general timescale that would be expected when reporting on emissions

reductions. Is the reporting happening on emissions reductions in a calendar/fiscal/reporting year? Or over the history of the project to date? Or expected emissions reductions over the lifetime of the project? Particularly for DNR projects that may or may not fall under "climate resiliency projects," it could be challenging to parse out emissions reductions on an annual basis.

Additionally, for the annual report including "a comparison to other greenhouse gas emissions reduction projects" it is unclear what types of projects the comparison should include. Is it compared to other like projects? Or any other type of GHG emissions reductions project? What is the intent of the comparison? Is it to compare results of emissions reductions? Cost effectiveness? More clarity here would be valuable.

Finally, depending on the definition of "climate resiliency projects," DNR may want to propose an additional category of exemptions for the Forestry Riparian Easement Program (FREP) and Rivers and Habitat Open Space Program (RHOSP) – two voluntary programs administered by Forest Regulation Division to support conservation on private timberland. They are primarily non-CCA funded but did receive some supplemental CCA funding in the last biennium. These two programs do not appear to fit neatly within any of the exempted reporting categories (i.e. "climate resiliency projects"), but they are also not designed to produce a "reduction of greenhouse gas emissions that can be quantified using a methodology and calculator tool approved by Ecology" so we either need to add a new category to the list (e.g. ecological resiliency?) that exempts these two programs from GHG reductions calculations or clarify that ECY's definition of "climate resiliency" is broad enough to capture these programs.

173-446B-010 Introduction

(1) RCW 70A.65.300 requires the Department of Ecology (Ecology) to submit to the appropriate committees of the legislature an annual report that identifies all distributions of money from the accounts created in RCW 70A.65.240 through 70A.65.280. The department must require by rule that recipients of funds from the accounts created in RCW 70A.65.240 through 70A.65.280 report to Ecology, in a form and manner prescribed by Ecology, the information required for Ecology to carry out these duties.

(2) The annual report is required to identify, at a minimum:

- (a) The recipient of the funding.
- (b) The amount of the funding.
- (c) The purpose of the funding.
- (d) The actual end result or use of the funding.
- (e) Whether the project that received the funding produced any verifiable reduction in greenhouse gas emissions or **other long-term impact to emissions**.

(3) For projects that produce verifiable reductions in greenhouse gas emissions or other long-term impacts to emissions, the annual report must also identify:

- (a) The quantity of reduced greenhouse gas emissions.
- (b) The cost of the reduced greenhouse gas emissions, per metric ton of carbon dioxide equivalent.
- (c) A **comparison** to other greenhouse gas emissions reduction projects.

(4) The state's Operating Budget for the 2023-2025 biennium (Chapter 475, Laws of 2023), Sec. 302(13), requires Ecology to develop and implement a process to track, summarize and report on state agency expenditures from Climate Commitment Act accounts. This process must enable Ecology to report on the following information, at a minimum:

- (a) The amount of each expenditure that provides direct and meaningful benefits to vulnerable populations within the boundaries of overburdened communities;
- (b) An explanation of how the expenditure provides such benefits;
- (c) The methods by which overburdened communities and vulnerable populations were identified by the agency and an explanation of the outcomes of those identification processes, including the geographic location impacted by the expenditure where relevant, and the geographic boundaries of overburdened communities identified by the agency;
- (d) The amount of each expenditure used for programs, activities, or projects formally supported by a resolution of an Indian Tribe; and
- (e) For expenditures that neither provide direct and meaningful benefits to vulnerable populations within the boundaries of overburdened communities nor are formally supported by a resolution of an Indian Tribe, an explanation of why.

(5) Ecology must include a summary of the information described in subsection (4) to the appropriate committees of the legislature.

173-446B-020 What definitions apply to terms used in this chapter?

(1) "Appropriation" means a single line-item of funding provided by the Washington State Legislature to a state agency or other entity, as set forth in an enacted operating, capital, or transportation budget, where such funding is distributed from one of the Climate Commitment Act accounts.

(2) "Climate Commitment Act accounts" or "CCA accounts" means the carbon emissions reduction account created in RCW 70A.65.240, the climate commitment account created in RCW 70A.65.260, the natural climate solutions account created in RCW 70A.65.270, the climate investment account created in RCW 70A.65.250, the air quality and health disparities improvement account created in RCW 70A.65.280, the climate transit programs account created in RCW 46.68.500, the climate active transportation account created in RCW 46.68.490, and any other state treasury account(s) the legislature establishes specifically for the deposit of proceeds from the auction of allowances authorized in Chapter 70A.65 RCW.

(3) "Direct and meaningful benefits" means benefits that are achieved through:

- (a) the direct reduction of **environmental burdens** in overburdened communities;
- (b) the reduction of disproportionate, cumulative risk from environmental burdens, including those associated with climate change;
- (c) the support of community led project development, planning, and participation costs; or
- (d) meeting a community need identified by the community that is consistent with the intent of Chapter 70A.65 RCW or RCW 70A.02.010.

(4) "**Expenditure**" means the actual end result or use of funds received through an appropriation of funding from one of the Climate Commitment Act accounts. A single appropriation may be used by a recipient to fund multiple distinct expenditures.

(5) "Greenhouse gas" or "GHG" has the same meaning as in Chapter 173-441 WAC.

(6)(a) "Overburdened community" means a geographic area where vulnerable populations face combined, multiple environmental harms and health impacts or risks due to exposure to environmental pollutants or contaminants through multiple pathways, which may result in significant disparate adverse health outcomes or effects.

(b) "Overburdened community" includes, but is not limited to:

- (i) Highly impacted communities as defined in RCW 19.405.020;
- (ii) Communities located in census tracts that are fully or partially on "Indian country" as defined in 18 U.S.C. Sec. 1151; and
- (iii) Populations, including Native Americans or immigrant populations, who may be exposed to environmental contaminants and pollutants outside of the geographic area in which they reside based on the populations' use of traditional or cultural foods and practices, such as the use of resources, access to which is protected under treaty rights in ceded areas, when those exposures in conjunction with other exposures may result in

disproportionately greater risks, including risks of certain cancers or other adverse health effects and outcomes.

(7) "Recipient" means the state agency or other entity that received an appropriation of funding from one of the climate commitment act accounts, irrespective of whether the state agency or other entity subsequently provides any of the funding to a third party.

(8) "Sub-recipient" means a third party that received pass through funding from a recipient. Sub-recipients are not directly subject to the requirements of this rule, but recipients may include reporting requirements in their contracts with sub-recipients to assist the recipients in complying with reporting obligations.

(9) (a) "Vulnerable populations" means population groups that are more likely to be at higher risk for poor health outcomes in response to environmental harms, due to:

- (i) Adverse socioeconomic factors, such as unemployment, high housing and transportation costs relative to income, limited access to nutritious food and adequate health care, linguistic isolation, and other factors that negatively affect health outcomes and increase vulnerability to the effects of environmental harms; and
- (ii) Sensitivity factors, such as low birth weight and higher rates of hospitalization.

(b) "Vulnerable populations" includes, but is not limited to:

- (i) Racial or ethnic minorities;
- (ii) Low-income populations;
- (iii) Populations disproportionately impacted by environmental harms; and
- (iv) Populations of workers experiencing environmental harms.

173-446B-030 How must recipients provide their data to Ecology?

By June 30 of each year, Ecology will notify recipients of the method by which they must submit their data for the following fiscal year.

173-446B-040 When must funding recipients provide their data to Ecology?

By June 30 of each year, Ecology will notify recipients of the date by which they must submit their data for the following fiscal year.

173-446B-050 For which expenditures must recipients report whether the funding produced any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions?

(1) If an expenditure results in a reduction of greenhouse gas emissions that can be quantified using a methodology and calculator tool approved by Ecology, as described in 173-446B-070, a recipient must report whether the funding produced any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions.

(2) Expenditures that are not required to report whether the funding produced any verifiable reduction in greenhouse gas emissions may include, but are not limited to, those that involve only:

- (a) Building awareness in or educating a community.
- (b) Clean energy workforce development.
- (c) Climate resiliency projects.

- (d) Conducting outreach in communities.
- (e) Conducting research.
- (f) Creating plans for future activities.
- (g) Enhancing a recipient's or other entities capacity to fulfill its mission.
- (h) Enhancing or maintaining emergency response systems or procedures.
- (i) Hiring of agency staff.
- (j) Providing technical assistance.
- (k) Training new employees, sharing knowledge among staff, or building employees' skills.

(3) Recipients may consult with Ecology in determining whether reporting on verifiable emissions reductions is required for a particular expenditure.

173-446B-060 What information are recipients required to provide to Ecology?

(1) For each appropriation, recipients must answer the following questions:

- (a) What is the appropriation title?
- (b) What is the purpose of the appropriation?
- (c) How much total funding did the legislature provide from CCA accounts for this appropriation?
- (d) From which CCA account(s) was the funding appropriated?
- (e) What percentage of the funding identified in (c) was used by the recipient for administrative purposes?
- (f) How much of the appropriation was expended?
- (g) Did the expenditure funded by this appropriation receive funding from sources other than CCA accounts?
 - (i) If so, what were the sources and how much funding was provided by each source?
- (h) Did the expenditure provide direct and meaningful benefits to vulnerable populations within the boundaries of an overburdened community, as defined in 173-446B-020?
 - (i) If so, what benefits were provided?
 - (ii) If so, how were members of vulnerable populations involved in determining and measuring the benefits?
 - (iii) If so, what geographic location was impacted by the expenditure?
- (i) Was the expenditure formally supported by a Tribal resolution?
 - (i) If so, which Tribe or Tribes formally supported the expenditure by resolution?
- (j) For expenditures that do not provide direct and meaningful benefits to vulnerable populations in overburdened communities and are not formally supported by a Tribal resolution, what were the challenges or barriers to implementing the expenditure in a way that would have satisfied these criteria?
- (k) Did this expenditure produce any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions, as defined in WAC 173-446B-050?
 - (i) If so, what is the projected quantity of reduced greenhouse gas emissions (carbon dioxide equivalent) for the expenditure?
 - (ii) If so, what is the cost per carbon dioxide equivalent metric ton of greenhouse gas reduced?

(2) Recipients that pass funding through to a sub-recipient must also provide the following information for each grant or contract.

- (a) What appropriation title is the grant or contract funded by?
- (b) What is the title of the grant or contract?
- (c) What is the purpose of the grant or contract?
- (d) What is the geographic location of the grant or contract?
- (e) What is the status of the grant or contract?
- (f) How much of the appropriation's funding is allocated to this grant or contract?
- (g) If this grant or contract was administered by an entity other than the recipient, what is the name of that entity?
- (h) Did the activity funded through this grant or contract receive funding from sources other than CCA accounts?
 - (i) If so, what were the sources and how much funding was provided by each source?
- (i) Did this grant or contract provide direct and meaningful benefits to vulnerable populations within the boundaries of an overburdened community?
 - (i) If so, what benefits were provided?
 - (ii) If so, how were members of vulnerable populations involved in determining and measuring the benefits?
 - (iii) If so, what geographic location was impacted by the grant or contract?
- (j) Was this grant or contract formally supported by a Tribal resolution?
 - (i) If so, which Tribe or Tribes supported the grant or contract by resolution?
- (k) For grants and contracts that do not provide direct and meaningful benefits to vulnerable populations in overburdened communities and are not formally supported by a Tribal resolution, what were the challenges or barriers to implementing the expenditure in a way that would have satisfied these criteria?
- (l) Did this grant or contract produce any verifiable reduction in greenhouse gas emissions or other long-term impact to emissions, as defined in WAC 173-446B-050?
 - (i) If so, what is the projected quantity of reduced greenhouse gas emissions (carbon dioxide equivalent) for the grant or contract?
 - (ii) If so, what is the cost per carbon dioxide equivalent metric ton of greenhouse gas reduced?

(3) Recipients reporting on grants, contracts, or other expenditures that provide direct and meaningful benefits to vulnerable populations within the boundaries of overburdened communities must provide the following additional information:

- (a) Describe the process(es) and/or method(s) (including data sources and/or mapping tools) by which overburdened communities and vulnerable populations were identified by the recipient.
- (b) Provide an explanation of the outcomes of the identification process(es) described in subsection (3)(a) of this section.
- (c) Provide the geographic boundaries of overburdened communities identified by the recipient.

(4) If a recipient conducts ongoing tracking or monitoring for an expenditure included in prior annual reports, such as receiving periodic status reports, the recipient shall provide a summary of this information to Ecology in each subsequent annual report until such tracking or monitoring ends. This information must include:

- (a) An explanation of whether the expenditure has been implemented as planned.

- (b) Any changes to previously reported reductions of greenhouse gas emissions.
- (c) Any changes to previously reported direct and meaningful benefits to vulnerable populations in overburdened communities.

(5) Recipients funding grants and contracts with appropriations from the Climate Investment Account established in RCW 70A.65.250 must provide any available data related to the quantity and quality of jobs, apprenticeships, and/or internships created, if any, as a result of the expenditure(s) funded by the appropriation.

(6) In cases where the sub-recipient is a Tribe, the recipient may not require the sub-recipient to provide the recipient with information that the sub-recipient deems to be culturally sensitive.

173-446B-070 How will Ecology specify methods for recipients to calculate emissions reductions from expenditures that produce verifiable reductions in greenhouse gas emissions or other long-term impact(s) to emissions?

(1) For each expenditure that produced verifiable reductions in greenhouse gas emissions or other long-term impact(s) to emissions, Ecology will, in consultation with the recipient, either:

- (a) Identify the appropriate California Air Resources Board methodology and calculator tool for use in calculating emissions reductions, and adapt the inputs used in the methodology and calculator tool as needed to be appropriate for use in Washington;
- (b) Adapt a California Air Resources Board methodology and calculator tool to make it appropriate;
- (c) Develop its own methodology; or
- (d) Locate a methodology from another source that is of the same or better quality than methods provided by the California Air Resources Board.

(2) Ecology will approve methodologies and calculator tools and post them on its website for use by recipients for the purposes described in this section.