

## **AIA Seattle Issue Brief**

### **Washington State Carbon (GHG) Pricing**

(8/7/2015)

#### **Recommended AIA Seattle Board Actions**

- 1). Issue an AIA Seattle position statement supporting carbon (greenhouse gas emissions) pricing in Washington. At this time, do not endorse a specific mechanism (carbon tax or cap and trade).
- 2). Direct AIA Seattle's representatives to AIA Washington to recommend formation of a AIA Washington Council Taskforce, with AIA Seattle leadership, to study impacts of the Council supporting carbon pricing. Taskforce goal is to inform discussion and approval of a carbon pricing position at the 2015 Annual Meeting.

#### **Advocacy Goals**

##### **1). Listen, Understand and Influence AIA Washington Council**

Understand where other AIA Washington components and allied professional/business organization are on this issue and why. Articulate the compelling professional opportunity and economic urgency to other Washington AIA components and to our allied organizations. Encourage them to advocate to their representatives for effective GHG reduction legislation. Actively advocate that AIA Washington Council support Carbon Pricing and formally adopt it as an AIA Washington Council position.

##### **2). Empower Seattle Members**

Inform our members with specific details of the current proposals and educate members how to effectively advocate to their State representatives, perhaps in an "Advocacy Boot camp" workshop.

##### **3). Be at the Policy Table**

Join policy organizations and non-governmental organization that propose GHG reduction initiatives or potential bills. Much of this policy is developed without the benefit of architects' input on how the proposal affects the built environment.

#### **Issue Overview**

Reducing Greenhouse Gas (GHG) Emissions is a multi-dimensional challenge encompassing a myriad of strategies such as increasing energy efficiency, strengthened building codes, implementing clean fuel standards, providing meaningful incentives and integrating urban and transportation planning. All are valid and all are needed. The focus of this brief, however, is focused solely on carbon pricing strategies.

Pricing GHG emissions provides a financial motivation to reduce emissions. This can come in the form of a cap and trade scheme, a carbon tax or other legislation.

Although aggressive and mandatory GHG reductions became State law in 2008, and are codified in RCW 70.235.020<sup>i</sup>, there has not been significant and consistent progress towards achieving the required legal limits. In the 2014-2015 legislative session several GHG reduction bills were proposed, but failed. In response to the political deadlock, which is likely to continue, two paths are emerging: legislation originating from the initiative process and/or new rules issued through executive action.

AIA's *Issue Brief on Greenhouse Gases*<sup>ii</sup> (2007) states the following position: *"In particular, the AIA advocates the passage of federal legislation that would establish a "cap and trade" system of regulating and reversing the growth of GHG emissions nationally."*

Given the issue's urgency and the proposals currently under consideration, **AIA Seattle as an organization supports GHG pricing** and supports increased direct advocacy by individual members on this topic

## Actions

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### Taskforce Actions.

- 1.1 Form an AIA Washington Council Taskforce to track developing executive action and initiatives. Report back to PPB monthly.
- 1.2 Understand the issues by drawing on the expertise and analysis of subject matter experts from NGOs (i.e. Climate Solutions, Sightline etc.), other professional organizations and AIA Washington's lobbyist.
- 1.3 Draft talking points on how: 1) pricing carbon incentivizes deep efficiencies that would in turn create work for architects focused on efficient projects 2) similar schemes have not dampened the business climate in California and British Columbia and 3). GHG reduction is a long term business and market preservation necessity.
- 1.4 Contact fellow members of AIA Washington Council to understand their positions on the proposed approaches and how they foresee it affecting their businesses and communities. Share talking points and encourage willing colleagues to contact their representatives. Successful action in Olympia needs a mandate and input from beyond Puget Sound.
- 1.5 Similar to the AIA Washington Council outreach, contact members of allied professional organizations, ASHRAE and AELC for example. Again, encourage members to contact their representatives, especially in districts outside of the Puget Sound region.
- 1.6 Issue updated backgrounders, analysis and policy talking points related to specific GHG reduction proposals as they move through Olympia; perhaps by or with the support of AIA's Olympia lobbyist.
- 1.7 In advance of the AIA Washington Council annual meeting, recommend this issue be added to the agenda.
- 1.8 At the AIA Washington Council annual meeting recommend issuing a position statement supporting Carbon Pricing.

## PPB/AIA Seattle Committee Actions.

- 2.1 Study how other professional organizations educate their members to advocate
- 2.2 As part of AIA's Year of Advocacy, conduct an advocacy "how-to" workshop, perhaps in corporation with AIA Washington.
- 3.1 Over the long-term AIA Seattle and architects in general need to move into a proactive policy informing role at policy organizations (NGOs) instead a reactive role. Although we are not policy experts, we can speak to how specific proposals may affect our profession, our communities and the built environment either positively or negatively. This input is largely missing.
- 3.2 Draw up a short list of AIA Seattle members who may have the knowledge, skills and interest to move into a policy informer role at NGOs. Draw up a shortlist of NGOs that either originate or significantly shape GHG policy development. Examples include Climate Solutions or the Sierra Club.
- 3.3 Join these organizations in a role that offers the ability to provide input during the policy design phase.
- 3.4 Advocate that any proposed policy or legislation dedicate funds to improving the energy efficiency of buildings and that there are robust accounting procedures to verify that any funds collected in a cap and trade or carbon tax scheme be returned to energy efficiency measures that reduce operational carbon emissions.
- 3.5 Advocate that any future cap and trade proposal include language that allows building owners from the private and public sector to earn carbon reduction credits from energy efficiency retrofits. They would then be able to sell these credits into the California carbon market, using the proceeds to offset a portion of the cost of the retrofit. This is idea of the proposed CO2toEE initiative from California AIA since the original AB 32 legislation misses the opportunity to monetize GHG savings from buildings.

## Key Messages

1. **Setting goals does not mean achieving goals** as RCW 70.235.020 has shown. Goals must have a financial incentive or consequence for action.
2. **Caps are preferred to fines or taxes** that allow polluting without limits as long as one pays. To reach an absolute reduction within the State, we need to set a cap and provide financial mechanisms that encourage compliance.
3. **The time is now to have a carbon cap** that effectively reduces GHG within the State.
4. **Buildings, including the site, should be part of the cap.**
5. The portion of the proceeds **funding building energy efficiency** should be proportional to building's impact on the State's GHG emissions.
6. We have examples of how **similar schemes have not damaged the business** climate. British Columbia has had a carbon tax in since 2008, the first in North America, with "no evidence of negative economic impact on BC<sup>iii</sup>." With California's Cap and Trade law, known as Assembly Bill 32 (AB 32), economic analysis indicates that these policies can shift the driver of economic growth from polluting energy sources to clean energy and efficient technologies, with little or no economic penalty<sup>iv</sup>.

7. How and where we build is either an investment in GHG reduction or a long-term liability. Through thoughtful design, **architects are integral to a long term reduction strategy** for owners and for our State as a whole.
8. **Architects need to wade into the details** of specific proposals to effectively advocate and counter incorrect claims.
9. In the end, it's about **preserving what we love** about our State for now and enabling future generations to enjoy **an equitable experience**.

## Background

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In alignment with one of AIA Seattle's Public Policy Board's (PPB) stated priorities, "Carbon Pricing" and in reaction to Governor Inslee's original *Carbon Pollution Accountability Act* proposal of December 2014, the PPB began the discussion regarding a potential position on this issue. The AIA Board of Directors, in April 2015, directed the PPB to research and recommend a policy position for Board consideration on carbon pricing.

### Research Conducted

To understand the policy details of the original *Carbon Pollution Accountability Act*, AIA Seattle met with the NGO Climate Solutions in December 2014. Climate Solutions returned and met with the Public Policy Board in January 2015 and provide additional information; the meeting was open to the public and all AIA members. To provide additional viewpoint on the issue, the PPB invited Brad Boswell, AIA Washington's lobbyist to join Ross Macfarlane from Climate Solutions in June 2015 for an informative and well-rounded discussion of the viability of the proposed *Carbon Pollution Accountability Act* and likely future scenarios.

In addition to having subject matter experts educate the policy board, the PPB has researched the topic through published articles and government reports. Selected citations are below.

### Challenges and Uncertainties

As mentioned above, pricing carbon is not a total solution and needs to work in concert with other strategies that are less about policy and more about achieving sustained operational performance in projects. Sustained AIA Seattle policy and educational efforts in those areas -- especially Net Zero Energy, building codes and coordinated transit/urban development -- are needed.

Endorsing the concept of carbon pricing as a guiding policy position could prove challenging if specific proposals are encumbered by unrelated issues as a means to disarm opposition. The current revenue-neutral Initiative 732, is one such example. While it monetizes carbon through a straightforward tax on fossil fuels which might result in decreased consumption (or not), revenue is returned to citizens through a reduction of sales tax and does not invest in building efficiencies to reduce ongoing emissions. Some environmentalist are criticizing this specific proposal as not doing enough for communities of color and for potentially endangering the Governor's (presumed) re-election bid should the Initiative fail<sup>v</sup>.

On July 28, 2015 after attempting and failing to find a workable consensus through the legislative process, Governor Inslee announced that he is using existing

authority under the State's Clean Air Act to direct the Department of Ecology to enact a cap on carbon in the State. This cap will not generate revenue unlike the now defunct *Carbon Pollution Accountability Act*. The Governor has indicated that stakeholders will be able to express ideas and concerns as part of the year long process. With no specifics available or an idea how this will affect architects, a potential policy position will need to be carefully worded.

### Partners

Formal external partners are to be determined. Recommend broaching this issue with the following organizations to strength the position statement: ASHRAE, ASLA, ASCE, APWA, Futurewise, Forterra, Sierra Club, Cascadia Green Building Council, Climate Solutions, Architecture 2030 and ULI.

### Member Input

In addition to AIA members sitting on the PPB and the AIA Seattle's ExCom members in attendance at PPB meetings, two firms attended the PPB discussion on proposed carbon reduction mechanisms. While firms and PPB members were in complete agreement about the need to reduce GHG emissions, ideas varied regarding the path and whether to support a specific bill. One member counseled caution about supporting a specific piece of legislation especially if the technical policy workings and ramifications are not broadly understood by those outside the scientific and economic communities. Several expressed willingness to act and, after research and Board concurrence, and take a position on a specific bill. In general, there was a desire to move from the broad philosophical statements of support to specific proposals with defined and tactical mechanisms to achieve meaningful GHG reductions in the State.

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<sup>i</sup> <http://apps.leg.wa.gov/rcw/default.aspx?cite=70.235.020> In brief this law requires by 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels; By 2035, reduce overall emissions of greenhouse gases in the state to twenty-five percent below 1990 levels; by 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to fifty percent below 1990 levels, or seventy percent below the state's expected emissions that year.

<sup>ii</sup>

[http://www.aiaohio.org/pdf/Walk\\_the\\_Walk/Supporting\\_Docs/SustainableDesign\\_GreenhouseGases\\_2007.pdf](http://www.aiaohio.org/pdf/Walk_the_Walk/Supporting_Docs/SustainableDesign_GreenhouseGases_2007.pdf)

<sup>iii</sup> *Forecasting the Impacts of Carbon Tax Policy in Washington State*, Abstract submitted to the 2013 Western Energy Policy Research Conference. Authors: Keibun Mori (Deloitte), Greg Nothstein (WA Department of Commerce), Roel Hammerschlag (WA Department of Commerce).

<sup>iv</sup> *Updated Economic Analysis of AB 32 Scoping Plan*, Staff Report to the Air Resources Board (California), March 24, 2010

<sup>v</sup> *Fixing the Climate: Lawmakers Won't Do It. Will Voters?* Seattle Weekly, Casey Jaywork, July 21, 2015