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Sent: Mon 29/10/2018 6:42:46 PM (UTC)
Subject: FYI: Washington Post: Washington could be the first state to charge for carbon emissions that cause climate change

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Washington could be the first state to charge for carbon emissions that cause climate change

By Steven Mufson
October 28

The bride had asthma. The scenic Seattle skyline — the ideal backdrop for photographs — was shrouded in smoke from wildfires. And Perfectly Posh Events, the wedding planner, had to scramble for an indoor venue in the middle of summer, usually the best time of the year for an outdoor exchanging of vows.

"I've lived in Seattle my whole life. This is not something I remember growing up with," said Holly Olsen, owner of the business. "Clearly there has been some kind of change that happened."

What's happened is climate change. It has contributed to the dry conditions that fueled forest fires, blanketing Seattle with smoke this year. It has altered the acidity of the oceans, damaging oyster farms in Seattle's Puget Sound. And now, climate change has made its way onto the Nov. 6 ballot, in the form of a statewide initiative that would impose a $15-a-ton fee on carbon emissions that cause global warming.

If the measure is adopted, Washington would become the first state in the nation to tax carbon dioxide, the most prevalent greenhouse gas.

The drive has sparked a fight for votes that pits big oil refiners against a coalition of environmental groups, unions, Native American groups, communities of color, liberal business leaders like Bill Gates, and Gov. Jay Inslee (D).

The battle has already set a new Washington state record for spending on a ballot issue. The Clean Air Clean Energy coalition to say "yes" on the ballot has raised nearly $14.8 million, including $1 million each from Gates and former New York mayor Michael Bloomberg. Big oil companies belonging to the Western States Petroleum Association — including Koch Industries — have given $26.2 million, according to the state's Public Disclosure Commission.


A fan enters the Seattle Mariners ballpark wearing a mask to help protect against smoky skies before a baseball game against the Houston Astros, Monday, Aug. 20, 2018, in Seattle. Smoke from wildfires clogged the sky across the U.S. West, blotting out mountains and city skylines from Oregon to Colorado, delaying flights and forcing authorities to tell even healthy adults in the Seattle area to stay indoors. (AP Photo/Elaine Thompson)

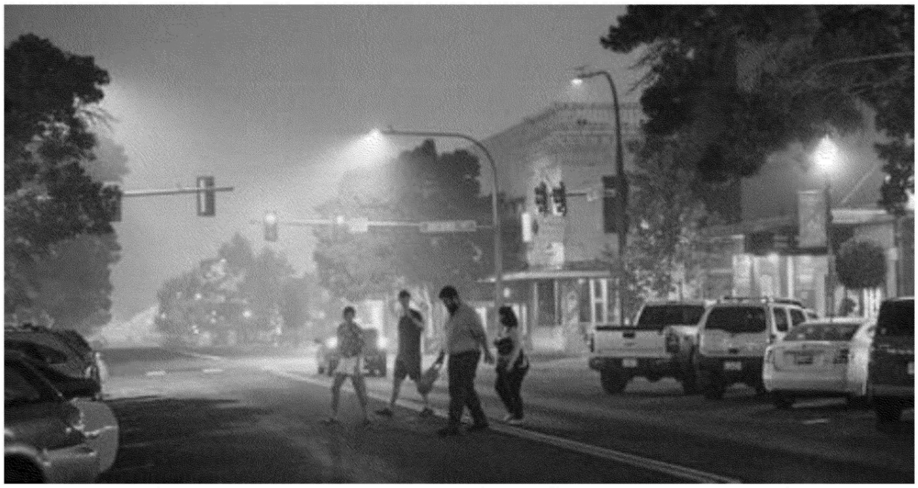
"I have three grandkids, and I'd like them to have a shot at a healthy Washington," Inslee said. But two consecutive years of smoky wildfires have shown that "unfortunately it is not just for our children but also for our lives."

Win or lose, Washington's Initiative 1631 is a case study in how thorny the politics of carbon pricing can be — starting with the name. Calling it a tax might please economists, but could be fatal politically. The measure's supporters call it a fee.

"If something is a fee it makes it much more difficult for the legislature to use the money raised for things not directly related to what it's supposed to do," said Gregg Small, executive director of Climate Solutions. Seventy percent of the revenue is earmarked for renewable energy investment, and 25 percent for water and forests.

"People want a fee on pollution, not a tax," pollster Frank Greer said. "People want to do something about carbon pollution and see those funds invested in a clean energy economy."

Support is heavy in the bigger cities of Seattle and Spokane, and among young voters and suburban women — a lot like the voters Democrats hope to win over. And the bout of bad summer air quality, which rivaled Beijing's, still looms in people's minds.



People cross the Main Street downtown Walla Walla, Wash., Sunday night, Aug. 19, 2018, as the smoke from northwest wildfires got thicker. Smoke from wildfires clogged skies across the West, leading authorities to tell even healthy adults in the Seattle area to stay indoors, fouling visibility from Oregon to Colorado and prompting sports games to be called off and flights to be delayed.(Greg Lehman/Walla Walla Union-Bulletin via AP)

"It is definitely a thing that has become a concern for couples," Olsen said. She said those making plans for 2019 ask: "Should this be a regular thing to expect in summer?"

In a Crosscut/Elway Poll, Initiative 1631 drew 50 percent approval among the 400 registered voters polled. Thirty-six percent said they opposed the initiative, while 14 percent were undecided. The poll has a margin of error of 5 points.

Stuart Elway has polled on 90 initiatives and only 16 have passed when drawing less than 50 percent support in October. "It's right on the cusp," Elway said. "There's no cushion."

'We have to pedal faster'

One reason the initiative has a chance is the difference between it and other carbon tax proposals, including one currently being promoted in the nation's capital by a group of leading economists and former Cabinet members and lawmakers. The group, led by former Treasury Secretary James A. Baker and former Secretary of State George Shultz, supports a revenue-neutral plan that would tax carbon emissions and send identical refunds, or dividends, to households.

Washington state tried a similar idea two years ago, combining a carbon tax with other tax cuts.It failed to win the support of unions or even some environmental groups.

This time, the initiative reflects a variety of stakeholders. Jeff Johnson, president of the Washington State Labor Council, is on board. The measure would exempt eight energy-intensive manufacturing plants, pour fee revenue into clean energy projects, fund training and early retirement plans for affected workers, and create an appointed board that would allocate revenue in the future.

One of the exempted facilities is the biggest emitter of all, a coal-fired power plant owned by TransAlta, which had already agreed to close its plant by 2025. Exemptions would also go to paper companies, aircraft manufacturers and an aluminum smelter — all highly sensitive to international competition. Indian tribes that do not pay sales taxes would also be exempt.

But oil refiners would have to pay.

Some climate experts criticize the fee for being too small. After kicking in at $15 a ton, the fee would increase $2 a ton a year until 2035. It would raise more than $1 billion annually by 2025.

Riding in his car earlier this month on his way to meet with Gates, the governor conceded the criticism.

"It is a small signal," Inslee said. "But it is a signal of intent. And it does accelerate over time. You need that plus investment to move the carbon needle."

Inslee is widely considered a potential presidential candidate for 2020, and his embrace of the measure could distinguish him from other presidential hopefuls. He avoids the "T" word — taxes — and stresses investment in renewable "infrastructure" and "clean energy" jobs.

To him, the recent Intergovernmental Panel on Climate Change report, which warned that "unprecedented" action was needed over the next decade, was "an eye-opener."

"However fast we had to pedal before, we have to pedal faster now."

'Our fate is already sealed'

The state's biggest oil companies argue that the carbon initiative isn't going to make a dent in global warming.

The Western States Petroleum Association said that "climate change should be addressed at national and international levels" and that state-level policy "would have a negligible impact on mitigating climate change but could have a significant negative impact on our state's businesses." It said that the carbon fee would initially boost gasoline prices about 14 cents a gallon.

The oil companies have set up an organization called No-on-1631 whose spokeswoman Dana Bieber took aim at exemptions, especially the coal plant. Inslee, however, said that to do otherwise would violate the contractual agreement to close the plant. Moreover, the objective of the fee is to change behavior, not raise money.

The campaign is awkward for two major oil companies that publicly support carbon taxes in general. Shell, which runs the state's second largest refinery, has neither contributed to the "no" campaign nor endorsed the initiative, disappointing some people in the company.

BP, by contrast, has given $9.6 million in cash to defeat it, the largest amount for any single company. In a letter to a state house representative, BP refinery manager Robert K. Allendorfer called the initiative a "poorly designed policy that would disrupt Washington's economy without achieving significant reductions in carbon emissions."

Quoting a study by NERA Consulting, which often works for the oil and gas industry, Bieber said that the measure would cost the average Washington state household $440 a year at the gas pump and on utility bills. She said it would raise $30 billion over 15 years and create "an unelected board of political appointees who can spend money any way they choose."

Noah Kaufman, an economist at Columbia University's Center for Global Energy Policy, noted that "groups withholding support for a carbon tax until a policy comes along that perfectly matches their priorities and is devoid of compromises to overcome real-world constraints are likely to be waiting a long time."

Supporters of the carbon fee argue that NERA did not take into account changes in people's behavior, the initiative's objective.

Inslee says that Washington voters won't be convinced by the oil-backed group.

"Given what the oil industry has done — unfettered, unlimited in time or amount — to the one atmosphere we have, it shouldn't cause a lot of angst or tears to be simply asking them to not treat our atmosphere like a sewer," he said.

Outside the petroleum industry, many executives have backed the initiative.

"You may be skeptical about this idea. I know I was. How can one state make a difference on a global problem like climate change?" Gates wrote in an open letter. "But I overcame my doubts." He called climate change the "toughest problem humanity has ever faced" and said the initiative would send a "clear market signal."

Taylor Shellfish, a family business that has been plying the waters of Puget Sound since 1890 and now employs 700 people, has already been getting clear signals of climate change.

A decade ago, it lost 75 percent of the oyster larvae critical to producing baby oysters. The family consulted a leading expert at the National Oceanic and Atmospheric Administration, but the diagnosis wasn't good: Carbon dioxide that had been stored in the ocean was disrupting the coastal ecology, causing a shortage of carbonate ions. That made it impossible for the tiny larvae to build shells without using up the energy they need to build feeding organs in the same crucial 48-hour period.

"Probably the most difficult part of the message is that the water upwelling along the Washington coast is actually 30 to 50 years old and it's been circulating at depths," Bill Dewey, the company's senior director of public affairs, said. "So even if the world stops burning fossil fuels today, our fate is already sealed for the next 30 to 50 years.

The ocean is going to continue to get more acidic because of what is already absorbed and in the pipeline."

The family is trying to adapt, using sea grasses and kelp that absorb carbon dioxide.

"Ours is actually an encouraging story," Dewey said. "But we've also been trying to use this experience to broaden policymakers' awareness of what the effects are of carbon pollution and the importance of reducing our reliance on fossil fuels."

But in a sign of how difficult it is to rally people around a single proposal: Dewey said the Taylors, an old Republican family that has supported Democrats and Republicans alike, were staying "neutral" on the carbon fee initiative.

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