



Washington State Senate

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September 26, 2023

Laura Watson
Director
Washington State Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600

Dear Director Watson,

I am writing to urge your agency to improve the Climate Commitment Act (CCA) holdings report.¹ The current report (which appears to be the first) is useless to lawmakers and the public because the agency has removed accountholder names. I respectfully request that your next report include accountholder names in order to bring greater transparency to the CCA program. Indeed, the law requires greater transparency from your agency. The holdings report is authorized under RCW 70A.65.090(7)(b), excerpted here:

Allowances in holding accounts may be bought, sold, transferred to another registered entity, or traded. The amount of allowances a registered entity may have in its holding account is constrained by the holding limit as determined by the department by rule.
*Information about the contents of each holding account, including but not limited to the number of allowances in the account, must be displayed on a regularly maintained and searchable public website established and updated by the department.*²

The current report does not satisfy the requirements of the statute because it is not searchable in a format that allows the public to find out which entities are holding allowances. To be clear, the very information that the legislature intended to make available when it enacted the CCA is being withheld by the department as it enforces the CCA.

Reviewing the legislative history of the holding account reporting requirement confirms this interpretation. The provision now codified as RCW 70A.65.090(7)(b) was originally adopted as Senate Amendment 543 on April 8, 2021.

¹ Washington Cap-and-Invest Program Quarter 3 CITSS Holdings Report, Publication No. 23-02-105 (Sept. 2023), available at <https://apps.ecology.wa.gov/publications/documents/2302105.pdf>.

² RCW 70A.65.090(7)(b) (emphasis added).

During the debate on the amendment, sponsor Sen. Jeff Wilson, speaking in favor of the amendment, remarked:

This is a transparency amendment. . . . We need this because this could be a very confusing, cumbersome, corporate auction system that allows us to follow along. If we adopt this amendment, that's the end result.³

In supporting Sen. Wilson's amendment, Sen. Carlyle (the prime sponsor of the CCA bill) agreed, encouraging senators to adopt the amendment because:

There is a great deal of value in understanding the full implications across the board and I think it should be fully searchable on the website.⁴

Unfortunately, the department's holdings report is not searchable, does not allow the public to follow along, and provides no insight into the participation of various entities in the program, including general market participants. Furthermore, the holdings report *only* contains information about the number of allowances in the accounts, the bare minimum amount of information the department could have chosen to provide.

In the presence of incessantly high gas prices, public perception of the CCA going forward will heavily depend on the program's transparency. It is regrettable that in its first holdings report, the department elected to post an unsearchable report that provides no useful information. I encourage you to reevaluate the report and upgrade the next version, so that the public can see which entities are purchasing allowances in the auctions, and how many they hold.

Sincerely,

A handwritten signature in black ink that reads "Perry Dozier". The signature is written in a cursive, flowing style.

Senator Perry Dozier

³ Senate Floor Debate, April 8, 2021, *available at* <https://tvw.org/video/senate-floor-debate-april-8-2021041122/?eventID=2021041122> (starting at 1:37:30).

⁴ *Id.*