Gov. Jay Inslee on Wednesday laid out an ambitious plan for cutting Washington’s carbon emissions that would vault the state to the forefront of global efforts to combat climate change.

The sweeping proposal drew cheers from a crowd of environmentalists, labor leaders and other supporters on hand for Inslee’s climate-plan unveiling at Seattle’s flagship REI store.

But a tougher crowd waits in Olympia. Republicans and some business groups are already mustering opposition to Inslee’s cap-and-trade plan, which would put a price on the greenhouse gases spewed not only from large industrial plants but also car and truck tail pipes and electric utilities.

Inslee forecasts his proposal would raise nearly $1 billion a year for transportation projects, schools and other programs at a time when the state faces big budget shortfalls. He predicted that cash will lure bipartisan support.
“Both parties are going to conclude — and write this down because it’s going to come to pass — both parties will have to find some revenues to meet our educational commitment to our children,” Inslee said. “And when they do, I believe when they open their minds to new ideas ... they may conclude it’s better to tax pollution than voters.”

But Republicans, as well as some business and farm groups, argued the Inslee plan would raise gas prices and harm consumers.

State Sen. Doug Ericksen, R-Ferndale, who chairs Senate’s energy and environment committee, called Inslee’s cap-and-trade plan “an energy tax, which is really a tax on mobility — which is a tax on freedom.”

Inslee’s proposals also will include efforts to spur greater use of solar power, tax breaks for electric cars and new investments in clean-energy development. Inslee also has asked the state Department of Ecology to recommend a proposed clean-fuel standard that, through executive order, would increase the use of alternatives such as biodiesel.

Greenhouse-gas pollution is primarily composed of carbon dioxide released by the combustion of fossil fuels. Science linking these emissions to climate change prompted the Legislature to pass a 2008 law that would require more than a 25 percent reduction in emissions by 2035, and even steeper cuts by 2050.

Inslee hopes to achieve the cuts by putting a statewide cap on these emissions that tightens year by year and requiring larger emitters and fuel distributors to buy pollution “allowances” they can use or trade.

In 2009, then-Gov. Chris Gregoire couldn’t pass a carbon-pricing plan when Democrats controlled the House and Senate.

Inslee faces more of an uphill battle now, with the GOP controlling the Senate. His proposal comes barely a month after an election in which his environmentalist allies, including California billionaire Tom Steyer, spent heavily in an unsuccessful effort to give Democrats a Senate majority.

While saying he might agree with Inslee on some ideas, such as promotion of new clean-energy technologies, Ericksen dismissed the state’s 2008 law calling for carbon emission cuts as “a nonbinding goal.”
Though Inslee has pitched his cap-and-trade system as largely paid by big polluters, opponents say costs will be passed on to motorists and others who use fossil fuels.

Inslee advisers estimate these added costs would push fuel prices up by 7 to 15 percent in 2035 over what they otherwise would be.

But Larry Pursley, of the Washington Trucking Association, expects prices would rise much more and the plan would be a big problem for his members, who range from logging truck operators to long-haul interstate firms.

“We aren’t climate deniers or anything like that. Our sole concern is cost, and anytime you have a state that increases the costs for truckers in that state, you have a competitive disadvantage,” he said.

The trucking group has joined with other major business players, including the Western States Petroleum Association, opposing the cap-and-trade plan through a new coalition calling itself the Washington Climate Collaborative.

Inslee’s proposal, called the Carbon Pollution Accountability Act, would cover about 130 facilities that now emit about 85 percent of the state’s greenhouse gases.

If approved, Washington would join California and British Columbia in pricing carbon. Several northeastern states also have a joint plan.

Inslee’s plan would move more aggressively than some other states. In California, some permits have been given away at no charge. But Inslee advisers said all Washington permits, or “allowances,” would be bought at state-run auctions.

Alan Durning, executive director of the Sightline Institute, a liberal Seattle policy nonprofit, said Inslee’s plan would be “the most comprehensive and probably the most progressive carbon-pollution regulation system anywhere in the world.”

Oil refineries in Skagit and Whatcom counties, pulp and paper plants and other major industrial operations that generate at least 25,000 metric tons of carbon emissions annually would be required to purchase pollution allocations.
The plan also would cover fuel distributors, which would be required to buy permits to cover carbon emissions from the gas, diesel and other fuels they sell, according Chris Davis, an Inslee carbon-policy adviser.

The state would set a floor price at auctions, and then companies would bid the prices up from there.

Inslee would spend most of the money on state budget needs. The governor’s budget office estimates the program would generate $947 million in fiscal 2017. Of that, Inslee would spend $400 million on transportation, $380 million on education and $163 million on tax rebates for low-income residents, low-income housing construction and possible tax credits for industries that may struggle with the higher energy costs. About $3.5 million would go to run the program.

If approved by the Legislature, the program would start July 1, 2016.

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