

**JAY INSLEE'S**  
**FREEDOM** FROM  
**FOSSIL FUELS**  
**PLAN**

PAID FOR BY INSLEE FOR AMERICA

## **Freedom from Fossil Fuels**

### *A Plan to End Corporate Welfare, Hold Polluters Accountable and Transition the U.S. Economy Off of Fossil Fuels*

Governor Jay Inslee's Climate Mission is a bold and ambitious agenda to mobilize the United States to transition to 100% clean energy, create 8 million good, family-supporting jobs, and reassert America's global leadership in confronting the climate crisis that is the defining challenge of our time.

This Climate Mission agenda will allow America to build a 21<sup>st</sup> century clean energy economy and put Americans to work in every community retrofitting buildings, constructing new water and transportation infrastructure, manufacturing electric vehicles, and installing clean energy technologies. This is a plan to revitalize the American economy for decades to come, and to ensure we meet the clear demands of climate science that have been laid out by the Intergovernmental Panel on Climate Change (IPCC).

Cutting climate pollution in half by 2030 and achieving net-zero pollution by mid-century is a crucial necessity to avoid crippling the U.S. economy and the planet with vast and irreparable harm.<sup>1</sup> These goals are ambitious, but they are achievable — and based on successes in Washington state and other communities all across America.

However, these climate pollution-reduction goals simply cannot be achieved unless America as a nation is prepared to take on the greatest and most powerful special interests that are holding back our clean energy future: fossil fuel corporations. In order to build a more prosperous, just and inclusive clean energy future, our nation must confront the economic and environmental harm caused by corporate polluters.

America and the world are on a dangerous and unsustainable path. Last year, global climate pollution reached a record high, and the previous five years were the hottest on modern record.<sup>2</sup> In the United States, energy-related carbon pollution grew for the first time in four years, pushing our nation off-track in its commitment to the 2015 Paris Climate Agreement.<sup>3</sup> America is now the world's largest producer of oil and gas, and its fossil fuel

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<sup>1</sup> IPCC, <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

<sup>2</sup> NASA, <https://www.nasa.gov/press-release/2018-fourth-warmest-year-in-continued-warming-trend-according-to-nasa-noaa>

<sup>3</sup> International Energy Agency (IEA), <https://www.iea.org/geco/>  
Rhodium Group, <https://rhg.com/research/final-us-emissions-estimates-for-2018/>

production is accelerating faster than any other country in the world.<sup>4</sup> By itself, this production has the potential to squander our opportunity to prevent the worst impacts of climate change.<sup>5</sup> And around the world, fossil fuel reserves under development today already exceed the amount that can be burned if the global community is to meet the goals of the Paris Climate Agreement and the targets recommended by the IPCC.<sup>6</sup>

Yet even as fossil fuel corporations harm our communities — especially communities of color, and those in poverty — and endanger our future, they continue to benefit from billions of dollars in U.S. government subsidies and giveaways.<sup>7</sup> They are privatizing their rising profits even as they impose massive costs on society and ignore their pension and health care obligations to their workers.<sup>8</sup> These egregious fossil fuel giveaways have been ubiquitous during the Trump Administration, which has been populated with former oil, gas and coal industry officials — many of whom continue to benefit their former organizations.<sup>9</sup>

In 2017, President Trump and Republicans in Congress jammed through billions of dollars in windfall tax breaks for fossil fuel companies, as part of their \$2 trillion tax cut plan that benefited corporations and the wealthiest Americans — at the expense of the middle class and a sustainable future. American oil and gas companies reported a combined one-time \$25 billion benefit from the passage of that tax law, with more in fossil fuel subsidies baked in each year.<sup>10</sup> Last week, Trump's Environmental Protection Agency (EPA) announced its Dirty Power Plan — repealing climate pollution safeguards to benefit coal companies, despite the administration's own analysis showing this could result in 300 to 1,500 additional air pollution-related deaths in the United States each year.<sup>11</sup> And the Trump Administration continues to forge ahead in its efforts to undermine federal Clean Car Standards governing tailpipe emissions and fuel economy — over the objection of America's automotive manufacturing companies and autoworkers, but to the direct benefit of oil companies.<sup>12</sup>

<sup>4</sup> International Energy Administration, [https://webstore.iea.org/download/direct/2291?fileName=Key\\_World\\_2018.pdf](https://webstore.iea.org/download/direct/2291?fileName=Key_World_2018.pdf)

<sup>5</sup> OCI, <http://priceofoil.org/content/uploads/2019/01/Drilling-Towards-Disaster-Web-v3.pdf>

<sup>6</sup> Oil Change International (OCI), <http://priceofoil.org/2018/10/17/the-skys-limit-ipcc-report-15-degrees-of-warming/>

<sup>7</sup> American Journal of Public Health, <https://ajph.aphapublications.org/doi/10.2105/AJPH.2017.304297>

<sup>8</sup> IMF, <https://www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509>

<sup>9</sup> Politico, <https://www.politico.com/magazine/story/2019/03/23/trump-big-oil-industry-influence-investigation-zinke-226106>

<sup>10</sup> Pacific Standard, <https://psmag.com/economics/tax-bill-oil-company-bonanza>

<sup>11</sup> AP, <https://www.apnews.com/d48562a8d7ee4df1bceec0990205e5b3>

<sup>12</sup> New York Times, <https://www.nytimes.com/2019/06/06/climate/trump-auto-emissions-rollback-letter.html>

International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) testimony before House of Representatives Energy & Commerce Committee, <https://energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/documents/Nassar.pdf>

The International Monetary Fund (IMF) has estimated that governments around the world suffer more than \$5 trillion each year in fossil fuel subsidies and costs.<sup>13</sup> While in the United States alone, direct subsidies, climate damages, and local air pollution health impacts from fossil fuels combine to cost our nation hundreds of billions of dollars each year.<sup>14</sup> In every way, this is the wrong direction for America.

It is time for a new, forward-looking national energy policy.

Governor Jay Inslee's Freedom from Fossil Fuels Plan will aggressively take on the corporate polluters that are driving the climate crisis: ending oil, gas and coal subsidies, leading America's transition off of fossil fuels, and holding polluters accountable for the harm they cause. This plan comprises 16 policy initiatives that take on America's dependence on fossil fuels like never before.

The Freedom from Fossil Fuels Plan starts by ending the gravy train of government largesse for fossil fuel companies that for too long has padded corporate profit at the expense of the public good. It will responsibly phase out oil, gas and coal production, carbon-intensive infrastructure and exports. And, as it does so, it will support energy workers — protecting their hard-earned pension and health benefits and pay, and reinvesting in the economic vitality of their communities. This plan follows on Governor Inslee's commitment to create millions of good-paying union jobs in every community in America, as outlined in his Evergreen Economy Plan. This Freedom from Fossil Fuels Plan will enforce meaningful safeguards for public health and the environment, and finally hold polluters liable for the climate, health, and environmental damages they are causing.

The plan is composed of the following five priorities:

- 1) Ending Fossil Fuel Subsidies:** Eliminating subsidies for oil, gas and coal companies, worth around \$20 billion each year, by repealing tax credits and deductions, and charging companies for the fossil fuels they currently take from public trust lands under bargain-basement royalty rates and lease payments. And by ending other government investments and financial supports enjoyed today by corporate polluters, including financing for fossil fuel projects overseas.

<sup>13</sup> IMF, <https://www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509>

<sup>14</sup> IMF, <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sonew070215a>

- 2) Banning New Federal Leasing and Phasing-Out Fossil Fuel Production:** Taking immediate executive action on Day 1 of the Inslee Administration to ban all new fossil fuel leasing on public lands and offshore waters. And going further — to restrict drilling and mining under existing leases as well, and to make permanent the ban on new leasing. Also ending hydraulic fracturing (“fracking”) across the country. And establishing a Presidential Commission on Energy Transition, focused on the phase-out of fossil fuel production in a manner that protects workers and impacted communities, including a “G.I. Bill for Energy Workers.” This plan is necessarily informed by climate science, bound by economic commitments to workers, and supportive of a just transition to an inclusive clean energy economy.
- 3) Holding Polluters Accountable:** Charging corporations for the costs of cleaning up their pollution, including through a new Climate Pollution Fee that puts a price on harmful greenhouse gas emissions. Reversing the Trump Administration’s Dirty Power Plan and implementing new, stronger safeguards to protect clean air, water, public health and natural resources. Creating an Office of Environmental Justice within the U.S. Department of Justice, and ensuring legal accountability for the climate and health damages caused by fossil fuel companies.
- 4) Rejecting New Fossil Fuel Infrastructure:** Requiring federal agencies to apply a “Climate Test” to infrastructure proposals and to reject climate-unsafe projects. Empowering states, tribal nations and local governments to protect their clean air, water, and natural resources. Confronting oil and gas pipelines and legacy infrastructure — including projects such as the Dakota Access and Keystone XL pipelines. Reinstating the Crude Oil Export Ban, and extending export restrictions to other fossil fuels. And using federal procurement and other national policy to further accelerate the transition off fossil fuels.
- 5) Improving Corporate Climate Transparency:** Taking strong and immediate action to increase federal oversight and enforcement regarding corporations’ climate risk, and their financial liabilities from climate pollution and fossil fuel investments. And taking steps to mitigate the risk of climate change-driven financial crisis.

This plan comes at a critical time, when America and the world need climate leadership from Washington, D.C. Despite the progress that has been made in the United States — led by states, cities, tribal nations, local communities, and businesses — we remain dangerously far from effectively confronting our perilous dependence on fossil fuels. Instead, powerful corporate lobbies, and their polluter allies in the Trump Administration

continue to press forward the expansion of oil and gas drilling and fracking, and the continued use of coal power. This deepening addiction to fossil fuels is actively polluting our planet, poisoning our people, stunting innovation in our economy, and endangering our national welfare. We must change course.

Today, increases in global climate pollution are being driven by both rising consumption and production of fossil fuels. Even as renewable energy surges around the world, 2018 was called a “golden year” for natural gas, carbon pollution from coal power passed 10 billion metric tons for the first time ever, and even America’s dependence on oil products grew at a faster rate than in any other country for the first time in 20 years.<sup>15</sup>

Fossil fuel executives have long been aware that their business models are driving climate change and ocean acidification. In a 1965 speech, the president of the American Petroleum Institute (API) relayed the dangers of climate pollution to the leaders of the largest oil and gas companies. He told them that “there is still time to save the world’s peoples from the catastrophic consequence of pollution, but time is running out.”<sup>16</sup> In 1982, the Exxon Corporation correctly predicted that global carbon pollution would reach 415 parts per million in 2019, the highest recorded level in human history, which is already driving catastrophic climate disasters.<sup>17</sup> The world hit that mark this spring. Rather than demonstrate responsible corporate behavior, however, the leaders of these businesses have spent decades and billions of dollars sowing doubt and denial in the public and among their own investors, and they have effectively purchased delay in government action.

It is time to challenge the legacy of subsidized pollution, delayed action, and political obstruction that threatens our country with the tremendous human and financial costs of a diminished future. It’s time to choose instead a new path, free from fossil fuels and the ravages of unchecked climate change. Although this path will be hard, no other option leads to a better future for all people.

Fossil fuel industries, and their workers, have helped build our nation since the dawn of the industrial age. They have sustained livelihoods and communities. They are an intrinsic part of American society today. But the climate crisis demands that we transform our economy

<sup>15</sup> IEA, <https://webstore.iea.org/download/summary/2795>

Phys.org, <https://phys.org/news/2019-03-spike-energy-demand-climate-iea.html>

Bloomberg, <https://www.bloomberg.com/news/articles/2019-03-26/record-carbon-emissions-seen-as-energy-use-grew-most-in-decade>

<sup>16</sup> DeSmog Blog, <https://www.desmogblog.com/2018/11/20/american-petroleum-institute-1965-speech-climate-change-oil-gas>

<sup>17</sup> Inside Climate News, <https://insideclimatenews.org/news/18092015/exxon-confirmed-global-warming-consensus-in-1982-with-in-house-climate-models>

and leave these 19th century energy resources and their pollution behind. We must embrace a forward-looking clean energy future. Importantly, in doing so, our nation will not falter in our support for energy workers, their families, and their communities, in this energy transition. No one will be left behind as we build a more just, innovative and inclusive American clean energy economy. In fact, by leading the transition to an American and global clean energy economy, we can use the opportunity that this transformation provides to increase worker pay, grow unions, and restore the middle class. While recent economic transitions have left workers behind as CEOs made record profits — Governor Inslee's vision for a clean energy economy is built differently, on a foundation of worker protections and smart public investment. Under Inslee's plan, wages will be strong, unions will grow and prosper, and the power of the federal government will be used to ensure every clean energy job can support a family.

This plan is the fourth major policy announcement under Governor Inslee's comprehensive Climate Mission agenda — a national mobilization to defeat climate change and build a more just, innovative and inclusive clean energy economy. Through meaningful standards and investments, this agenda lays out a roadmap for the United States to achieve a 50 percent reduction in carbon pollution by 2030, and net-zero emissions economy-wide by 2045. Previously, Governor Inslee announced other elements of this agenda:

- the 100% Clean Energy for America Plan, through which the United States will set strong rules to achieve 100% clean electricity, new cars and buildings, and retire and replace all coal-fired power plants;
- the Evergreen Economy Plan, which will catalyze \$9 trillion in public and private investment to create 8 million good, family-wage and union jobs in infrastructure, manufacturing, and innovation over the next 10 years, building an American clean energy future; and
- the Global Climate Mobilization Plan, which will put climate action at the heart of U.S. foreign policy, and use every tool in diplomacy, trade, international finance, foreign assistance and refugee policy to lead an effective global response to the climate crisis.<sup>18</sup>

In the coming weeks, Inslee will continue to outline additional elements of this Climate Mission agenda, including strategies to promote farmers, sustainable agriculture, and thriving rural economies; and achieve greater climate, economic and environmental justice in building our clean energy future, and more.

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<sup>18</sup> Governor Inslee's 100% Clean Energy for America Plan, <https://www.jayinslee.com/issues/100clean>, Evergreen Economy Plan, <https://www.jayinslee.com/issues/evergreen-economy>, and Global Climate Mobilization Plan, <https://www.jayinslee.com/issues/global-climate>

Over the past two decades Governor Inslee has been a national leader in taking action on climate change, building a clean energy economy, and standing up against fossil fuel companies and their pollution. While serving in Congress, Inslee was a leading voice for protecting federal lands from oil drilling, including the Arctic National Wildlife Refuge (ANWR), and he fought to end fossil fuel subsidies and reinvest those dollars to grow clean energy industries.<sup>19</sup> He was one of the first lawmakers, and the first among 2020 Democratic presidential candidates, to speak out against the climate and environmental dangers posed by the Keystone XL pipeline.<sup>20</sup> When a Republican president proposed drilling off the Pacific Coast, he opposed it just as he opposed drilling off the Arctic Coast when it was put forward by a Democratic administration.<sup>21</sup> He has stood in solidarity with First Nations in opposition to the expansion of the Trans-Mountain Pipeline.<sup>22</sup> Inslee was one of the first 2020 presidential candidates to sign the No Fossil Fuel Money Pledge.<sup>23</sup> He has relentlessly fought for climate progress and has won the passage of some of the best clean energy legislation in the country.<sup>24</sup> And all the while, Governor Inslee has presided over the state that has led the entire nation in economic growth.<sup>25</sup>

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## 1) Ending Fossil Fuel Subsidies

The first rule of getting out of a hole is to stop digging. And the first rule in defeating climate change is to stop giving special breaks to fossil fuel corporations whose pollution is responsible for driving global climate change. These companies are among the wealthiest in the history of the world, and they continue to rake in record profits — ExxonMobil earned \$57 million per day in 2018 — even as their pollution contributes to ever-worsening climate disasters, health care crises such as a growing asthma epidemic, and a deepening cycle of environmental harm and injustice.<sup>26</sup>

Governor Inslee believes American taxpayers should not be footing the bill for oil company CEOs who are polluting American communities and worsening the climate crisis. Under the Trump Administration, the United States is moving in the wrong direction, and providing

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<sup>19</sup> E&E News, <https://www.eenews.net/tv/videos/18/transcript>

<sup>20</sup> Natural Resources Defense Council, [https://www.nrdc.org/sites/default/files/ene\\_10062301a.pdf](https://www.nrdc.org/sites/default/files/ene_10062301a.pdf)

<sup>21</sup> King 5 News, <https://www.king5.com/article/news/politics/gov-inslee-demands-trump-administration-not-drill-off-washington-coast/281-507319020>

Earthjustice, <https://earthjustice.org/blog/2015-april/washington-s-governor-is-concerned-about-arctic-drilling>

<sup>22</sup> Seattle Times, <https://www.seattletimes.com/opinion/gov-jay-inslee-canadian-oil-pipeline-is-giant-step-backward/>

<sup>23</sup> No Fossil Fuel Money Pledge, <http://nofossilfuelmoney.org>

<sup>24</sup> Vox, <https://www.vox.com/energy-and-environment/2019/4/18/18363292/washington-clean-energy-bill>

<sup>25</sup> Washington State Wire, <https://washingtonstatewire.com/washington-state-has-nations-fastest-growing-economy-for-2nd-year/>

<sup>26</sup> ExxonMobil, <https://news.exxonmobil.com/press-release/exxonmobil-earns-208-billion-2018-6-billion-fourth-quarter>

more and more federal subsidies and financial support to wealthy, dirty fossil fuel businesses. A 2018 report identified the United States as the most egregious provider of fossil fuel subsidies among G7 nations, with more than \$26 billion in direct annual government financial support — the vast majority provided by the federal government.<sup>27</sup> These fossil fuel subsidies have only grown more outrageous since passage of the Trump GOP tax law, in which large oil companies are some of the biggest beneficiaries.<sup>28</sup>

The Inslee Administration will take immediate action to end these and all manner of other federal fossil fuel subsidies as it launches a massive federal reinvestment to create millions of jobs building an American clean energy future. This follows on Inslee's Global Climate Mobilization Plan, which includes asserting American leadership to end fossil fuel subsidies and government financing for fossil fuels around the world.<sup>29</sup>

- ❖ ***Closing fossil fuel tax loopholes:*** The federal tax code harbors some of the most costly U.S. fossil fuel subsidies. For years, these have provided oil, gas and coal companies with financial support they do not need — as some have raked in record profits. To end these subsidies, Governor Inslee's plan calls for:
  - Immediately putting forward legislation to end wasteful tax subsidies enjoyed by oil, gas and coal companies. This includes repealing deductions for intangible drilling operations, worth approximately \$2.3 billion annually, and blocking fossil fuel companies and projects from using last-in first-out (LIFO) accounting — worth an additional \$1.7 billion per year. It means throwing out tax deductions and credits for royalty payments to foreign governments; accelerated depreciation of gas distribution pipelines; weak oil spill penalty costs; and the carried interest tax exemption on funds according to fossil fuel reserve exposure. It further calls for eliminating newer tax credits such as those benefiting enhanced oil recovery; and for carbon sequestration when the captured carbon is used for additional fossil fuel production.<sup>30</sup>
  - Reinstating, enforcing and mandating taxes and fees on fossil fuel companies and other polluters to hold them accountable for the damage they have caused and the necessary costs of remediation, site cleanup, worker health impacts, oil spills and more. This includes ending the tar sands oil exemption from per-barrel tax payments into the Oil Spill Liability Trust Fund (which

<sup>27</sup> UK Overseas Development Institute, <https://www.odi.org/publications/11131-g7-fossil-fuel-subsidy-scorecard>

<sup>28</sup> Pacific Standard, <https://psmag.com/economics/tax-bill-oil-company-bonanza>

<sup>29</sup> Governor Inslee's Global Climate Mobilization Plan, <https://www.jayinslee.com/issues/global-climate>

<sup>30</sup> Oil Change International (OCI), [http://priceofoil.org/content/uploads/2017/10/OCI\\_US-Fossil-Fuel-Subs-2015-16\\_Final\\_Oct2017.pdf](http://priceofoil.org/content/uploads/2017/10/OCI_US-Fossil-Fuel-Subs-2015-16_Final_Oct2017.pdf)

has been worth around \$50 million annually to fossil fuel companies), and reinstating Superfund taxes that support cleanup of the nation's most-polluted sites. Governor Inslee's plan also includes closing new loopholes and increasing the tax burden paid by fossil fuel companies and large corporations, as part of repealing the Trump tax cuts. That GOP tax plan resulted in massive windfall profits for corporations — including fossil fuel companies — and the wealthiest Americans, at the expense of middle-class families.<sup>31</sup>

❖ ***Recouping appropriate payments for fossil fuel extraction:*** Even as the Inslee Administration takes aggressive action to restrict fossil fuel production (see Section 2 of this plan), it will still be necessary to address the inadequate level of payments to the federal government under existing fossil fuel activities on public lands — policies that continue to subsidize entrenched, polluting industries, and that often enhance the viability of increasingly non-cost-competitive dirty energy production. The Trump Administration has tried to give America's public lands away to oil companies like candy. The next administration must change course dramatically. This calls for:

- Ending outdated royalty exemptions and increasing royalty rates for any oil and gas production activities that continue on federal lands and offshore waters. Current policies have had the effect of wasting taxpayer money to promote additional fossil fuel production and to offer greater profits to fossil fuel corporations, like the Trump Administration's decision to reduce the shallow-water royalty rate for offshore drilling. And according to Oil Change International, taxpayers would recover \$3 billion in revenues if the federal government were to apply even a 20% royalty rate for drilling on public lands, which is "the lowest rate charged by the state of Texas."<sup>32</sup>
- Closing loopholes and setting appropriate fees on coal companies by ending low-cost, non-competitive leasing practices for coal extraction, especially in the Powder River Basin. According to the Institute for Energy Economics and Financial Analysis (IEFFA), U.S. taxpayers have already lost out on nearly \$30 billion in revenues over the past 30 years due to the failure of federal leasing policy to recoup fair market value for the costs of coal reserves on public

<sup>31</sup> Congressional Research Service,

[https://www.everycrsreport.com/files/20190522\\_R45736\\_8a1214e903ee2b719e00731791d60f26d75d35f4.pdf](https://www.everycrsreport.com/files/20190522_R45736_8a1214e903ee2b719e00731791d60f26d75d35f4.pdf)

<sup>32</sup> OCI, [http://priceofoil.org/content/uploads/2017/10/OCI\\_US-Fossil-Fuel-Subs-2015-16\\_Final\\_Oct2017.pdf](http://priceofoil.org/content/uploads/2017/10/OCI_US-Fossil-Fuel-Subs-2015-16_Final_Oct2017.pdf)

lands in the Powder River Basin in the western United States.<sup>33</sup> Action steps to support this policy will include reinstating and strengthening the BLM “Valuation Rule” that the Trump Administration repealed in 2017, which plugged a loophole in the royalty payments made by coal, oil and gas companies for fossil fuels extracted from federal lands, and which is worth an estimated \$80 million per year.<sup>34</sup>

- ❖ ***Ending institutional federal support for fossil fuels:*** After decades of policies driven by the fossil fuel industry, America is saddled with a broad suite of federal investments and operations, financing regimes, and regulatory policies that serve to subsidize fossil fuel companies and promote their continued pollution. The Inslee Administration will take a top-to-bottom approach to repealing federal support for fossil fuels, including:
  - Directing the Secretaries of Defense, Energy and the Treasury to evaluate and report on the current and historical costs of protecting oil supplies around the globe, which have been estimated at \$81 billion annually, and to recommend policy actions through which the federal government can recover those costs that have benefited American oil companies’ profits. This new approach — combined with a domestic effort to wean America off oil — will help to refocus U.S. foreign and military priorities and avoiding our nation’s further entrapment in wars for oil.<sup>35</sup>
  - Initiating a White House-led comprehensive examination of federal government support for fossil fuels, and taking action to eliminate it. This ranges from the cost of inland waterways transportation of fossil fuels not covered by tonnage fees, to the costs of bonding around mine closure and reclamation liabilities, and the cost of these hidden subsidies is substantial.
  - Ending U.S. financing for overseas fossil fuel projects, and pressing for global action to transition off of fossil fuels, as called for under Governor Inslee’s Global Climate Mobilization Plan. This includes prohibiting the International Development Finance Corporation (IDFC), the Export-Import Bank, and the Trade and Development Agency (TDA) from financing fossil fuel projects; joining the international Powering Past Coal Alliance pushing to end coal power pollution in major economies throughout the world by 2030; and,

<sup>33</sup> IEEFA, <http://ieefa.org/study-almost-30-billion-in-revenues-lost-to-taxpayers-by-giveaway-of-federally-owned-coal-in-powder-river-basin/>

<sup>34</sup> Reuters, <https://www.reuters.com/article/us-usa-interior-coal/u-s-interior-department-rescinds-coal-valuation-rule-idUSKBN1AN2F7>

<sup>35</sup> Securing America’s Energy Future, <http://secureenergy.org/wp-content/uploads/2018/09/Military-Cost-of-Defending-the-Global-Oil-Supply-Sep.-18.-2018.pdf>

through U.S. involvement in the Organisation for Economic Co-operation & Development (OECD) and multilateral development banks, pressing for those organizations to end global overseas financing for coal, oil and gas projects, including those supported through financial intermediaries.<sup>36</sup>

- Transforming the Department of Energy (DOE) Office of Fossil Energy into the Office of Industrial Decarbonization, and changing its mandate to focus on research, development, demonstration and deployment of technologies and processes that help reduce climate pollution from industrial operations, as called for in Governor Inslee's Evergreen Economy Plan.<sup>37</sup> This office currently functions to support an anachronistic mission that includes the "responsible development of America's oil and gas resources."<sup>38</sup>

## 2) Banning New Federal Leasing and Phasing-Out Fossil Fuel Production

American fossil fuel production is stepping on the accelerator at just the moment that it should be hitting the brakes. Today, the United States is the world's largest oil producer, the largest producer of natural gas, and the third largest producer of coal.<sup>39</sup> Under the failed leadership of President Trump, America is on pace to expand extraction of oil and gas four times faster than any other country in the world, representing 60 percent of global production growth.<sup>40</sup> While the Trump Administration doubles down on fossil fuels, the world must set its course for a different path and commit to cut emissions in half by 2030 under the Paris Agreement, and reach net-zero by mid-century, in order to limit global temperature increases to 1.5 degrees Celsius (°C) and try to avoid the worst impacts of climate change.<sup>41</sup>

This rapid growth in domestic fossil fuel production is not accidental. Trump Administration policies have turned over public lands and waters for leasing of mineral rights, and accelerated permitting for new wells, pipelines and mines — even as they let polluters off the hook for the cost of cleaning up their own pollution. Scientific reality demands that we put an end to new fossil fuel development, while economic necessity demands that we wind down the growth of the fossil fuel industry thoughtfully and intentionally. If the federal government leads the transition to a clean energy economy, it

<sup>36</sup> Governor Inslee's Global Climate Mobilization Plan, <https://www.jayinslee.com/global-climate>

<sup>37</sup> Governor Inslee's Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

<sup>38</sup> USDOE Office of Fossil Energy, <https://www.energy.gov/fe/mission>

<sup>39</sup> IEA, [https://webstore.iea.org/download/direct/2291?fileName=Key\\_World\\_2018.pdf](https://webstore.iea.org/download/direct/2291?fileName=Key_World_2018.pdf)

<sup>40</sup> EIA, <https://www.eia.gov/>

<sup>41</sup> IPCC, <https://www.ipcc.ch/2018/10/08/summary-for-policymakers-of-ipcc-special-report-on-global-warming-of-1-5c-approved-by-governments/>

can also protect and honor workers and communities during this global transition. A critical step in any policy to achieve freedom from fossil fuels is to stop giving away our public trust resources to benefit the world's richest companies, even as we reinvest in communities. This work will be achieved by advancing the following key policy measures.

- ❖ ***Protecting public lands and offshore waters from fossil fuel production:*** In 2018 the U.S. Geological Survey reported that fossil fuels produced on federal lands and offshore waters were responsible for approximately 24% of America's carbon pollution.<sup>42</sup> The United States simply cannot afford — and Americans do not want — to continue to allow fossil fuel corporations to dig up fossil fuels that are public trust resources, and to sell them to be burned at home or abroad in further contribution to the climate crisis.<sup>43</sup> Therefore, in this plan an Inslee Administration commits to:
  - Taking immediate executive action, on Day 1, to ban all new fossil fuel leasing on federal lands and offshore waters, including coal, oil, gas, oil shale, and tar sands.
  - In addition to banning all new leases, directing all federal onshore and offshore land and coastal management agencies to utilize all existing authorities to cancel and refuse to extend existing fossil fuel leases, to the extent allowed under current law. This includes terminating leases that were not validly issued, and directing the BLM to refuse to issue lease suspensions, resulting in the expiration of unused leases that oil and gas companies have spent years stockpiling.<sup>44</sup>
  - Working with Congress to implement a permanent ban on fossil fuel leasing on public lands and coastal areas, to ensure durable and lasting protections for these treasured natural resources. And, through legislation, requiring that future decisions impacting America's coastal areas must involve active approval from each state in the region that could be impacted in the event of an offshore oil spill. This will mean that the federal government will be responsive to the concerns of coastal states and communities, and Republican and Democratic governors and senators will be empowered to stand up against drilling off their states' coastlines.
  - Through executive authority, reversing the Trump Administration's attempts to shrink or repeal national monument designations. And preventing fossil

<sup>42</sup> U.S. Geological Survey, <https://pubs.usgs.gov/sir/2018/5131/sir20185131.pdf>

<sup>43</sup> Pew Research, <https://www.pewresearch.org/fact-tank/2018/01/30/more-americans-oppose-than-favor-increased-offshore-drilling/>

<sup>44</sup> The Wilderness Society, <https://www.wilderness.org/articles/blog/land-hoarders-oil-and-gas-companies-are-stockpiling-your-public-lands>

fuel extraction in or adjacent to critical public lands, such as ANWR, the Florida Everglades, the Petrified Forest National Park in Arizona, and Bears Ears National Monument in Utah.<sup>45</sup> And taking action to protect new areas and extend new safeguards against industrial development in national forests, marine protected areas, monuments, and wildlife refuges.

- ❖ **Phasing out fossil fuel production nationwide:** In his 100% Clean Energy for America Plan, Governor Inslee committed to achieving net-zero greenhouse gas pollution as fast as possible, and by no later than 2045.<sup>46</sup> Such a focused commitment is essential to avoid the worst impacts of the climate crisis. Yet, because energy relies on long-dated assets and infrastructure, America's actions today will lock in consequences for decades to come. For this reason, it would be a grave injustice to make foolish investments into future fossil energy reliance that we know today is unsustainable, and that will only result in stranded assets and greater economic and climate disruption down the road. Instead, research has shown that the most efficient and effective path forward for domestic climate action lies both in reducing the demand for fossil fuels, as well as in policies to restrict fossil fuel supplies (production).<sup>47</sup> It is essential to recognize the hard limits of the available "carbon budget" that the atmosphere can absorb before catastrophe, and to steward that resource carefully, beginning now. This means mobilizing all the tools of government, and reaching out to the private sector, to redirect resources from fossil fuels into building the energy assets of the future. This can be accelerated by:
  - Establishing a Presidential Commission on Energy Transition, focused on phasing-out fossil fuel production nationwide, with a special focus on a just transition for workers and the protection of communities that are reliant upon fossil fuel extraction. This commission will include the U.S. Secretaries of Commerce, Energy, Interior, Justice, Labor, Transportation, Treasury; leadership from the Environmental Protection Agency (EPA), Federal Energy Regulatory Commission (FERC), and National Oceanic & Atmospheric Administration (NOAA); as well as representatives from state, local and tribal governments, labor, industries, and academia, community and environmental

<sup>45</sup> Reuters, <https://www.reuters.com/article/us-alaska-oil-refuge/u-s-vows-first-oil-lease-sale-in-alaska-arctic-refuge-this-year-idUSKCN1T1011>

Arizona Daily Sun, [https://azdailysun.com/news/local/feds-propose-fracking-near-petrified-forest/article\\_5023288c-5caa-58f7-a91a-fa608968fdbe.html](https://azdailysun.com/news/local/feds-propose-fracking-near-petrified-forest/article_5023288c-5caa-58f7-a91a-fa608968fdbe.html)

New York Times, <https://www.nytimes.com/2018/03/02/climate/bears-ears-national-monument.html>

South Florida Sun Sentinel, <https://www.sun-sentinel.com/news/fl-ne-everglades-drilling-supreme-court-20190509-tyiu6o3mjbhcrhoney3za744by-story.html>

<sup>46</sup> Governor Inslee's 100% Clean Energy for America Plan, <https://www.jayinslee.com/issues/100clean>

<sup>47</sup> Green, Fergus; Denniss, Richard, <https://link.springer.com/article/10.1007/s10584-018-2162-x>

committed to passage of a “G.I. Bill” for fossil fuel workers, and to ensuring good jobs and family supporting benefits for the new work of building a clean energy economy. The policy initiatives that he will put forward include:<sup>49</sup>

- Providing impacted energy workers, their families, and their communities with financial security by shoring up retirement benefits through federal backstops to our troubled pension system to safeguard a lifetime of deferred wages for retirees. The U.S. government will shore up and stand behind the solvency of all defined benefits pension funds to guarantee all workers can retire in dignity with economic security. If you have a guaranteed pension from your fossil fuel corporate employer, the Inslee Administration will honor it and ensure that corporations, and not taxpayers, pay to meet the obligation.
- Granting qualifying employees and their families continued access to their historic health insurance coverage. This starts with backstopping the solvency of the Black Lung Disability Trust Fund — which is already \$6 billion in debt.<sup>50</sup> Every energy worker who loses health benefits as a result of layoffs, bankruptcies, and the transitioning economy will be guaranteed access to health care, with their corporate employers required to meet historic coverage obligations as well as retiree or survivor benefits.
- Providing income support and educational training stipends for all workers seeking to move into new or related professions. All employees and contractors of companies directly involved in the extraction and processing of fossil fuels will be eligible for the program. Training programs can be run through local unions that have the relationships and the training expertise to quickly support workers as they transition to future employment.
- Creating a community “Re-Power Fund” to invest in communities impacted by changes in fossil fuel industries. These investments will support bottom-up, locally driven economic and workforce development strategies, and subsidize and incentivize economic diversification and “re-development corridors” — including advanced manufacturing and clean-energy business growth, infrastructure, and supplements to any foregone local tax revenue. The Re-Power Fund will prioritize development of energy-related industries that can access existing energy utility and transportation and shipping infrastructure that is frequently abundant and of high quality in these communities — ensuring that new job creation is centered on growing, high

<sup>49</sup> Governor Inslee’s Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

<sup>50</sup> U.S. Government Accountability Office (GAO), <https://www.gao.gov/assets/700/692103.pdf>

wage and high value-added industries that draw on the existing skills of workers and strong local supply chains.

- Establishing a dedicated “Restoration Fund” to create new skilled union jobs in environmental reconstruction. Fossil fuel companies will be held accountable to pay for the environmental, health and community damages caused by coal, oil and gas extraction by supporting a comprehensive reclamation program through the Restoration Fund. This program will hire local workers for reclamation and restoration projects in areas where mining, drilling and fracking have damaged natural resources, harmed water tables, and polluted fields, riverbeds, and valleys. The Restoration Fund will supplement, and not replace, existing resources. Jobs for reclamation and restoration will be required to pay prevailing wages and to allow workers the opportunity to organize, and they will be administered in a manner that prioritizes community hiring for transitioning workers.
- Using current labor law and strengthening and expanding prevailing wage, procurement rules, and the use of Project Labor Agreements, to maintain family-supporting wages in the growing clean energy economy. This includes creating \$25/hour clean energy jobs, which will provide an annual salary of more than \$50,000 a year for a 40-hour work week — an amount that can support a family in most places in the country. A wage of \$25/hour for employees in the clean energy economy will happen only if federal, state, local and tribal governments commit to basic worker standards, unionization, and agree to require all publicly funded projects, regardless of source, pay prevailing wages and more.
- Conditioning all new investments in federally funded clean energy projects to include: Project Labor Agreements; Prevailing Wage laws; federal overtime requirements; and other strong worker protections. These fundamental worker protections prevent a “race to the bottom” on wages, benefits, and employment standards.

- ❖ **Ending fracking:** Hydraulic fracturing and horizontal drilling (or “fracking”) has enabled rapid growth in the oil and gas industry, with fracked gas driving U.S. production to jump 85 percent between 2010 and 2018 (in barrels of oil equivalent) and establishing the United States as the largest oil and gas producer in the world.<sup>51</sup> This unprecedented growth in domestic oil and gas production represents a real and sustained threat to meeting U.S. climate stabilization goals, as well as to clean

<sup>51</sup> IEA, <https://www.iea.org/weo2018/>

air and water, and human health.<sup>52</sup> Fracked gas and oil wells also produce substantial methane leakage, which has been shown to overwhelm the greenhouse gas benefit that the gas industry has claimed results from burning its product instead of coal.<sup>53</sup> Fracking also produces localized air pollution, and poses risks to groundwater and drinking water supplies and other sources of environmental injustice. For example, a 2016 EPA study found that fracking “led to impacts on drinking water resources, including contamination of drinking water wells.”<sup>54</sup> Altogether, these hazards are simply too great, and are incompatible with building an innovation-led clean energy economy. Instead, it is time to shift course and end reliance on fracking nationwide. This will involve:

- Working with Congress to enact an outright nationwide ban on fracking, similar to that which Governor Inslee signed into law in Washington state in 2019.<sup>55</sup> And simultaneously pursuing a mix of executive and legislative actions that restrict the practice of fracking. These include robust and steadily increasing air pollution restrictions, especially for methane; expanding health and safety protections including establishing set-backs to protect community residents; and closing the “Halliburton Loophole” and applying effective federal clean water safeguards and information disclosure provisions to protect local communities from the underground injection of fracking fluids, under the Safe Drinking Water Act and the Clean Water Act.
- Phasing-out hydraulic fracturing must be accompanied by a robust program for economic transition both at the community level and for impacted workers, as discussed in Governor Inslee’s Evergreen Economy Plan. Such a program of just transition will include dedicated resources to help workers with economic security, career training, community economic development spending, local business investment, and other supports to ensure stable livelihoods.

### 3) Holding Polluters Accountable

In 2019, the IMF released a report revealing that governments around the world suffer more than \$5 trillion each year in costs associated with fossil fuels.<sup>56</sup> The report pinpoints

<sup>52</sup> Concerned Health Professionals of NY/Physicians for Social Responsibility, [https://concernedhealthny.org/wp-content/uploads/2019/06/Fracking-Science-Compendium\\_6.pdf](https://concernedhealthny.org/wp-content/uploads/2019/06/Fracking-Science-Compendium_6.pdf)

<sup>53</sup> Science Journal, <https://science.sciencemag.org/content/361/6398/186.full>

<sup>54</sup> EPA, <https://cfpub.epa.gov/ncea/hfstudy/recordisplay.cfm?deid=244651>

<sup>55</sup> Washington State Legislature, <https://app.leg.wa.gov/billsummary?BillNumber=5145&Initiative=false&Year=2019>

<sup>56</sup> IMF, <https://www.imf.org/en/Publications/WP/Issues/2019/05/02/Global-Fossil-Fuel-Subsidies-Remain-Large-An-Update-Based-on-Country-Level-Estimates-46509>

the United States as the second worst offender, among all nations, in subsidies and externalized pollution costs. And while the IMF's methodology includes a broad array of social costs from fossil fuels, a previous version of the report from 2015 found that just the three categories of direct fossil fuel subsidies, climate damages, and local public health impacts from air pollution combined to cost the United States hundreds of billions of dollars each year.<sup>57</sup> This human and financial cost of pollution must be confronted by policymakers directly as part of any meaningful response to the climate crisis.

Unfortunately, the Trump Administration has effectively removed a cop from the beat in the protection of America's environment and public health from fossil fuel companies and other polluters. Under President Trump, the federal government has all but stopped enforcing critical environmental protections. In early 2019, the EPA's inspection rate of polluters had fallen to a 10-year low, while the civil fines levied upon polluting businesses is at its lowest level in 25 years.<sup>58</sup> Meanwhile, the number of criminal cases that the EPA has referred to the Department of Justice (DOJ) has fallen to its lowest level in 30 years.<sup>59</sup>

Not content with failing to enforce the law, the Trump Administration has undermined or is actively working to undermine at least 83 different environmental standards, including: replacing Clean Air Act standards with a Dirty Power Plan that allows more dangerous climate pollution from power plants; repealing the Waters of the United States rule protecting America's waterways; and undermining Clean Car Standards promoting vehicle fuel efficiency and cost savings, and reduced air pollution from the transportation sector.<sup>60</sup> Trump's environmental rollbacks will increase annual U.S. climate pollution by at least an estimated 200 million metric tons per year by 2025 - the equivalent of burning more than 1 million rail cars full of coal, or the emissions from 44 million cars per year.<sup>61</sup> Governor Inslee is committed to reversing this trend, and pursuing aggressive enforcement of existing federal environmental standards, as well as new rules that hold industries accountable for the costs they impose on Americans.

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<sup>57</sup> IMF, <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sonew070215a>

<sup>58</sup> Washington Post, [https://www.washingtonpost.com/climate-environment/2019/02/08/under-trump-epa-inspections-fall-year-low/?utm\\_term=.8f138ed2ce82](https://www.washingtonpost.com/climate-environment/2019/02/08/under-trump-epa-inspections-fall-year-low/?utm_term=.8f138ed2ce82)

<sup>59</sup> Public Employees for Environmental Responsibility, <https://www.peer.org/news/press-releases/criminal-enforcement-collapse-at-epa.html>

<sup>60</sup> New York Times, <https://www.nytimes.com/interactive/2019/climate/trump-environment-rollbacks.html?mtrref=www.google.com&gwh=745941EAC5E0F1C5769030B4B4755514&gwt=pay>

<sup>61</sup> NYU School of Law State Energy & Environmental Impact Center, <https://www.law.nyu.edu/sites/default/files/climate-and-health-showdown-in-the-courts.pdf>  
Inside Climate News, <https://insideclimatenews.org/news/06032019/trump-climate-regulations-rollback-cost-health-emissions-clean-power-plan-cars-oil-gas-methane>

This Freedom from Fossil Fuels Plan supports a range of new and enhanced environmental standards, fees, and enforcement to address damages from climate change and other ongoing liabilities from our fossil fuel dependence, such as oil spills, decommissioning of coal plants, eliminating fugitive methane emissions from fracked gas wells, and more. This “polluter pays” principle has been a long-standing and successful tool for driving continuous improvement in environmental performance, and it can be highly useful to make pollution more costly and internalize the real economic burdens of fossil fuels that harm public welfare. It’s also broadly supported by the public: 57% of Americans support making fossil fuel companies pay for the damages that climate change is causing in their communities.<sup>62</sup>

- ❖ ***Making polluters pay through a Climate Pollution Fee:*** Rather than relying solely on macroeconomic price signals to make pollution relatively more expensive, Governor Inslee’s Climate Mission agenda is centered on a broad suite of policy tools, including clear regulatory standards, massive new public investments, and the reform of trade rules and financial mechanisms to drive greater private investment into building a clean energy future. This plan also includes closing one of the biggest government policy loopholes enjoyed by fossil fuel industries: the ability to dump their climate pollution into the atmosphere for free. While putting a price on the cost of climate pollution does not represent a single silver bullet, it nonetheless remains an effective tool for both ensuring that polluters pay and for generating new revenue to address the harms caused by those emissions. To that end, the Freedom from Fossil Fuel Plan calls for:
  - Working with Congress to establish a Climate Pollution Fee, to account for the accelerating cost of climate change, incentivize the transition to a clean energy economy, and establish a mechanism for polluter accountability.
  - This fee will be applied initially in key economic sectors in which it can have the most effective impact. It will initially be set low, increasing steadily and aggressively over time, to establish clear and predictable incentives for early action, and to generate a focused source of revenue to fund transition and address climate impacts. The fee will be reexamined biannually in its price, scope of coverage, and efficacy.
  - This Climate Pollution Fee will be set as far upstream as possible to provide stable and predictable incentives for clean energy production. An alternative compliance payment may also be set to backstop this policy with a “shadow

<sup>62</sup> Yale Program on Climate Communication, <https://climatecommunication.yale.edu/publications/majority-of-americans-think-fossil-fuel-companies-are-responsible-for-the-damages-caused-by-global-warming/>

price” to ensure that compliance costs remain practical, economic and effective.

- The Climate Pollution Fee will not only address carbon pollution, but it will also provide a fee for methane, F-gases, and other greenhouse gas emissions to recognize the differential heat trapping potential of these “super-pollutants” and appropriately index pricing to the real risks presented by a range of pollutants.
- Revenue generated will provide dedicated support for frontline and low-income communities in addressing the impacts of climate disasters, and funding environmental quality protections and economic development. Its implementation will occur within a context of rigorous adherence to health and safety rules, strong information disclosure, and meaningful community input and representation.
- For energy intensive and trade-exposed industries, a “Carbon Duty” will also be imposed on imported products produced from nations not committed to implementation of strong climate pollution reduction plans under the Paris Climate Agreement (as called for in Governor Inslee’s Global Climate Mobilization and Evergreen Economy plans).<sup>63</sup> This policy will promote global climate action, and protect American companies while rewarding environmental innovation.

❖ ***Strengthening polluter accountability and clean air and water safeguards:***

Critical to ensuring both environmental and economic justice in a new American clean energy economy is the promulgation of strengthened safeguards for clean air, clean water, and healthy communities, and the aggressive enforcement of new and existing protections. Governor Inslee’s plan includes commitments to do this by:

- Pursuing aggressive enforcement of the Clean Air Act to confront climate, mercury, toxics, ozone, and other costly and dangerous air pollution. This includes repealing the Trump Administration’s Dirty Power Rule, and immediately directing the EPA to identify a range of additional options for cracking down on greenhouse gas pollution under the existing Clean Air Act law. This will occur as the Inslee Administration pursues the full suite of executive and legislative actions outlined in the 100% Clean Energy for America Plan.<sup>64</sup> This includes using: Section 111 of the law, to set sector-

<sup>63</sup> Governor Inslee’s Global Climate Mobilization Plan, <https://www.jayinslee.com/issues/global-climate>  
Governor Inslee’s Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

<sup>64</sup> Governor Inslee’s 100% Clean Energy for America Plan, <https://www.jayinslee.com/issues/100clean>

based climate pollution standards, as well as New Source Performance Standards (NSPS) that prohibit the construction of new polluting power plants; National Ambient Air Quality Standards (NAAQS) to require each state to reduce its climate pollution in a manner similar to other air pollutants considered harmful to public health and the environment; Section 115 of the act, which concerns U.S. responsibility to reduce harmful air pollution that affects others in the international community; and additional measures targeting mobile and stationary sources of climate pollution.<sup>65</sup>

- Strengthening enforcement of federal environmental protections through appointments, new rulemakings, and as a priority in presidential funding requests to Congress. This includes those under the EPA's purview, such as: the Clean Air Act, Clean Water Act, Toxic Substances Control Act (TSCA), and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA); in Endangered Species Act protections led by the U.S. Fish & Wildlife Service and NOAA; and in the implementation of other statutes and the execution of other federal agencies' environmental protection responsibilities.
- Restoring and strengthening EPA protections against coal ash pollution, which were repealed by the Trump Administration.<sup>66</sup> In 2019, the first comprehensive national study of coal ash pollution found that 91% of U.S. coal plants were contaminating local groundwater with unsafe levels of toxic pollutants, including arsenic.<sup>67</sup> And recent climate change-fueled disasters, such as Hurricane Florence in North Carolina and spring 2019 flooding in Midwest states like Iowa and Nebraska, have disrupted coal ash ponds and threatened to spread this toxic pollution into still more American communities.<sup>68</sup>

- ❖ ***Aggressively enforcing environmental laws:*** The next president must also strengthen enforcement of existing laws governing climate and fossil fuel pollution and punish those who break laws and pollute communities. This includes:
  - Holding fossil fuel companies accountable for climate and public health damages. This plan rejects any proposal to limit fossil fuel companies' legal

<sup>65</sup> EPA, <https://www.epa.gov/clean-air-act-overview>

<sup>66</sup> NBC News, <https://www.nbcnews.com/news/us-news/trump-s-epa-rolls-back-obama-era-coal-ash-regulations-n892586>

<sup>67</sup> Environmental Integrity Project, <http://www.environmentalintegrity.org/reports/coals-poisonous-legacy/>

<sup>68</sup> Washington Post, [https://www.washingtonpost.com/energy-environment/2018/09/21/dam-breach-reported-former-nc-coal-plant-raising-fears-that-toxic-coal-ash-may-pollute-cape-fear-river/?utm\\_term=.fc123c70da89](https://www.washingtonpost.com/energy-environment/2018/09/21/dam-breach-reported-former-nc-coal-plant-raising-fears-that-toxic-coal-ash-may-pollute-cape-fear-river/?utm_term=.fc123c70da89)  
ThinkProgress, <https://thinkprogress.org/midwest-floods-missouri-superfund-toxins-hazards-nebraska/>

liabilities for the climate damages that their pollution has caused, or for their role in misleading investors and the public about the dangers of climate change, which their own experts warned them decades ago could be “severe” or even “catastrophic.”<sup>69</sup> Instead, Governor Inslee’s plan calls for upholding those liabilities, and supporting the access of states, tribes, local governments and American citizens to federal and state courts in the pursuit of justice against fossil fuel companies. Much like lawsuits against tobacco companies in the 1990s, these suits seek to hold fossil fuel companies accountable for the accelerating harms their corporate decisions have caused and are causing in American communities. Governor Inslee will ensure that the U.S. Department of Justice (DOJ) is empowered with the resources and discretion to support these suits, and if necessary, to join them.

- Appointing federal judges and justices who will uphold and respect the bedrock foundations of U.S. environmental and climate law. This includes the *Chevron Doctrine* of deference to federal agencies’ authority and expertise in the implementation of safeguards that protect public health, welfare, and the environment. It also includes the landmark 2007 *Massachusetts v. EPA* Supreme Court decision, which held that greenhouse gas pollution is in fact pollution that is subject to the jurisdiction of the federal Clean Air Act.<sup>70</sup>
- Establishing an Office of Environmental Justice within the DOJ to hold offenders fully accountable under maximum application of federal law. This includes the aggressive pursuit of maximum civil and criminal penalties under environmental law — in particular against repeat offenders. The Inslee Administration will ensure polluters pay for their actions, and will not hesitate to prosecute them to the fullest extent of the law.

#### **4) Rejecting New Fossil Fuel Infrastructure**

In order to realize our clean energy future, America must stop building the infrastructure of the past. As the U.S. government launches a massive program of reinvestment to build new, modernized and sustainable infrastructure for a 21st century economy, as called for in Governor Inslee’s Evergreen Economy Plan, we must invest only in climate-safe infrastructure that does not contribute to the greenhouse gas pollution that is driving the climate crisis, and fund only resilient or climate-smart infrastructure that is not unduly

<sup>69</sup> <https://www.sheredling.com/wp-content/uploads/2019/06/Timeline-Truth-or-CO2nsequences-Update-FINAL-Sept-2018-1-002.pdf>

<sup>70</sup> AP, <https://www.apnews.com/d48562a8d7ee4df1bceec0990205e5b3>

U.S. Department of Justice, <https://www.justice.gov/enrd/massachusetts-v-epa>

vulnerable to the impacts of climate change.<sup>71</sup> That means rejecting new fossil fuel infrastructure, including pipelines, power plants, and export terminals. Furthermore, in building a more just clean energy economy, it means empowering tribal nations and state and local governments and stakeholders to exercise control over major infrastructure projects and the potential pollution that could adversely impact their communities.

Under Governor Inslee's leadership, Washington state became one of the first states to examine the lifecycle climate pollution in major energy infrastructure projects, despite opposition from project proponents and lack of partnership from the federal government.<sup>72</sup>

- ❖ **Applying a “Climate Test” and rejecting climate-unsafe infrastructure:** As part of its commitment to put climate action at the center of its governing agenda, the Inslee Administration will ensure that federal investments flow to climate-safe, resilient and climate-smart infrastructure projects by:
  - Requiring all federal agencies to evaluate the lifecycle climate pollution and climate change impacts and vulnerabilities associated with all new major infrastructure projects, under the National Environmental Policy Act (NEPA), through a directive issued by the White House Council on Environmental Quality (CEQ), and reject those projects that are inconsistent with the climate pollution reduction goals established in Inslee's Climate Mission agenda.
  - Working with Congress to codify a climate test in major federal environmental review processes, to provide for permanent and consistent implementation of this test in federal infrastructure permitting.
  - Directing federal agencies, such as FERC, the Army Corps, and federal land management agencies, to apply existing legal authority to reject permits for fossil fuel pipeline projects that are incompatible with ambitious climate progress and local environmental harm. And revoking federal support, including land easements and environment permits, for major fossil fuel projects that endanger the climate as well as local communities. This includes the Dakota Access and Keystone XL pipelines.
  - Retiring and replacing all U.S. coal-fired power plants by 2030, as called for in Governor Inslee's 100% Clean Energy for America Plan, and supporting workers and communities impacted in this transition.<sup>73</sup>

<sup>71</sup> Governor Inslee's Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

<sup>72</sup> Puget Sound Business Journal, <https://www.bizjournals.com/seattle/news/2013/07/31/coal-export-eis-to-consider-climate.html>

<sup>73</sup> Governor Inslee's 100% Clean Energy for America Plan, <https://www.jayinslee.com/issues/100clean>

- Confronting the buildout of fracked gas infrastructure, including pipeline assets and export terminals, which is locking the United States and global economies into continued fossil dependence and greenhouse gas pollution for decades to come.<sup>74</sup> Governor Inslee's plan includes confronting legacy gas infrastructure that leaks 13 million tons of methane pollution and costs U.S. consumers \$2 billion each year, and which continues to deepen America's fossil fuel dependence.<sup>75</sup> Governor Inslee's Evergreen Economy Plan calls for using executive authority — including strengthening BLM and EPA standards — to require oil and gas companies and utilities to find and stop methane leaks in pipelines; taking federal action to incentivize the removal or repurposing of gas distribution pipelines; and striving to achieve the full domestic technical potential for methane capture and destruction from extractive industries.<sup>76</sup>

❖ **Respecting states, tribal and local authorities and empowering communities to reject fossil fuel infrastructure:**

Following high-profile opposition to several fossil fuel infrastructure projects, and a series of defeats for proposed projects at the hands of state, tribal and local governments (including the rejection of two major coal export terminal proposals in Washington state during Inslee's time as governor), the Trump Administration has moved to pre-empt state and local governments' decision-making authority over infrastructure projects.<sup>77</sup> Furthermore, the depredations upon tribal land, water, and people by proponents of oil pipelines — such as the Dakota Access Pipeline — demand a new direction in federal policy that recognizes the heritage and the human rights of indigenous communities. Governor Inslee's plan includes:

- Taking executive action to reverse the Trump Administration's attempts to undermine states' authorities to protect their own waters through infrastructure permitting decisions under delegated federal Clean Water Act authority.
- Directing federal agencies to fully empower tribal nations, through free, prior and informed consent, and the enforcement of treaty rights, to reject major infrastructure proposals that would adversely impact their people, land, water, or cultural resources. And requiring all federal environmental review

<sup>74</sup> ThinkProgress, <https://thinkprogress.org/bombshell-study-proves-fracking-actually-fuels-global-warming-bc530e20bedc/>

<sup>75</sup> Environmental Defense Fund, <https://www.edf.org/media/new-study-finds-us-oil-and-gas-methane-emissions-are-60-percent-higher-epa-reports-0>

<sup>76</sup> Governor Inslee's Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

<sup>77</sup> CNBC, <https://www.cnbc.com/2019/04/10/trump-aims-to-prevent-states-from-blocking-pipelines-infrastructure.html>

and permitting processes to involve thorough consultation with and input from local communities.

- Working with Congress to end FERC's authority to pre-empt states' abilities to reject natural gas pipelines. This authority has been used to challenge states' rejections of fossil fuel infrastructure projects that threaten local public health and the environment, as in New York state.<sup>78</sup>

❖ **Stopping fossil fuel exports:** The increase in U.S. fossil fuel production is being driven in part by companies looking to export those resources to meet increasing global energy demand, which is expected to increase global climate pollution — eliminating as much as half the emission-reduction gains made under an ambitious domestic climate agenda.<sup>79</sup> Without policy intervention — and even if domestic progress is made to restrain climate pollution and transition to clean energy — the export focus of U.S. fossil fuel corporations poses an overwhelming risk to the global climate. Therefore, the Inslee Administration will take action to stop fossil fuel exports by:

- Reinstating the Crude Oil Export Ban, through a Presidential declaration, and working to make the ban permanent. Since 2015, when the ban was lifted by an act of Congress, U.S. oil exports have reached approximately 3 million barrels per day, and continue to increase. Climate pollution associated with these exports threatens to increase global emissions enough to overwhelm the gains that America is making in reducing its transportation-sector climate pollution at home.<sup>80</sup>
- Expanding fossil fuel export bans to set similar restrictions on other fossil fuels, including coal and liquid natural gas (LNG), to ensure the United States does not export its climate pollution around the world. Even as domestic coal use continues its terminal decline, coal exports have climbed to their highest level in five years. Meanwhile, U.S. natural gas production has exploded — with companies increasingly looking to overseas markets, and natural gas and LNG exports are also on the rise.<sup>81</sup> Exporting climate pollution while pursuing clean energy solutions at home, is no solution at all.

<sup>78</sup> Philadelphia Inquirer, <https://www.inquirer.com/business/trump-executive-order-boost-pennsylvania-new-york-gas-pipeline-20190409.html>

Utility Dive, <https://www.utilitydive.com/news/ferc-overrules-new-york-permit-denial-for-millennium-gas-pipeline/505099/>

<sup>79</sup> Greenpeace, [https://media.rff.org/documents/WP\\_19-03\\_Raimi.pdf](https://media.rff.org/documents/WP_19-03_Raimi.pdf)

Resources for the Future, [https://media.rff.org/documents/WP\\_19-03\\_Raimi.pdf](https://media.rff.org/documents/WP_19-03_Raimi.pdf)

<sup>80</sup> EIA, <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WCREXUS2&f=W>

Greenpeace, [https://media.rff.org/documents/WP\\_19-03\\_Raimi.pdf](https://media.rff.org/documents/WP_19-03_Raimi.pdf)

<sup>81</sup> EIA, <https://www.eia.gov/todayinenergy/detail.php?id=38672>

EIA, <https://www.eia.gov/todayinenergy/detail.php?id=38774>

- ❖ ***Using federal government power to accelerate the transition off of oil:*** Through its procurement powers, as well as its regulation of interstate commerce, the federal government has unique authority to accelerate the transition away from fossil fuel-based transportation, and the infrastructure that sustains it. This Freedom from Fossil Fuels Plan builds upon the standards, rules and investments previously outlined in Governor Inslee’s Climate Mission agenda, and includes:
  - Strengthening Section 526 of the Energy Independence & Security Act of 2007 — the “Alternative Fuel Procurement Requirement” — to prohibit federal procurement of fuels with greater-than-average lifecycle greenhouse gas pollution, which, in implementation, must include tar sands, oil shale, and other dirty fuels produced through highly polluting processes.
  - In addition to ensuring that every federal Interstate Highway rest stop hosts electric vehicle fast-charging stations by the end of 2024 (as called for in Inslee’s Evergreen Economy Plan), enacting a new requirement that every commercial fueling station must also provide electric vehicle charging services, at convenient sites determined by local jurisdictions. This will serve to further support the rapid deployment of zero-emission vehicles, consistent with Governor Inslee’s 100% Clean Energy for America Plan.<sup>82</sup>

### ***5) Improving Corporate Climate Transparency***

Global climate change is driving more intense extreme weather events, increasing major disasters, and expanding the spread of disease and other costly public health impacts around the globe. These damages, as well as the cost of providing the necessary response by global governments to reduce climate pollution drivers, will bring massive changes to the world economy. While many companies have taken meaningful steps to confront their contributions to climate change, hundreds of the world’s largest corporations lack transparency as to their environmental impacts.<sup>83</sup> Without proper incentives and appropriate market structures, corporations could fail to shift their own investments with the scale, speed, and awareness that is necessary. And improperly managed, these climate change damages and the economic shifts they will entail could portend major shocks to financial systems, resulting in economic harm to Americans and others around the globe.

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<sup>82</sup> Governor Inslee’s Evergreen Economy Plan, <https://jayinslee.com/issues/evergreen-economy>

Governor Inslee’s 100% Clean Energy for America Plan, <https://www.jayinslee.com/issues/100clean>

<sup>83</sup> CBS News, <https://www.cbsnews.com/news/climate-change-700-companies-tesla-amazon-facebook-carbon-footprint/>

Amidst these challenges, the U.S. federal government must help provide an off-ramp for investors away from fossil fuel holdings that continue to drive climate change, and toward investments in a clean energy economy and a just transition that supports workers and frontline communities. Furthermore, investors around the world are calling for greater action from governments. In 2018, at a meeting of the United Nations Framework Convention on Climate Change (UNFCCC), 414 global investors representing \$31 trillion in assets urged that body to increase its climate ambitions, including specifically phasing out coal power, and enhancing climate-related financial reporting.<sup>84</sup> The U.S. federal government must play an active role in increasing responsible and accountable corporate behavior in the face of climate change.

❖ ***Increasing federal oversight and enforcement of corporations' climate pollution and risk:***

Through its oversight of publicly-traded corporations and financial institutions, the federal government can promote corporate climate transparency, empower investors to demand responsible action, and disincentivize continued investments into fossil fuel projects that are driving climate change. The Inslee Administration will address this by:

- Appointing officials to the Securities & Exchange Commission (SEC), including commissioners and directors of corporate finance and enforcement, who will prioritize enforcement action and corporate disclosure of climate change risks and the contributions that corporate operations, supply chains, and investments are making to the global climate crisis and its systemic risks, and transparency in political and lobbying spending on energy and environmental policy.
- Changing current Trump Administration practices to begin strict enforcement of existing SEC rules on disclosure of companies' climate risk, in particular those outlined in the 2010 Commission Guidance Regarding Disclosure Related to Climate Change, and the commission's recommendation of federal legal enforcement action to the DOJ, when necessary.<sup>85</sup>
- Supporting new SEC standards concerning the disclosure of corporations' greenhouse gas pollution-reduction targets; fossil fuel holdings and deforestation-related investments on their balance sheets, which are likely to significantly lose their values under future climate regulations; and creation of new accountant and auditor standards and training for reviewing credit

<sup>84</sup> The Guardian, <https://www.theguardian.com/environment/2018/dec/10/largest-ever-group-of-global-investors-call-for-more-action-to-meet-paris-targets>

<sup>85</sup> SEC, <https://www.sec.gov/rules/interp/2010/33-9106.pdf>

facility agreements and bond agreements in light of climate change and fossil fuel constraints under a fossil fuel phase-out.

- Strengthening SEC rules governing the climate change expertise in the composition of their governing boards, and in shareholder representation and disclosure in proxy voting. While an increasing number of companies have taken positive steps in these areas, many corporations and asset managers could improve their transparency regarding their treatment of environmental, sustainability and governance (ESG) initiatives, including initiatives driven by climate change and human rights concerns.<sup>86</sup>
- Supporting investors' ability to file shareholder proposals focused on climate change. Recently, the Division of Corporation Finance has unduly limited the rights of investors to file shareholder proposals seeking corporate greenhouse gas emission targets consistent with the Paris Agreement, and other climate change matters.<sup>87</sup> Appointing Division leadership that will recognize that the shareholder proposal rule is an appropriate way for investors to engage with companies in a meaningful and substantive way on their climate change concerns.
- Encouraging rules that require U.S. banks to report annually how much fossil fuel debt is created, or held as assets, with respect to oil, gas, and coal mining, extraction, transmission, refining, distribution, and fossil electricity generation investment. This could include the geographic distribution of investments, types of fuels and operations, and forms and terms of financing. Also coordinating the completion of rules to restrict banks' ownership of physical fossil fuel assets. And for insurance companies doing business in the United States, creating rules for reporting annually the size of the premiums they derive from coal, oil and gas projects, associated infrastructure and companies.
- Reforming reserve-based lending and debt-restructuring rules to recognize carbon constraints. Fossil fuel lending either goes toward projects for increasing fossil fuel throughput and combustion, or toward rolling over and restructuring existing debts. Reserve-based lending allows oil and gas companies to leverage estimates of "economically producible" reserves as bankable assets, for a borrowing base that changes as oil and gas prices change. Pressing the SEC to reform proven reserve guidelines so that the definition of "economic producibility" incorporates climate pollution

<sup>86</sup> Ceres, <https://www.ceres.org/news-center/blog/climate-change-causes-maelstrom-financial-risks-and-opportunities-your-money>

<sup>87</sup> Washington Post, [https://www.washingtonpost.com/national/health-science/exxon-shareholders-want-action-on-climate-change-sec-calls-it-micromanagement/2019/05/08/de283bf4-6c49-11e9-a66d-a82d3f3d96d5\\_story.html?utm\\_term=.c57893bf4afe](https://www.washingtonpost.com/national/health-science/exxon-shareholders-want-action-on-climate-change-sec-calls-it-micromanagement/2019/05/08/de283bf4-6c49-11e9-a66d-a82d3f3d96d5_story.html?utm_term=.c57893bf4afe)

constraints and exposure to regulation consistent with climate targets, thus reduces the borrowing base to a level that is accurate to scientific reality.

***Avoiding a climate change-driven financial crisis:*** In June 2019, one member of the U.S. Commodity Futures Trading Commission (CFTC) sounded the alarm about how climate change could set off another financial crisis, similar to that which the United States endured a decade ago. Commissioner Rostin Behnam said that “if climate change causes more-volatile, frequent and extreme weather events, you’re going to have a scenario where these large providers of financial products — mortgages, home insurance, pensions — cannot shift risk away from their portfolios,” and that “climate change poses financial risk to the stability of the financial system.”<sup>88</sup> It is not only prudent but an urgent responsibility of the federal government to take steps now to mitigate that risk and the economic harm that such a crisis can reasonably be expected to bring, in addition to the continued harm of climate change disasters and impacts. To do this, Governor Inslee’s plan includes the following federal government actions:

- Directing federal climate change experts to offer assistance to credit rating agencies to educate them about the physical and financial risks that climate change presents to companies’ investment holdings — in an effort to avoid potential shocks to financial systems and paralysis in credit markets similar to those that occurred during the 2008 financial collapse.
- Urging the SEC to more closely monitor the climate risks held by publicly traded insurance companies, whose vulnerability to large-scale physical or financial climate damage could threaten systemic harm to the U.S. and global economies.
- Directing the Financial Stability Oversight Council (FSOC) to study climate risk to the financial system, and to include a section of each FSOC annual report devoted to climate risk and financial stability and make recommendations for further regulation.
- Implementing recommendations from a CFTC panel convening in 2019 to review the risk of and avoidance measures for climate-related impacts on the financial system, including impacts on the housing and real estate markets, food prices, insurance, and other sectors that underpin America’s economic security.<sup>89</sup>

<sup>88</sup> New York Times, <https://www.nytimes.com/2019/06/11/climate/climate-financial-market-risk.html>

<sup>89</sup> New York Times, <https://www.nytimes.com/2019/06/11/climate/climate-financial-market-risk.html>

- Coordinating updates to modeling of capital and stress testing rules, in order to better reflect the physical and transition risk exposure of banks and securities dealers as a result of financing fossil fuel-related assets.
- Advocating for the Federal Reserve to join the global Network on Greening the Financial System (NGFS), as called for in Inslee's Global Climate Mobilization Plan.<sup>90</sup> NGFS members include 34 central banks and supervisors who together cover roughly 50% of global Gross Domestic Product, with the aim of better managing climate-related risks and promoting the timely transition to a clean energy economy. The NGFS works to “on a voluntary basis, exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and mobilize mainstream finance to support the transition toward a sustainable economy.”<sup>91</sup> Federal Reserve membership in the NGFS can inform the U.S. approach to managing climate and transition risk across the financial sector and wider economy, including identifying how central banks can leverage their own balance sheets to promote a clean energy transition while reengaging with the world on effective climate policy.

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<sup>90</sup> Governor Inslee's Global Climate Mobilization Plan, <https://www.jayinslee.com/issues/global-climate>

<sup>91</sup> Governor Inslee's Global Climate Mobilization Plan, <https://www.jayinslee.com/issues/global-climate>