WASHINGTON *Independent Distributors of Energy Report*

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Washington Cap and Invest Program Raises Gas Prices to Highest in the Nation

Washington Residents can hold onto their hats as they experience the highest gas prices in the nation, with some regions seeing $5.49 a gallon for gasoline, and higher prices for Diesel.

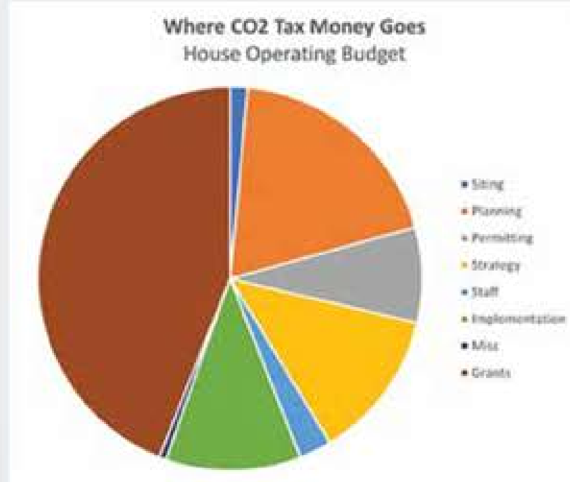
There are a number of factors contributing to the high gas prices, but the #1 contributor is the CCA Program and the Carbon Credit Cost at auctions. These carbon credit auctions set the price that is required for obligated parties (mostly affecting Major Oil Companies) to purchase credits that will be used at the end of the year to settle up their cost of selling fuel in this state.

The end result is CAR fees increase fuel costs at the rack, which are then sent down to consumers to pay. It is easy to draw a conclusive price increase line from the cost of a carbon credit to the price of a refined gallon of fuel.

In fact, the cost of a carbon credit in Washington State is nearly double the cost in California. Governor Jay Inslee has made sure of that, as his political agenda is to be "better" than California in his pursuit to create the most aggressive carbon reduction program in the United States.

While Washingtonians are struggling to fill up their tanks, and continue to pay more for goods at the grocery store, Washington State is enjoying a budgeted $1.8 Billion windfall from carbon credit purchases over the next two years. The first three auctions have proven to be way more lucrative than expected, so that number is expected to rise as the year progresses.

In an emailed statement Chevron confirms this, saying that higher gas prices are essentially a feature of the program. "Washington's most recent carbon cap-and-trade compliance costs raise gasoline



prices by about 10% in the state," said the statement emailed from Chevron spokesman Ross Allen. "The Washington program is designed to force rapid cuts to carbon intensity in a way that requires consumers to pay higher gasoline prices."

In fact, you can extrapolate that the Washington Program is designed to raise prices to such an uncomfortable level that consumers will purchase all-electric vehicles and add to their fleets.

The cap-and-invest program is designed to decrease carbon emissions in the state to meet 2035 and 2050 decarbonization goals. A 2021 Washington Department of Ecology report put the state's carbon dioxide emissions at 99.57 million tons in 2018. A 2008 state law calls for overall emissions to be reduced to 50 million tons by 2030, to 27 million tons by 2040 and to 5 million tons by 2050.

Governor Jay Inslee straight up LIED about the costs of his CCR Programs:

Governor Inslee stated this past fall, "This is going to have a minimal impact, if any, pennies. We are talking about pennies." Governor Inslee's claims about gas prices and his new carbon cap and trade program fall flat to those of us who've had to fill our cars with gas this year. The program has been astronomically more expensive than just pennies to the gallon and is therefore backing him into a corner. But instead of just taking claim to his goal of pricing fuel high, he attacked the Major Oil Companies in a press conference, claiming that he plans to pass state law in the next legislative session that requires Major Oil Companies to become transparent, and "show us the books."

If only we could make that law transparent to the State Of Washington as well. Because, as I have stated and claimed before, Washington State, by my calculation, is still the number one financial beneficiary of the cost of a gallon of fuel (see my article from the last edition of ***WPMA News***).

What does Washington expect to do with the windfall of money?

The Democrats in the State House released their proposed budget and outlined how $306 million of the revenue from the state's new CO2 tax will be used in the 2023-25 biennium. An examination of the budget line items shows that more than half of the expenditure goes to expanding government functions – planning, permitting, staffing, and the like.

The Department of Ecology claimed recently that revenue from the Climate Commitment Act (CCA) would "be used to fund critical climate projects focused on clean transportation, clean energy, climate resiliency, and environmental justice initiatives." When the budget was released, Former State Senator Reuven Carlyle tweeted that he dreamed that the taxes "would one day fund investments in climate action, resiliency, equity to build a clean economy & reduce emissions."

Please notice how funds used on the backs of the liquid fuel industry are in fact being used to eliminate said fuel. The logic of our state is shockingly illogical.

What lies ahead for CCA?

All of us at WIDE continue to work with those who will listen and inject logic into the conversation. Legislative action will be required in 2024 to provide any remedy to CCA – for consumers, distributors and obligated parties. We will be asking all of our members for support in the coming Legislative session. Please contact Lea McCullough, Executive Director if you would like to get more involved with this issue.

Save the Dates! Holiday Party at Topgolf December 7, 2023 and