
SENATE BILL 5945

State of Washington

58th Legislature

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By Senators Finkbeiner, Fraser, Swecker, Carlson, Fairley, Kohl-
Welles, Esser, Regala and Kline

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Resources, Energy & Water.

1 AN ACT Relating to voluntary registration of greenhouse gas
2 emissions; and adding a new chapter to Title 70 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that:

5 (1) It is in the best interest of the state of Washington, the
6 United States of America, and the earth as a whole, to encourage
7 voluntary actions to achieve all economically beneficial reductions of
8 greenhouse gas emissions from Washington sources.

9 (2) Mandatory reductions of greenhouse gas emissions may eventually
10 be imposed on Washington sources, and, consequently, the state has a
11 responsibility to use its best efforts to ensure that organizations
12 that voluntarily reduce their emissions receive appropriate
13 consideration for reductions in emissions made before mandatory
14 programs are implemented.

15 (3) Past programs in the state that took early and responsible
16 action to reduce pollution and to save energy have demonstrated
17 political, economic, and technological leadership, have benefited the
18 state, and have saved taxpayers, business owners, and homeowners
19 significant amounts of money.

1 (4) The state's tradition of environmental and energy leadership
2 should be recognized by establishing a registry to provide
3 documentation of reductions in greenhouse gas emissions that are
4 voluntarily achieved by sources within the state.

5 (5) Greenhouse gas emissions exchanges are being established with
6 the ability to buy and sell the rights to emissions reduction credits.
7 Washington sources will benefit as mature traders in these markets in
8 the future by early participation.

9 NEW SECTION. **Sec. 2.** The purposes of the Washington climate
10 action registry are to:

11 (1) Provide technical and educational resources to registrants
12 wishing to record and trade emissions inventories;

13 (2) Encourage voluntary actions to increase energy efficiency and
14 reduce greenhouse gas emissions;

15 (3) Publish basic definitions and protocols and publicize
16 organizations qualified to provide technical assistance so
17 participating organizations may record greenhouse gas emissions
18 inventories in a consistent format that is supported by third-party
19 verification;

20 (4) Develop procedures for the registration of inventories that
21 include the treatment of emissions released by or absorbed into fuels
22 and fiber produced by biological systems or from or into the biological
23 systems themselves;

24 (5) Ensure that registrants receive the greatest possible
25 consideration of their verified emissions inventories under any future
26 federal regulatory regime relating to greenhouse gas emissions;

27 (6) Recognize and publicize registrants and preserve and make
28 available emissions inventories recorded by registrants;

29 (7) Recruit broad participation in the process from all economic
30 sectors and regions of the state; and

31 (8) Establish a rigorous and transparent registry system that will
32 increase the opportunities for Washington registry participants to
33 trade greenhouse gas emissions reduction credits.

34 NEW SECTION. **Sec. 3.** The definitions in this section apply
35 throughout this chapter unless the context clearly requires otherwise.

- 1 (1) "Center" means the Washington climate and rural energy
2 development center established in RCW 28B.30.642.
- 3 (2) "Direct emissions" are emissions from sources, sinks, and
4 activities that the entity owns or has direct or effective control over
5 its operation, such as, but not limited to, on-site combustion and
6 process equipment emissions and vehicles owned or operated by the
7 entity.
- 8 (3) "Emissions" means the net of release and absorption of
9 greenhouse gases into or from the ambient air.
- 10 (4) "Emissions inventory" means the report of emissions and
11 normalized emissions for a calendar year.
- 12 (5) "Entity" means a for-profit or a nonprofit corporation filing
13 a separate federal income tax return, a city or county, each state
14 government department and agency and all other instruments of state and
15 local government, including municipal electric utilities and special
16 districts of all types.
- 17 (6) "Greenhouse gases" means those gaseous constituents of the
18 atmosphere, both natural and anthropogenic, that absorb and emit
19 radiation at wavelengths within the spectrum of infrared radiation
20 emitted by the Earth's surface, atmosphere, and clouds.
- 21 (7) "Indirect emissions" are emissions caused by an entity's
22 activities but controlled, directly or effectively, by another entity,
23 such as, but not limited to, emissions created during the manufacture
24 or transportation of energy or the generation and transmission of
25 electricity acquired from another entity.
- 26 (8) "Normalized emissions" means a ratio of emissions per unit time
27 divided by a factor such as, but not limited to, revenues,
28 expenditures, energy use, or production for the same time period and
29 for the same scope as the emissions.
- 30 (9) "Primary greenhouse gas" means carbon dioxide,
31 hydrofluorocarbons, methane, nitrous oxide, perfluorocarbons, and
32 sulfur hexafluoride.
- 33 (10) "Public process" means the involvement of current and
34 potential registrants, interested members of government, academic,
35 scientific, and business communities, and the public in the
36 development, evaluation, and adoption of protocols and other actions
37 necessary to the implementation of this chapter.

1 (11) "Registrant" means an entity that has filed with the registry
2 the required identifying information, notified the center that it
3 intends to record emissions inventories and has paid the necessary
4 fees.

5 (12) "Registry" means the Washington climate action registry
6 established under section 4 of this act.

7 (13) "Scope" means the sources, sinks, and activities creating
8 emissions that are included in the emissions inventory of an entity.

9 (14) "Secondary greenhouse gas" means those additional greenhouse
10 gases designated by the center through a public process.

11 (15) "Subsidiary" means an entity effectively under the control of
12 a parent entity, including but not limited to, public and private
13 nonprofit and for-profit corporations, whose board of directors or
14 similar managing authority is composed of a majority of persons
15 appointed by the legislative and/or executive authority of the parent
16 entity. However, each department and independent agency of the state
17 and each municipal electric utility shall not be considered a
18 subsidiary of a parent entity for the purpose of section 7(6) of this
19 act. "Subsidiary" includes entities that are joint ventures with other
20 entities with emissions assigned to the parent entities according to
21 mutual agreement or in the absence of an agreement in proportions
22 determined by the protocols of the registry.

23 NEW SECTION. **Sec. 4.** (1) The center shall establish and maintain
24 the Washington climate action registry.

25 (2) The center may contract with or otherwise agree to use
26 personnel of a state or local agency, a university, or a nonprofit
27 public corporation to operate the registry and to provide such
28 additional services necessary for the center to meet its
29 responsibilities under this chapter. Merit system regulations or
30 standards for the employment of personnel may be waived for personnel
31 hired under contract as provided for in this section.

32 (3) The center shall adopt a schedule of fees for registry services
33 adequate to cover the costs of operating the registry.

34 NEW SECTION. **Sec. 5.** Participation in the registry is voluntary.
35 Any entity operating in the state may register with the center, record
36 its emissions inventory, and may use the services of the center.

1 NEW SECTION. **Sec. 6.** (1) The center shall encourage entities from
2 various sectors of the state's economy and from various geographic
3 regions of the state to establish emissions inventories, establish
4 greenhouse gas reduction targets, implement energy efficiency
5 improvement and renewable energy programs to achieve those targets, and
6 participate in the registry.

7 (2) The center shall recognize, publicize, and promote registrants
8 that do any of the following:

9 (a) Commit to establish emissions inventories;

10 (b) Record their annual emissions inventories with the center; or

11 (c) Commit to set emissions or normalized emissions reduction
12 targets.

13 (3) The state commits to use its best efforts to ensure that
14 entities that register emissions inventories that are verified in
15 accordance with section 8 of this act receive appropriate consideration
16 under any future international, federal, or state regulatory scheme
17 relating to greenhouse gas emissions. However, the state cannot
18 guarantee that any regulatory regime relating to greenhouse gas
19 emissions will recognize the emissions inventories recorded in the
20 registry.

21 NEW SECTION. **Sec. 7.** (1) Emissions inventories recorded with the
22 registry shall be:

23 (a) Developed in a consistent manner across an economic sector;

24 (b) Complete, including all materially significant emissions within
25 the scope being reported;

26 (c) Accurate; and

27 (d) Verifiable.

28 (2) The center shall:

29 (a) Adopt through a public process protocols for defining the scope
30 of emissions inventories, and for measuring, calculating, reporting,
31 and verifying emissions, normalized emissions, and emission
32 inventories, which may be different for different economic sectors;

33 (b) Adopt through a public process a uniform format for reporting
34 emissions inventories to facilitate their recognition in any future
35 international, federal, or state regulatory regime;

36 (c) Maintain a record of all emissions inventories submitted by
37 active registrants that have been verified under section 8 of this act.

1 Records or other information furnished to the registry, other than the
2 total annual amount of emissions of each greenhouse gas by an entity,
3 that would be likely to affect adversely the competitive position of a
4 registrant if released to the public or to a competitor, and the
5 registrant so certifies, shall be only for the confidential use of the
6 center and the third-party organization or person conducting
7 verification review of the inventory as required by section 8 of this
8 act.

9 (3) The procedures for monitoring, calculating, reporting, and
10 verifying greenhouse gas emissions inventories established for the
11 registry under this chapter shall be the only protocols used to define
12 and report greenhouse gas emissions to the registry. In establishing
13 the registry design, operations, and protocols the center shall review
14 and consider the registry design, operations, and protocols established
15 or recommended by other governments and organizations to enhance the
16 credibility and acceptability of the information recorded in the
17 registry.

18 (4)(a) All registrants shall report emissions of carbon dioxide.

19 (b) All registrants may report emissions of all primary greenhouse
20 gases. After their third reporting year, a registrant shall include in
21 its emissions inventory the emissions of all primary greenhouse gases.
22 The registry shall include in its protocols factors for expressing
23 emissions from various greenhouse gases in common terms.

24 (c) After July 1, 2005, the registry may, through a public process,
25 create or expand the list of secondary greenhouse gases and may require
26 the inclusion of secondary greenhouse gases in emissions inventories.

27 (5) Registrants shall report direct emissions and indirect
28 emissions from acquired energy and electricity for the scope of their
29 operations as provided in the protocols adopted by the center.
30 Registrants may include additional indirect emissions that are
31 verifiable. After July 1, 2005, the center may, through a public
32 process, enlarge the scope of indirect emissions that are required to
33 be included.

34 (6)(a) The basic unit of participation in the registry shall be an
35 entity. The center shall not record with the registry emissions
36 inventories for subsidiaries, individual facilities, or projects, other
37 than as a subset of an entity's entire emissions inventory reporting.

1 (b) An entity's scope shall include all activities, sources, and
2 sinks in the state and may include the remainder of the entity in the
3 United States.

4 (c) An entity may report verified emissions inventories for
5 sequential multiple years after January 1, 1990, from facilities or
6 activities outside the entity for which it claims ownership of the net
7 change in emissions. It may separately report emissions inventories
8 for subsidiaries, facilities, projects, or portions of the entity in
9 other countries.

10 (d) Where the scope of the registrant changes significantly during
11 the year, the center may record with the registry for the year in which
12 the scope change occurs an emissions inventory including only the scope
13 of the prior year and shall add an explanatory note to the record.

14 (e) Entities may initially report emissions inventories for
15 subsidiaries or individual facilities located in the state if the
16 parent entity commits, in writing to the center, to report a complete
17 current annual emissions inventory for the entire portion of the entity
18 within the state by its third annual report of its emissions inventory.

19 (7)(a) Registrants shall record an emissions inventory for a
20 calendar year. Registrants that have sufficiently complete data for
21 prior years that can be verified may record emissions inventories for
22 consecutive years before the first year for which they report, but not
23 before January 1, 1990.

24 (b) The center shall adopt, through a public process, schedules for
25 the recording of verified emissions inventories for each year,
26 procedures for delisting registrants that fail to record complete
27 emissions inventories in future years or fail to report for the entire
28 portion of the entity within the state by their third annual report,
29 and fees to recover any costs necessary to reestablish registration.

30 (8)(a) An explanatory note shall be added in the registry to prior
31 years' data when there is a change in the procedures or protocols by
32 which a registrant's emissions inventories are created or if there is
33 a significant change in the scope included in the emissions inventory,
34 such as, but not limited to, the outsourcing or transfer to other
35 facilities of the entity of production previously included or the
36 merger into the company of an entity not previously within the scope.
37 Registrants may record emissions inventories with separately identified

1 adjustments to report the magnitude of the change due to a change in
2 scope. Registrants may record verified revised emissions inventories
3 for prior years to conform with current protocols or current scope.

4 (b) Registrants shall separately identify within their annual
5 emissions inventories any rights or ownership to emissions or emissions
6 credits for that year or between two years, that have been acquired
7 from or transferred to:

8 (i) Other entities located within or outside the state; or

9 (ii) Within the registrant entity, including its subsidiaries, to
10 or from locations outside the state that would not otherwise be
11 included in the annual report to the registry.

12 (c) Registrants shall identify and quantify any portion of the
13 emissions inventory that is being reported to any other registry of
14 greenhouse gas emissions, any differences between the reports and the
15 name and address of the other registry.

16 NEW SECTION. **Sec. 8.** (1) Registrants shall hire, at their own
17 expense, a third-party organization or person qualified under
18 subsection (2) of this section to independently verify and attest to
19 the accuracy of the emissions results reported to the registry each
20 year.

21 (2) The center shall, through a public process, develop a procedure
22 for identifying and qualifying organizations or persons recognized by
23 the registry as competent to verify an emissions inventory and able to
24 provide an opinion as to its consistency, completeness, and accuracy
25 that is independent and free from conflict of interest. The center may
26 limit its recognition of the organization or person to specific areas
27 of competency. The center shall reopen the qualification process
28 periodically to enable new organizations and persons to be added to the
29 list.

30 (3) An organization or person approved under subsection (2) of this
31 section shall:

32 (a) Review a registrant's energy usage records and such other
33 records as are necessary to verify its emissions inventory;

34 (b) Determine that the protocols of the registry have been
35 followed;

36 (c) If necessary to establish or confirm emissions or normalization

1 rates or quantities, require additional analyses, direct measurements,
2 monitoring, or testing; and

3 (d) After noting adjustments or otherwise accounting for any
4 changes in the scope of the entity, summarize its review in a report to
5 the appropriate executive or governing body of the registrant for the
6 portion of the entity that is submitting the emissions inventory, and
7 attesting to the accuracy of the reported emissions results, but noting
8 any exceptions, omissions, limitations, or other qualifications to
9 their representation of consistency, completeness, and accuracy.

10 (4) The center shall periodically perform a review and evaluation
11 of registrants' emissions inventories and documentation and the
12 performance of verifiers on its list. It shall record any findings
13 from the reviews and evaluations in writing with the registry and shall
14 include the findings in its annual report to the governor and the
15 legislature required under section 10 of this act.

16 NEW SECTION. **Sec. 9.** (1) The center shall, through a public
17 process, develop a procedure for identifying and qualifying third-party
18 organizations or persons competent to provide technical assistance and
19 advice in any or all of the areas of measuring, monitoring, and
20 calculating greenhouse gas emissions, setting industry-specific
21 emissions reduction targets, and developing and implementing energy
22 efficiency improvement programs appropriate to various industries and
23 economic sectors.

24 (2) The center shall adopt a list of organizations or persons
25 recognized by the center as competent to carry out the responsibilities
26 described in subsection (1) of this section. The center may limit its
27 recognition of the organization or person to specific areas of
28 competency. The center shall reopen the qualification process
29 periodically to enable new organizations and persons to be added to the
30 list.

31 NEW SECTION. **Sec. 10.** By July 1, 2005, and biennially
32 thereafter, the center shall report to the governor and the appropriate
33 committees of the legislature on the number of organizations
34 participating in the registry, the percentage of the state's emissions
35 represented by the participants in the registry, and the reductions in
36 greenhouse gas emissions achieved by those participants.

1 NEW SECTION. **Sec. 11.** Sections 1 through 10 of this act
2 constitute a new chapter in Title 70 RCW.

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