

# SENATE BILL REPORT

## SB 5100

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As Reported By Senate Committee On:  
Water, Energy & Environment, March 1, 2005

**Title:** An act relating to state greenhouse gas emissions.

**Brief Description:** Providing greenhouse gas reduction objectives and strategies.

**Sponsors:** Senators Poulsen, Fraser, Kline and Kohl-Welles; by request of Governor Locke.

**Brief History:**

**Committee Activity:** Water, Energy & Environment: 1/27/05, 3/1/05 [DPS-WM, DNP].  
Ways & Means: 3/4/05.

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### SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

**Majority Report:** That Substitute Senate Bill No. 5100 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Fraser, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Morton, Ranking Minority Member; Hewitt, Honeyford and Mulliken.

**Staff:** William Bridges (786-7424)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Brian Sims (786-7431)

**Background:** The phrase "climate change" is often used to describe atmospheric concentrations of "greenhouse gases" that raise average global temperatures, thereby causing unstable weather patterns. Gases such as carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and perfluorocarbons are called greenhouse gases.

In December 2004, Governor Locke announced a series of recommendations to reduce greenhouse gases. His proposed legislation includes the adoption of goals to reduce greenhouse gases, the creation of a greenhouse gases registry, and the study of a cap and trade system for greenhouse gases.

In general terms, a cap and trade system is a market-based mechanism in which entities are given an allowance to emit a pollutant. Entities with unused allowances are permitted to sell their surpluses to entities that have over spent their allowances.

A national cap and trade system was established for sulfur dioxide in 1990. And several northeastern states are in the process of developing a cap and trade system for the electric power sector.

**Summary of Substitute Bill: Legislative Findings.** Among other things, the legislature finds that greenhouse gases have increased substantially since the beginning of the industrial revolution, and that the rise in greenhouse gases is due in large part to human activity. The legislature also finds that climate change has profound impacts on the state, including the loss of snow pack.

Goals for Reducing Emissions of greenhouse gases. The following goals are established for the state:

- By December 1, 2010, reduce total gas emissions to the annual amount of gases produced in the state in 1990.
- By December 1, 2020, reduce gas emissions to at least ten percent below the annual amount of gases produced in the state in 1990.
- Beyond 2020, reduce gas emissions to levels consistent with the long-term stabilization of gas levels in the atmosphere and consistent with the recommendations of the Intergovernmental Panel on Climate Change, which was established by the World Meteorological Organization and the United Nations Environment Program.

Reports on greenhouse gas reductions due every three years. The Washington State University Center for Climate and Rural Development (WSU Center), cooperating with the Department of Ecology (DOE), the Department of Community, Trade and Economic Development (CTED), and other government entities, including local air pollution control agencies, must report to the legislature and Governor on in-state emissions, as well as out-of-state emissions resulting from in-state energy demands. The report must describe the progress toward achieving the state's emission goals. It must also cover all major sources of emissions, particularly those related to state government.

Registry for greenhouse gas emissions. The WSU Center, cooperating with DOE, CTED, the Energy Facility Site Evaluation Council, and other interested parties must create an emissions registry by December 31, 2006. To the maximum extent possible, the WSU Center must coordinate with other states that have or are developing registries. The WSU Center may determine that state participation in an existing or proposed multistate climate registry is sufficient to meet the requirements of this act.

If there are state-level mandatory emissions reduction requirements for new power plants or other emissions sources, then the affected entities must report their emissions to the registry by December 31, 2007, and every three years thereafter.

The WSU center may develop guidelines to implement the registry. The guidelines must cover mandatory and voluntary reporting to the registry.

Strategies for reducing greenhouse gases. The WSU Center and CTED must jointly investigate gas reduction strategies for the state and report their findings to the Governor and legislature by July 1, 2006. The center must use all state and regional reports concerning gas reduction strategies. The report must emphasize those strategies that may reduce overall costs and could result in economic development benefits to the state.

Report on greenhouse gas cap and trade system. The WSU Center, DOE, and CTED must jointly investigate the feasibility of a cap and trade system for reducing gas emissions. They must report their findings to the Governor and legislature by December 31, 2006. The report must consider the following:

- any existing or proposed state or regional greenhouse gas cap and trade system;
- the feasibility and potential benefits of participating in a multistate cap and trade system; and
- cap and trade systems that include, but are not limited to, electricity load-based emissions.

The center must consult with agriculture, forestry, conservation, and other interested parties on steps that the state can take to promote viable and economically attractive greenhouse gas trading markets for Washington companies.

**Substitute Bill Compared to Original Bill:** The following findings are removed: (1) that scientists agree rapid climate change is real; (2) that it is man-made; and (3) that it is likely to cause significant long-term detrimental impacts to the region. The following findings are added: (1) greenhouse gases trap heat; (2) greenhouse gases have increased substantially since the beginning of the industrial revolution; (3) the rise in greenhouse gases is due in large part to human activity; and (4) climate change has profound impacts on the state, including the loss of snow pack. Definitions for "center" and "greenhouse gases" are added. The purpose of the greenhouse gas registry is clarified. Reporting periods for the greenhouse gas reports and registry are changed from once a year to every three years.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** There is never total agreement among scientists, but there is a strong and powerful scientific consensus about greenhouse gases and climate change. These changes are far more serious than the public realizes, or even the current federal administration. Current weather patterns in Washington and changes in the Arctic are examples of climate change due to greenhouse gas emissions. The bill is not designed to target specific industries, but to provide a framework to collect data and study strategies. Any registry requirements should include provisions appropriate for smaller businesses, and some of the time lines should be moved earlier. Greenhouse gas inventories are often educational to companies and many don't realize the savings they can achieve through mitigation measures. This bill is a natural continuation of the EFSEC carbon mitigation process. This bill is good but it could go farther in terms of stronger CO2 targets. We need to deal with this problem now to avoid catastrophic impacts on future generations. A brief description of the intent of the gas registry would be helpful. Emission reporting should be every three to five years, not annually. The reports for in-state energy demand should include fuel used for transportation and industrial processes. The WSU Center should provide assistance to entities reporting to the registry. The U.S. may face sanctions if it does not control its emissions. Goals in the bill are highly achievable. Under a cap and trade system, Washington would be in a position to sell credits. A

smart, simple climate policy like SB 5100 will go a long way toward focusing the power of market economics to deliver real, profitable climate solutions.

Concerns: Proceed with caution because greenhouse gas emission goals may lead to unintended consequences. Three factors should be considered when determining reduction targets: balance, effectiveness, and public support. Free market solutions should be emphasized.

**Testimony Against:** None.

**Who Testified:** PRO: Conway Leovy, Prof. Emeritus, Atmospheric Sciences and Geophysics, U.W.; Ron Shultz, DOE; Tony Usibelli, CTED; Mike Ruby; Tim Newcomb, SBW Consulting; Alan Fiksdal, Energy Facility Site Evaluation Council (EFSEC); Terri Roush; Linda VerNooy; Global Warming Action; Donna Ewing, League of Women Voters of Wash.; Rose Feliciano, City of Seattle; Mike Ryhard, Puget Sound Clean Air Agency; Bill LaBorde, NW Energy Coalition.

PRO WITH CONCERNS: Todd Myers, Center for Environmental Policy; Pat McElroy, DNR & Forest Health Strategy Work Group.

Signed in, Unable to Testify & Submitted Written Testimony: PRO: Paul Horton, Climate Solutions.