

ESSB 6001 - H AMD 775

By Representative Morris

ADOPTED 04/12/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Washington is especially vulnerable to climate change because
5 of the state's dependence on snow pack for summer stream flows and
6 because the expected rise in sea levels threatens our coastal
7 communities. Extreme weather, a warming Pacific Northwest, reduced
8 snow pack, and sea level rise are four major ways that climate change
9 is disrupting Washington's economy, environment, and communities;

10 (b) Washington's greenhouse gases emissions are continuing to
11 increase, despite international scientific consensus that worldwide
12 emissions must be reduced significantly below current levels to avert
13 catastrophic climate change;

14 (c) Washington state greenhouse gases are substantially caused by
15 the transportation sector of the economy;

16 (d) Washington has been a leader in actions to slow the increase of
17 greenhouse gases emissions, such as being the first state in the nation
18 to adopt a carbon dioxide mitigation program for new thermal electric
19 plants, mandating integrated resource planning for electric utilities
20 to include life-cycle costs of carbon dioxide emissions, adopting clean
21 car standards and stronger appliance energy efficiency standards,
22 increasing production and use of renewable liquid fuels, and increasing
23 renewable energy sources by electric utilities;

24 (e) A greenhouse gases emissions performance standard will work in
25 unison with the state's carbon dioxide mitigation policy, chapter 80.70
26 RCW and its related rules, for fossil-fueled thermal electric
27 generation facilities located in the state;

28 (f) While these actions are significant, there is a need to assess
29 the trend of greenhouse gases emissions statewide over the next several

1 decades, and to take sufficient actions so that Washington meets its
2 responsibility to contribute to the global actions needed to reduce the
3 impacts and the pace of global warming;

4 (g) Actions to reduce greenhouse gases emissions will spur
5 technology development and increase efficiency, thus resulting in
6 benefits to Washington's economy and businesses; and

7 (h) The state of Washington has an obligation to provide clear
8 guidance for the procurement of baseload electric generation to
9 alleviate regulatory uncertainty while addressing risks that can affect
10 the ability of electric utilities to make necessary and timely
11 investments to ensure an adequate, reliable, and cost-effective supply
12 of electricity.

13 (2) The legislature finds that companies that generate greenhouse
14 gases emissions or manufacture products that generate such emissions
15 are purchasing carbon credits from landowners and from other companies
16 that provide carbon credits. Companies that are purchasing carbon
17 credits would benefit from a program to trade and to bank carbon
18 credits. Washington forests are one of the most effective resources
19 that can absorb carbon dioxide from the atmosphere. Forests, and other
20 planted lands and waters, provide carbon storage and mitigate
21 greenhouse gases emissions. Washington contains the most productive
22 forests in the world and both public and private landowners could
23 benefit from a carbon storage trading and banking program.

24 (3) The legislature intends by this act to establish statutory
25 goals for the statewide reduction in greenhouse gases emissions and to
26 adopt the recommendations provided by the Washington climate change
27 challenge stakeholder group, which is charged with designing and
28 recommending a comprehensive set of policies to the legislature and the
29 governor on how to achieve the goals. The legislature further intends
30 by this act to authorize immediate actions in the electric power
31 generation sector for the reduction of greenhouse gases emissions.

32 (4) The legislature finds that:

33 (a) To the extent energy efficiency and renewable resources are
34 unable to satisfy increasing energy and capacity needs, the state will
35 rely on clean and efficient fossil fuel-fired generation and will
36 encourage the development of cost-effective, highly efficient, and
37 environmentally sound supply resources to provide reliability and
38 consistency with the state's energy priorities;

1 (b) It is vital to ensure all electric utilities internalize the
2 significant and underrecognized cost of emissions and to reduce
3 Washington consumers' exposure to costs associated with future
4 regulation of these emissions, which is consistent with the objectives
5 of integrated resource planning by electric utilities under chapter
6 19.280 RCW; and

7 (c) The state of California recently enacted a law establishing a
8 greenhouse gases emissions performance standard for electric utility
9 procurement of baseload electric generation that is based on the
10 emissions of a combined-cycle thermal electric generation facility
11 fueled by natural gas.

12 (5) The legislature finds that the climate change challenge
13 stakeholder group provides a process for identifying the policies
14 necessary to achieve the economic and emissions reduction goals in
15 section 3 of this act in a manner that maximizes economic opportunities
16 and job creation in Washington.

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Attorney general" means the Washington state office of the
20 attorney general.

21 (2) "Auditor" means: (a) The Washington state auditor's office or
22 its designee for consumer-owned utilities under its jurisdiction; or
23 (b) an independent auditor selected by a consumer-owned utility that is
24 not under the jurisdiction of the state auditor.

25 (3) "Average available greenhouse gases emissions output" means the
26 level of greenhouse gases emissions as surveyed and determined by the
27 energy policy division of the department of community, trade, and
28 economic development under section 7 of this act.

29 (4) "Baseload electric generation" means electric generation from
30 a power plant that is designed and intended to provide electricity at
31 an annualized plant capacity factor of at least sixty percent.

32 (5) "Cogeneration facility" means a power plant in which the heat
33 or steam is also used for industrial or commercial heating or cooling
34 purposes and that meets federal energy regulatory commission standards
35 for qualifying facilities under the public utility regulatory policies
36 act of 1978 (16 U.S.C. Sec. 824a-3), as amended.

1 (6) "Combined-cycle natural gas thermal electric generation
2 facility" means a power plant that employs a combination of one or more
3 gas turbines and steam turbines in which electricity is produced in the
4 steam turbine from otherwise lost waste heat exiting from one or more
5 of the gas turbines.

6 (7) "Commission" means the Washington utilities and transportation
7 commission.

8 (8) "Consumer-owned utility" means a municipal utility formed under
9 Title 35 RCW, a public utility district formed under Title 54 RCW, an
10 irrigation district formed under chapter 87.03 RCW, a cooperative
11 formed under chapter 23.86 RCW, a mutual corporation or association
12 formed under chapter 24.06 RCW, or port district within which an
13 industrial district has been established as authorized by Title 53 RCW,
14 that is engaged in the business of distributing electricity to more
15 than one retail electric customer in the state.

16 (9) "Department" means the department of ecology.

17 (10) "Distributed generation" means electric generation connected
18 to the distribution level of the transmission and distribution grid,
19 which is usually located at or near the intended place of use.

20 (11) "Electric utility" means an electrical company or a consumer-
21 owned utility.

22 (12) "Electrical company" means a company owned by investors that
23 meets the definition of RCW 80.04.010.

24 (13) "Governing board" means the board of directors or legislative
25 authority of a consumer-owned utility.

26 (14) "Greenhouse gases" includes carbon dioxide, methane, nitrous
27 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

28 (15) "Long-term financial commitment" means:

29 (a) Either a new ownership interest in baseload electric generation
30 or an upgrade to a baseload electric generation facility; or

31 (b) A new or renewed contract for baseload electric generation with
32 a term of five or more years for the provision of retail power or
33 wholesale power to end-use customers in this state.

34 (16) "Plant capacity factor" means the ratio of the electricity
35 produced during a given time period, measured in kilowatt-hours, to the
36 electricity the unit could have produced if it had been operated at its
37 rated capacity during that period, expressed in kilowatt-hours.

1 (17) "Power plant" means a facility for the generation of
2 electricity that is permitted as a single plant by the energy facility
3 site evaluation council or a local jurisdiction.

4 (18) "Upgrade" means any modification made for the primary purpose
5 of increasing the electric generation capacity of a baseload electric
6 generation facility. "Upgrade" does not include routine or necessary
7 maintenance, installation of emission control equipment, installation,
8 replacement, or modification of equipment that improves the heat rate
9 of the facility, or installation, replacement, or modification of
10 equipment for the primary purpose of maintaining reliable generation
11 output capability that does not increase the heat input or fuel usage
12 as specified in existing generation air quality permits as of the
13 effective date of this section, but may result in incidental increases
14 in generation capacity.

15 NEW SECTION. **Sec. 3.** (1) The following greenhouse gases emissions
16 reduction and clean energy economy goals are established for Washington
17 state:

18 (a) By 2020, reduce overall greenhouse gases emissions in the state
19 to 1990 levels;

20 (b) By 2035, reduce overall greenhouse gases emissions in the state
21 to twenty-five percent below 1990 levels;

22 (c) By 2050, the state will do its part to reach global climate
23 stabilization levels by reducing overall emissions to fifty percent
24 below 1990 levels, or seventy percent below the state's expected
25 emissions that year; and

26 (d) By 2020, increase the number of clean energy sector jobs to
27 twenty-five thousand from the eight thousand four hundred jobs the
28 state had in 2004.

29 (2)(a) By December 31, 2007, the departments of ecology and
30 community, trade, and economic development shall report to the
31 appropriate committees of the senate and house of representatives the
32 total greenhouse gases emissions for 1990 and the totals in each major
33 sector for 1990.

34 (b) By December 31st of each even-numbered year beginning in 2010,
35 the departments of ecology and community, trade, and economic
36 development shall report to the governor and the appropriate committees

1 of the senate and house of representatives the total greenhouse gases
2 emissions for the preceding two years, and totals in each major source
3 sector.

4 NEW SECTION. **Sec. 4.** (1) The governor shall develop policy
5 recommendations to the legislature on how the state can achieve the
6 greenhouse gases emissions reduction goals established under section 3
7 of this act. These recommendations must include, but are not limited
8 to:

9 (a) How market mechanisms, such as a load-based cap and trade
10 system, would assist in achieving the greenhouse gases emissions
11 reduction goals;

12 (b) How geologic injection, forest sequestration, and other carbon
13 sequestration options could be used to achieve state greenhouse gases
14 emissions reduction goals;

15 (c) A process for replacing the highest emitting thermal electric
16 plants that have exceeded their expected useful life with newer
17 technologies that have lower greenhouse gases emissions levels; and

18 (d) Methods to utilize indigenous resources, such as landfill gas,
19 geothermal resources, and other assets that might reduce greenhouse
20 gases emissions consistent with the purposes of this act.

21 (2) Recommendations under subsection (1) of this section shall be
22 submitted to the appropriate committees of the house of representatives
23 and the senate for consideration in the 2008 legislative session.

24 NEW SECTION. **Sec. 5.** (1) Beginning July 1, 2008, the greenhouse
25 gases emissions performance standard for all baseload electric
26 generation for which electric utilities enter into long-term financial
27 commitments on or after such date is the lower of:

28 (a) One thousand one hundred pounds of greenhouse gases per
29 megawatt-hour; or

30 (b) The average available greenhouse gases emissions output as
31 determined by the department of community, trade, and economic
32 development under section 7 of this act.

33 (2) All baseload electric generation facilities in operation as of
34 June 30, 2008, are deemed to be in compliance with the greenhouse gases
35 emissions performance standard established under this section until the
36 facilities are the subject of long-term financial commitments.

1 (3) All electric generation facilities or power plants powered by
2 renewable resources, as defined in RCW 19.280.020, are deemed to be in
3 compliance with the greenhouse gases emissions performance standard
4 established under this section.

5 (4) In determining the rate of emissions of greenhouse gases for
6 baseload electric generation, the total emissions associated with
7 producing electricity shall be included.

8 (5) The department shall establish an output-based methodology to
9 ensure that the calculation of emissions of greenhouse gases for a
10 cogeneration facility recognizes the total usable energy output of the
11 process, and includes all greenhouse gases emitted by the facility in
12 the production of both electrical and thermal energy. In developing
13 and implementing the greenhouse gases emissions performance standard,
14 the department shall consider and act in a manner consistent with any
15 rules adopted pursuant to the public utilities regulatory policy act of
16 1978 (16 U.S.C. Sec. 824a-3), as amended.

17 (6) The following greenhouse gases emissions produced by baseload
18 electric generation owned or contracted through a long-term financial
19 commitment shall not be counted as emissions of the power plant in
20 determining compliance with the greenhouse gases emissions performance
21 standard:

22 (a) Those emissions that are injected permanently in geological
23 formations;

24 (b) Those emissions that are permanently sequestered by other means
25 approved by the department; and

26 (c) Those emissions sequestered or mitigated as approved under
27 subsection (12) of this section.

28 (7) In adopting and implementing the greenhouse gases emissions
29 performance standard, the department of community, trade, and economic
30 development energy policy division, in consultation with the
31 commission, the department, the Bonneville power administration, the
32 western electricity coordination council, the energy facility site
33 evaluation council, electric utilities, public interest
34 representatives, and consumer representatives, shall consider the
35 effects of the greenhouse gases emissions performance standard on
36 system reliability and overall costs to electricity customers.

37 (8) In developing and implementing the greenhouse gases emissions
38 performance standard, the department shall, with assistance of the

1 commission, the department of community, trade, and economic
2 development energy policy division, and electric utilities, and to the
3 extent practicable, address long-term purchases of electricity from
4 unspecified sources in a manner consistent with this chapter.

5 (9) The directors of the energy facility site evaluation council
6 and the department shall each adopt rules under chapter 34.05 RCW in
7 coordination with each other to implement and enforce the greenhouse
8 gases emissions performance standard. The rules necessary to implement
9 this section shall be adopted by June 30, 2008.

10 (10) In adopting the rules for implementing this section, the
11 energy facility site evaluation council and the department shall
12 include criteria to be applied in evaluating the carbon sequestration
13 plan. The rules shall include but not be limited to:

14 (a) Provisions for financial assurances, as a condition of plant
15 operation, sufficient to ensure successful implementation of the carbon
16 sequestration plan, including construction and operation of necessary
17 equipment, and any other significant costs;

18 (b) Provisions for geological or other approved sequestration
19 commencing within five years of plant operation, including full and
20 sufficient technical documentation to support the planned
21 sequestration;

22 (c) Provisions for monitoring the effectiveness of the
23 implementation of the sequestration plan;

24 (d) Penalties for failure to achieve implementation of the plan on
25 schedule; and

26 (e) Provisions for public notice and comment on the carbon
27 sequestration plan.

28 (11)(a) Except as provided in (b) of this subsection, as part of
29 its role enforcing the greenhouse gases emissions performance standard,
30 the energy facility site evaluation council and the department shall
31 determine whether a plan for sequestration will provide safe, reliable,
32 and permanent protection against the greenhouse gases entering the
33 atmosphere from the power plant and all ancillary facilities.

34 (b) For facilities under its jurisdiction, the energy facility site
35 evaluation council shall contract for review of the carbon
36 sequestration plan with the department, consider the adequacy of the
37 plan in its adjudicative proceedings conducted under RCW 80.50.090(3),

1 and incorporate specific findings regarding adequacy in its
2 recommendation to the governor under RCW 80.50.100.

3 (12) A project under consideration by the energy facility site
4 evaluation council by the effective date of this section is required to
5 include all of the requirements of subsection (10) of this section in
6 its carbon sequestration plan submitted as part of the energy facility
7 site evaluation council process. A project under consideration by the
8 energy facility site evaluation council by the effective date of this
9 section that receives final site certification agreement approval under
10 chapter 80.50 RCW may apply to the energy facility site evaluation
11 council to amend the carbon sequestration plan if the project owner
12 determines that implementation is not feasible following a good faith
13 attempt to implement the plan. The application shall demonstrate the
14 steps taken to implement the sequestration plan and evidence of the
15 technological and economic barriers to successful implementation. The
16 energy facility site evaluation council must review this application
17 and make a recommendation to the governor as to whether the
18 sequestration plan as incorporated into the site certification
19 agreement is feasible. The energy facility site evaluation council
20 shall contract with the department in reviewing the application. If
21 the energy facility site evaluation council recommends the plan as no
22 longer feasible, the energy facility site evaluation council may
23 recommend other conditions consistent with (a) and (b) of this
24 subsection to the governor. The governor may:

- 25 (a) Deny the request;
- 26 (b) Approve an amendment to the plan and site certification to
27 allow up to an additional five years for the sequestration to commence;
- 28 or

29 (c) Approve other methods by which the project is required to fully
30 and permanently mitigate for the emissions in excess of the performance
31 standard adopted in this section, for the operating life of the plant.
32 Such mitigation shall be in addition to any mitigation required upon
33 site certification under RCW 80.70.020 and that section shall not limit
34 the conditions for mitigation under this subsection. The required
35 mitigation shall be enforced through conditions upon the amended site
36 certification.

1 (5) Upon application by an electrical company, the commission shall
2 make a determination regarding the company's proposed decision to
3 acquire electric generation or enter into a power purchase agreement
4 for electricity that complies with the greenhouse gases emissions
5 performance standard established under section 5 of this act, as to the
6 need for the resource, and the appropriateness of the specific resource
7 selected. The commission shall take into consideration factors such as
8 the company's forecasted loads, need for energy, power plant
9 technology, expected costs, and other associated investment decisions.
10 In addition, the commission shall provide for recovery of the prudently
11 incurred capital and operating cost of these resources and may impose
12 such conditions as it finds necessary to ensure that rates are fair,
13 just, reasonable, and sufficient, coincident with the in-service date
14 of the project or the effective date of the power purchase agreement.

15 (6) An electrical company may account for and defer for later
16 consideration by the commission costs incurred in connection with the
17 long-term financial commitment, including operating and maintenance
18 costs, depreciation, taxes, and cost of invested capital. The deferral
19 begins with the date on which the power plant begins commercial
20 operation or the effective date of the power purchase agreement and
21 ends on the effective date of the final decision by the commission
22 regarding recovery in rates of these deferred costs. Creation of such
23 a deferral account does not by itself determine whether recovery of any
24 or all of these costs is appropriate.

25 (7) In establishing rates for each electrical company regulated
26 under chapter 80.28 RCW, the commission may adopt policies allowing an
27 additional return on investments to encourage meeting energy
28 requirements through distributed generation to accelerate efficiencies
29 in electric transmission and distribution systems that reduce energy
30 losses and increase the efficiency of energy delivery to end-use
31 consumers. These policies may include but are not limited to adding an
32 increment of two percent to the rate of return on common equity
33 permitted on an electrical company's other investments for prudently
34 incurred investments in distributed generation, and in measures that
35 improve, as measured in kilowatt-hour savings, the overall efficiency
36 of transmission, distribution, and end-use consumption of electricity
37 through energy efficiency technologies, including any device,
38 instrument, machine, appliance, or process related to the transmission,

1 distribution, and consumption of electricity to increase energy
2 efficiency, including but not limited to smart grid technology, smart
3 meters, and demand response technologies. The rate of return increment
4 must be allowed for a period, at the commission's discretion, of at
5 least seven but not more than thirty years after the investment is
6 first placed in the rate base. Measures or projects encouraged under
7 this section are those for which construction or installation is begun
8 after July 1, 2007, and before January 1, 2017, and which, at the time
9 they are placed in the rate base, are reasonably expected to save,
10 produce, or generate energy at a total incremental system cost per unit
11 of energy delivered to end use that is less than or equal to the
12 incremental system cost per unit of energy delivered to end use from
13 new baseload or peaking electric generation and that the electrical
14 company could acquire to meet energy demand in the same time period.

15 (8) The commission shall apply the procedures adopted by the
16 department to verify the emissions of greenhouse gases from baseload
17 electric generation under section 5 of this act.

18 (9) The commission shall adopt rules for the enforcement of this
19 section with respect to electrical companies and adopt procedural rules
20 for approving costs incurred by an electrical company under subsection
21 (4) of this section.

22 (10) The commission shall adopt rules necessary to implement this
23 section by December 31, 2008.

24 NEW SECTION. **Sec. 9.** (1) No consumer-owned utility may enter into
25 a long-term financial commitment unless the baseload electric
26 generation supplied under such a long-term financial commitment
27 complies with the greenhouse gases emissions performance standard
28 established under section 5 of this act.

29 (2) The governing board shall review and make a determination on
30 any long-term financial commitment by the utility, pursuant to this
31 chapter, to determine whether the baseload electric generation to be
32 supplied under that long-term financial commitment complies with the
33 greenhouse gases emissions performance standard established under
34 section 5 of this act. No consumer-owned utility may enter into a
35 long-term financial commitment unless the baseload electric generation
36 to be supplied under that long-term financial commitment complies with

1 the greenhouse gases emissions performance standard established under
2 section 5 of this act.

3 (3) In confirming that a long-term financial commitment is for
4 baseload electric generation, the governing board shall consider the
5 design of the power plant and the intended use of the power plant based
6 upon the electricity purchase contract, if any, permits necessary for
7 the operation of the power plant, and any other matter the governing
8 board determines is relevant under the circumstances.

9 (4) The governing board may provide a case-by-case exemption from
10 the greenhouse gases emissions performance standard to address: (a)
11 Unanticipated electric system reliability needs; or (b) catastrophic
12 events or threat of significant financial harm that may arise from
13 unforeseen circumstances.

14 (5) The governing board shall apply the procedures adopted by the
15 department to verify the emissions of greenhouse gases from baseload
16 electric generation under section 5 of this act, and may request
17 assistance from the department in doing so.

18 (6) For consumer-owned utilities, the auditor is responsible for
19 auditing compliance with this chapter and rules adopted under this
20 chapter that apply to those utilities and the attorney general is
21 responsible for enforcing that compliance.

22 (7) In establishing rates, a governing board of a consumer-owned
23 utility may collect a surcharge for costs in excess of individual rate
24 categories to meet the greenhouse gases emissions performance standard
25 established under section 5 of this act.

26 NEW SECTION. **Sec. 10.** For the purposes of sections 5 through 10
27 of this act and RCW 80.70.020, the department, in consultation with the
28 department of community, trade, and economic development energy policy
29 division, the energy facility site evaluation council, the commission,
30 and the governing boards of consumer-owned utilities, shall review the
31 greenhouse gases emissions performance standard established in this
32 chapter to determine need, applicability, and effectiveness no less
33 than every five years following the effective date of this section, or
34 upon implementation of a federal or state law or rule regulating carbon
35 dioxide emissions of electric utilities, and report to the legislature.

1 NEW SECTION. **Sec. 11.** Sections 1 through 5 and 7 through 10 of
2 this act constitute a new chapter in Title 80 RCW."

3 Correct the title.

EFFECT: Strikes the underlying bill.

Establishes greenhouse gases emissions reduction for 2020, 2035, and 2050 and clean energy job goals for the state.

Requires the Departments of Ecology and Community, Trade, and Economic Development to report to the Legislature by December 31, 2007 state greenhouse gases emissions for 1990 in total and by major sector.

Requires the Departments of Ecology and Community, Trade, and Economic Development to report to the Governor and Legislature every two years beginning in 2010, state greenhouse gases emissions in total and by major section for the previous two years.

Requires the governor to develop policy recommendations on how the state can achieve the greenhouse gases emissions reduction goals and submit these recommendations to the legislature for consideration during the 2008 legislative session.

Establishes a greenhouse gases emissions performance standard, beginning July 1, 2008, for all baseload electric generation for which electric utilities enter into long-term financial commitments.

Specifies that the greenhouse gases emissions performance standard shall be the lower of 1,100 pounds of greenhouse gases per megawatt-hour or the average available greenhouse gases emissions output.

Requires the Department of Community, Trade, and Economic Development's Energy Policy Division to determine the average available greenhouse gases emissions output by conducting a survey of new combined-cycle natural gas thermal electric generation turbines commercially available and offered for sale by manufacturers in the United States and to report the results of the survey to the legislature on a biennial basis.

Prohibits electric companies and consumer-owned electric utilities from entering into a long-term financial commitment for baseload electric generation that does not comply with the greenhouse gases emissions performance standard.

Authorizes the Utilities and Transportation Commission to adopt policies allowing for an additional return on investment to encourage meeting energy requirements through distributed generation and increased efficiency of energy delivery.

Permits the Utilities and Transportation Commission to add an increment of two percent to the rate of return on common equity permitted on an electric company's other investments for prudently incurred investments in distributed generation and other measures.

Requires the Utilities and Transportation Commission to make a determination regarding an electric company's proposed decision to acquire electric generation for electricity that complies with the greenhouse gases emissions performance standard.

Authorizes consumer-owned electric utilities to collect a surcharge

for costs in excess of individual rate categories to meet the greenhouse gases emissions performance standard.

Requires the Directors of the Energy Facility Site Evaluation Council and the Department of Ecology to each adopt rules in coordination with each other to implement and enforce the greenhouse gases emissions performance standard by June 30, 2008.

Specifies all baseload electric generation facilities in operation as of June 30, 2008, are deemed to be in compliance with the greenhouse gases emissions performance standard until the facilities are the subject of long-term financial commitments.

Specifies all electric generating facilities or power plants powered by renewable resources, as defined in RCW 19.280.020, are deemed to be in compliance with the greenhouse gases emissions performance standard established under this section.

Provides that the total emissions associated with producing electricity shall be included in determining the rate of emissions of greenhouse gases for baseload electric generation.

Requires the Department of Ecology to establish an output-based methodology to ensure that the calculation of emissions of greenhouse gases for a cogeneration facility recognizes the total usable energy output of the process.

Specifies which greenhouse gases emissions produced by baseload electric generation are not counted as emissions of the power plant in determining compliance with the greenhouse gases emissions performance standard:

(a) Those emissions that are injected permanently in geological formations;

(b) Those that are permanently sequestered by other means approved by the Department of Ecology; and

(c) Those emissions sequestered or mitigated as part of a project under consideration by the Energy Facility Site Evaluation Council on the effective date of this act.

Specifies that in adopting rules to implement the greenhouse gases emissions performance standard, the Energy Facility Site Evaluation Council and the Department of Ecology shall include criteria to be applied in evaluating carbon sequestration plans.

Provides that a project under consideration by the Energy Facility Site Evaluation Council by the effective date of this act may request amendments to the project's carbon sequestration plan, if the project owner determines that the carbon sequestration plan cannot be implemented.

Authorizes the Energy Facility Site Evaluation Council to recommend to the Governor for action other carbon sequestration plan conditions such as allowing an additional five years for sequestration to begin or other methods to fully and permanently mitigate for the emissions in excess of the greenhouse gases emissions performance standard.

Requires the Department of Ecology, in consultation with the Department of Community, Trade, and Economic Development Energy Policy Division, the Energy Facility Site Evaluation Council, the Utilities and Transportation Commission, and the governing boards of consumer-owned electric utilities, to review at least every five years, or upon implementation of a federal or state law or rule regulating carbon dioxide emissions of electric utilities, the greenhouse gases emissions performance standard to determine need, applicability, and effectiveness.

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