

SENATE BILL REPORT

SB 6516

As Reported By Senate Committee On:
Water, Energy & Telecommunications, January 29, 2008

Title: An act relating to creating a framework for reducing greenhouse gases emissions in the Washington economy.

Brief Description: Regarding greenhouse gases emissions and providing for green collar jobs.

Sponsors: Senators Pridemore, Rockefeller, Swecker, Oemig, Murray, Hobbs, Fairley, Kohl-Welles, McDermott, Weinstein, Regala, Kilmer, Jacobsen, Hargrove, Prentice, McAuliffe, Kastama, Rasmussen, Franklin, Keiser, Kauffman, Fraser, Shin, Kline and Brandland; by request of Governor Gregoire.

Brief History:

Committee Activity: Water, Energy & Telecommunications: 1/23/08, 1/29/08 [DPS-WM, DNP].

Ways & Means: 2/11/08.

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 6516 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Minority Report: Do not pass.

Signed by Senators Honeyford, Ranking Minority Member; Delvin, Hatfield, Holmquist and Morton.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Elise Greef (786-7708)

Background: The National Academy of Sciences, the Inter-Governmental Panel on Climate Change, and the United States' Climate Change Science Program have concluded that human activities, such as greenhouse gas (GHG) production, are the likely cause of climate change during the last several decades. Human activities resulting in some of the main sources of GHGs include: burning of fossil fuels, solid waste, deforestation, land use and wetland

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

changes, and the use of synthetic gases, such as fluorinated gases, which are emitted from a variety of industrial processes.

The major GHG contributing sectors are: industrial, transportation, residential, commercial, and agricultural. An individual's major sources of GHG include: home heating and cooling, electricity consumption, and transportation.

In February 2007, the Governor issued an Executive Order establishing goals for reducing GHG emissions and tripling the existing jobs in clean-energy fields by the year 2020.

Last year, the Legislature passed ESSB 6001 - Mitigating the Impacts of Climate Change, placing into statute the goals for GHG emission reductions and increasing clean energy jobs. The legislation also requires the Department of Ecology (Ecology) and Community, Trade and Economic Development (CTED) to provide a report every even numbered year on the total GHG emissions for each major source sector.

Summary of Bill (Recommended Substitute): Ecology is required to develop and implement a program to limit GHG emissions. To implement this program, Ecology must develop and implement a system for monitoring and reporting GHG emissions. The reporting must allow for a comprehensive inventory of emissions of GHG from all significant sectors of the Washington economy, including identifying a mechanism to report an aggregate estimate of the annual GHG emissions from otherwise unreported on-road motor vehicles.

Regional Multisector Market-Based System: Ecology must develop a design for a regional multisector market-based system, such as a cap and trade program, to limit and reduce GHG emissions. Ecology must develop this system design in coordination with the western climate initiative, CTED, Washington Utilities and Transportation Commission, and the Department of Transportation. Ecology must also ensure broad stakeholder participation into the design process. In addition, Ecology must provide an alternative design for a program that provides direct price signal at the level of first possession of fossil fuels in the state. By December 1, 2008, Ecology must report its recommendations including: program designs, final Climate Action Team recommendations, strategies to adopt a low-carbon fuel standards and recommendations to increase the use of clean technology vehicles, and how local governments could be included in the multisector market-based system.

Reporting GHG Emissions: Ecology must adopt rules requiring reporting of GHG emissions. A person is required to report GHG emissions if the person operates or is responsible for: the operation of on-road motor vehicles that emit at least 2,500 metric tons of GHG annually; or operations that emit at least 10,000 metric tons of GHG annually. Reporting begins in 2010 for 2009 emissions.

Ecology may defer reporting requirements for interstate commercial aircraft, rail, or marine vessels until there is a federal reporting requirement or if Ecology finds there is a generally accepted reporting protocol for determining these interstate emissions.

Ecology must propose amendments to its rules to ensure administrative consistency with federal rules and avoid duplication of reporting.

The Energy Facility Site Evaluation Council (EFSEC): EFSEC must, simultaneously with Ecology, adopt rules that impose the same GHG reporting requirements in site certifications

on persons operating or responsible for the operation of a facility permitted by EFSEC. EFSEC will contract with Ecology to monitor the reporting requirements adopted under this section.

Clean Energy Jobs: The Clean Energy Jobs Growth Initiative is established to support the clean energy sector jobs goal of increasing the number of clean energy sector jobs to 25,000 by 2020. The Employment Security Department (ESD), in consultation with CTED, the state Workforce Training and Education Coordinating Board (WTECB), and the Washington State University extension energy program must survey employers to estimate the number of clean energy firms and wage and employment estimates within clean energy sectors. Using survey data and analyses, CTED and ESD will propose which industries will be considered high-demand green industries and their strategic importance to the development of the state's clean energy economy.

WTECB must create and pilot green energy industry skill panels and distribute grants to the panels on a competitive basis. Selected industry skill panels must conduct labor market and industry analyses; plan strategies to meet the recruitment and training needs of the industry; and leverage and align other public and private funding sources.

The Green Collar Job Training account is created in the state treasury. Expenditures from the account may be used only for the purpose of training workers for occupations that are part of career pathways to high-demand industries related to clean energy.

The use of grant funds is specified and may include: tuition assistance and the purchase of books or work-related supplies and tools; curriculum development; outreach and recruitment; occupational skills training; basic skills, literacy, English as a second language, and preapprenticeship training; and support services, including income support, child care, transportation, and related services.

Beginning in 2010, WTECB will evaluate the job training program. The evaluation must include measures of employment, earnings, and skill attainment for participants in the program. WTECB must provide a report to the Governor and the relevant policy committees of the Legislature by December 1, 2012.

EFFECT OF CHANGES MADE BY WATER, ENERGY & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): It is intended that the regional multisector market-based system recognize opportunities presented by Washington's forest resources and agriculture land, and entities receive appropriate credit for early voluntary reduction actions. Ecology must also develop an alternative program design to provide a direct price signal at the first level of possession of fossil fuels in the state.

The Climate Action Team (CAT) is required to include in its final recommendations strategies to adopt a low carbon fuel standard, to increase the use of clean technology vehicles, and how to include local governments in the multisector market-based system. Ecology and CAT are required to develop recommendations to decrease annual per capita vehicle miles traveled to meet target goals.

Ecology may defer reporting requirements for interstate commercial aircraft, rail or marine vessels until there is a federal requirement or Ecology finds generally accepted reporting protocols for these emissions.

CTED and UW must analyze the current opportunities for minority and women-owned business enterprises in the clean energy economy and identify existing barriers. They must develop strategies to improve successful participation in the clean energy economy.

Appropriation: None.

Fiscal Note: Available.

[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: The bill makes the state accountable for the goals of reducing greenhouse gases and the creation of green jobs. It makes the goals in SB 6001 real and continues the work of this legislation. Climate change is one of the most pressing issues facing our citizens and our economy. This bill expresses what is best for them. It provides responsible limits on greenhouse gases and the development of green collar jobs. It signals that Washington is the place to invest in a clean economy. The best route out of poverty is a good job. The green jobs section builds upon a proven track record and it is well thought out.

CON: The science is not definitive. We can't let public policy be driven by fear. The measures in the bill should be good for all sectors, look toward the end product. Don't use mandates to achieve the goals, we should be using incentives. The bill needs an economic off-ramp, a safe guard from economic harm. None of the details of the bill seem to be solidified. There may be pitfalls that will affect our competitiveness.

OTHER: Working forests must be a key component of climate change legislation. The reporting mechanism is within the Clean Air Act. This may have unintended consequences for those who shouldn't be impacted by the reporting requirements. There should be a separate chapter for greenhouse gas reporting.

Persons Testifying: PRO: Senator Craig Pridemore, prime sponsor; Janice Adair, Ecology; Kathleen Drew, Governor's Office; Tony Usibelli, CTED; Clifford Traisman, Washington Environment Council; K. C. Golden, Climate Solutions; Ken Johnson, Puget Sound Energy; Dave Johnson, State Building & Construction Trades Council; Ash Awad, McKinsley; Dana Peck, Horizon Wind Energy; Tony Lee, Solid Ground; Barbara Hins-Turner, Center of Excellence for Energy Technology, Centralia College; Wes Pruitt, State Workforce Training & Education Coordination Board; Jean Godden, Seattle City Council; Peggy Duxbury, Seattle City Light; James McMahan, Tacoma Public Utilities; Todd Myers, Washington Policy Center; Dave Warren, Washington PUD Association; Craig Partridge, DNR; Doug Howell, National Wildlife Federation.

CON: John Stuhlmiller, Washington Farm Bureau; Steve Smith, Cardinal Glass; Wesley McCart, Stevens County Farm Bureau.

OTHER: Debora Munguia, Washington Forest Protection Association; Grant Nelson, Association of Washington Businesses; Llewellyn Matthews, NW Pulp & Paper Association.