

**2SSB 5735 - S AMD 157**

By Senators Pridemore, Hargrove

ADOPTED AS AMENDED 03/11/2009

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

3 "NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature reaffirms  
4 the state limits on greenhouse gas emissions adopted in RCW 70.235.020.  
5 Despite the recent economic downturn, the output of greenhouse gas  
6 emissions continues. It remains essential to fashion a long-term  
7 strategy for reduction of greenhouse gas emissions, consistent with  
8 previously enacted reduction goals of the state. The legislature  
9 further finds that full implementation of current policies regarding  
10 energy efficiency, new clean energy technologies, efficient building  
11 practices, new energy efficient transportation technologies, and other  
12 policies and programs may achieve nearly one-half of the estimated  
13 statewide emissions reductions needed to meet the state's 2020  
14 emissions limits, but that additional reduction strategies will be  
15 needed.

16 (2) Therefore, it is the intent of the legislature by this act to  
17 provide a thorough review and set of recommendations to the 2011  
18 legislature regarding the merits of implementing a multisector  
19 emissions reduction program in the state, as well as recommended  
20 additional complementary policies to achieve the state's emission  
21 reduction requirements.

22 NEW SECTION. **Sec. 2.** POLICY DECLARATION. When presenting the  
23 state's position on any regional or national emissions reduction  
24 program that relies on a multisector, market-based approach to  
25 regulating greenhouse gas emissions, the state shall adhere to the  
26 following policies:

27 (1) Assuring that biomass combustion for electricity or process  
28 steam production is considered carbon neutral;

1 (2) Assuring equitable economic benefits and opportunities for  
2 electric utilities operating in Washington that use hydroelectric  
3 generation;

4 (3) Recognition must be provided to those emissions sources that  
5 have taken early action to reduce their emissions;

6 (4) That the state's forest and agricultural lands that are managed  
7 in ways that increase carbon sequestration be recognized for the use of  
8 offsets to regulatory limits on emissions; and

9 (5) Assuring the protection of low and moderate income households.

10 NEW SECTION. **Sec. 3.** EMISSIONS CAPS. (1) In order to assist  
11 Washington in meeting the requirements in RCW 70.235.020, the  
12 department of ecology shall recommend a greenhouse gas emissions  
13 reduction program that sets statewide and sector emission caps for  
14 persons that annually emit at or above twenty-five thousand metric tons  
15 of carbon dioxide equivalents. The emissions reduction program must  
16 recognize early actions, complementary policies, and offsets as  
17 specified in section 5 of this act. The emissions reduction program  
18 must include protocols for directing technical and financial incentives  
19 to those persons who monitor and demonstrate their emissions  
20 reductions. No element of the program recommendations in this section  
21 may be implemented unless specifically authorized by a future act of  
22 the legislature.

23 (2) The department of ecology's recommendations must include the  
24 following program design elements:

25 (a) Phase one of the emissions reduction program should be designed  
26 to begin in 2012 and covers the following sectors: (i) Electricity  
27 generated in the state or generated out-of-state and delivered to the  
28 state by long-term financial commitments under chapter 80.80 RCW; (ii)  
29 industrial and commercial fuel combustion; and (iii) industrial process  
30 emissions;

31 (b) Phase two of the emissions reduction program should be designed  
32 to begin in 2015 and covers the following sectors: (i) Transportation  
33 fuel combustion; (ii) residential fuel combustion; and (iii) fuel  
34 delivered or sold for industrial and commercial combustion where the  
35 fuel is used by persons not otherwise covered by the program in 2012.  
36 Phase two of the program may include complementary measures, except

1 that measures for transportation fuels must focus on emissions  
2 reductions, not raising revenues, and consideration must be given to  
3 differing rural and urban circumstances;

4 (c) For each compliance period, emissions caps must decline evenly  
5 in each sector until the state greenhouse gas emissions are reduced as  
6 required by RCW 70.235.020;

7 (d) Except for purposes of reporting, the following carbon dioxide  
8 emissions are not covered by the program:

9 (i) Emissions from industrial combustion of biomass in the form of  
10 fuel wood, wood waste, wood by-products, and wood residuals as long as  
11 the region's silvicultural sequestration capacity is maintained or  
12 increased; and

13 (ii) Emissions from the combustion of biofuels or the biofuel  
14 component of blended fuels as the term "biofuel" is defined in RCW  
15 43.325.010; and

16 (e) No more than forty-nine percent of a sector's total emissions  
17 reductions from 2012 to 2020 may be satisfied with offsets.

18 (3) The recommendations in this section must be submitted to the  
19 appropriate committees of the legislature by December 1, 2010.

20 NEW SECTION. **Sec. 4.** ALTERNATIVE STRATEGIES FOR ACHIEVING  
21 EMISSIONS REDUCTIONS. (1) The department of ecology shall report to  
22 the legislature on alternative strategies the state may implement to  
23 meet the requirements in RCW 70.235.020. The report must include the  
24 following: A comprehensive examination of all measures, not market-  
25 based, that the state could employ to reduce the emissions of  
26 greenhouse gases, such as:

27 (a) Regulatory emissions caps and other performance oriented  
28 regulations;

29 (b) Economic and fiscal measures that would supplement a regulatory  
30 approach;

31 (c) Measures for substantially reducing greenhouse gas emissions  
32 from the electricity sector, including measures to facilitate the  
33 transition from electricity generation derived from any coal-fired  
34 facility to generation with significantly reduced emissions;

35 (d) Measures for reducing transportation emissions in urban areas  
36 of the state, including programs providing incentives and assistance

1 for the deployment of electric vehicles and the necessary  
2 infrastructure for such vehicles and policies directing the increased  
3 use of these vehicles within state agency fleets; and

4 (e) Measures for reducing emissions by increasing energy efficiency  
5 in buildings and commercial and industrial applications.

6 (2) The report must include an analysis of the alignment of  
7 policies and standards among the participating jurisdictions in the  
8 western climate initiative.

9 (3) The report must include recommendations for establishing a  
10 performance auditing mechanism to monitor the effectiveness of  
11 emissions reduction strategies.

12 (4) The report must include recommendations on complementary  
13 measures the state may undertake to supplement a national emissions  
14 reduction program.

15 (5) The report must incorporate an economic analysis by the  
16 forecasting office of the office of financial management, in  
17 consultation with members of the governor's council of economic  
18 advisors, of the impact to Washington consumers, businesses, and  
19 citizens if Washington entered into a regional or federal emissions  
20 reduction program. The economic analysis must include:

21 (a) Various economic scenarios, such as when Washington has a  
22 robust economy and when Washington is in an economic downturn;

23 (b) The economic impact sector by sector, including the impact to  
24 the forest products manufacturing sector and Washington's port  
25 districts;

26 (c) How to address trade competition from countries and states that  
27 are not participating in an emissions reduction program;

28 (d) How to ensure that economic benefits are available to both  
29 urban and rural communities; and

30 (e) The impact on the cost and affordability of food, housing,  
31 energy, transportation, and other routine expenses on low and moderate-  
32 income households.

33 (6) The report must be submitted to the appropriate committees of  
34 the legislature by December 1, 2010.

35 NEW SECTION. **Sec. 5. OFFSETS.** (1) The department of ecology  
36 shall recommend criteria for issuing and accepting offset credits for  
37 offset projects that may be used to meet a person's compliance

1 obligation in a state, regional, or national emissions reduction  
2 program. The department must give priority to investigating and  
3 developing criteria for offset projects within the forestry,  
4 agriculture, and waste management sectors, but must also develop  
5 criteria for recognizing offsets from all sources of emissions  
6 reductions that are additional to existing regulatory requirements and  
7 that are reductions beyond business as usual emission levels. The  
8 department shall present the state's policy on forestry offset projects  
9 established under section 6 of this act as the state's position when  
10 developing the criteria for forestry offset projects within any other  
11 regional or national cap and trade emissions reduction program.

12 (2) With regard to forestry offsets, the department of ecology must  
13 give first priority for issuing offset credits for forestry offset  
14 projects located in Washington. Second priority must be given to  
15 offset projects within Washington, Oregon, Idaho, and Montana. Third  
16 priority must be given to offset projects that are located in any other  
17 jurisdiction in the United States. One offset credit must be issued  
18 for up to each metric ton of emissions as measured in carbon dioxide  
19 equivalent associated with an offset project.

20 (3) Except as provided in this section, the department of ecology  
21 may accept offset credits for compliance purposes from other  
22 jurisdictions as well as annex 1 countries from the United Nations  
23 framework convention on climate change, but only if an offset project  
24 is not available in Washington.

25 (4) The department of ecology may also accept for compliance  
26 purposes offset credits from developing countries, but only if an  
27 offset project is not available in Washington. Offset credits from  
28 developing countries must be in accordance with the clean development  
29 mechanism of the Kyoto protocol or if the clean development mechanism  
30 is replaced, a protocol developed by the department. The department  
31 may develop criteria for these offset projects to ensure similar rigor  
32 to offset projects within the state.

33 (5) Any offset credit that is used to meet a compliance obligation  
34 must conform to the rules adopted by the department of ecology.

35 (6) Upon receipt by the department of ecology of an offset credit  
36 to meet a compliance obligation, the department shall retire the offset  
37 credit.

1 (7) The department of ecology shall ensure that all offset credits  
2 that it issues are tracked to ensure that the department knows who  
3 holds a given offset credit and when it is retired.

4 (8) The department of ecology shall consult with tribal governments  
5 upon request on any offset criteria that may affect tribal governments,  
6 such as the voluntary development of offset projects by tribes.

7 (9) The recommendations in this section must be submitted to the  
8 appropriate committees of the legislature by December 1, 2010.

9 NEW SECTION. **Sec. 6.** FORESTRY OFFSET POLICY. The department of  
10 ecology, in consultation with the forest practices board, the  
11 department of natural resources, and the forest carbon working group,  
12 shall develop the state's policy for forestry offset projects within  
13 Washington. The agencies and the working group shall use the 2008  
14 report of the forest carbon working group as the starting point in  
15 developing the policy. The final policy must be completed by December  
16 31, 2009, unless the department of ecology notifies the agencies and  
17 working group that the policy is needed sooner. The public must be  
18 provided with the opportunity to review and comment on the policy as it  
19 is developed. The policy must include:

20 (1) Specific standards and guidelines that will support carbon  
21 accounting in managed forests participating in an offset program;

22 (2) How to ensure that any carbon that is reduced or sequestered by  
23 a forestry offset project will be eligible for an offset credit within  
24 a regional or national cap and trade emissions reduction program;

25 (3) Recognition of management activities that increase carbon  
26 stocks including, but not limited to, thinning, lengthening rotations,  
27 increased retention of trees after harvest, fertilization, genetics,  
28 timber stand improvement, fire management, and specific site class and  
29 productivity of a managed forest;

30 (4) Specific standards and guidelines to support wood products  
31 accounting, recognizing that carbon is stored in products after trees  
32 are harvested including the use of the one hundred year method which  
33 estimates the amount of carbon stored in the wood products that are  
34 projected to remain in use after one hundred years;

35 (5) Guidelines on how forestry offset projects and forestry  
36 financial incentive programs can work together so that Washington's

1 forest landowners will not be disadvantaged in comparison to other  
2 jurisdictions participating in a regional or national cap and trade  
3 emissions reduction program; and

4 (6) Recommendations for how to verify or certify carbon stocks that  
5 will not be administratively burdensome.

6 NEW SECTION. **Sec. 7.** FINANCIAL INCENTIVES FOR FORESTRY. The  
7 department of ecology, in consultation with the forest practices board,  
8 the department of natural resources, and the forest carbon working  
9 group, shall develop and deliver to the legislature by December 1,  
10 2010, legislation to implement a financial incentives program for  
11 forestry and forest products that will recognize activities such as:

12 (1) Forest landowners maintaining and actively managing their  
13 forest land using management activities such as thinning, lengthening  
14 of rotations, increased retention of trees at harvest, fertilization,  
15 genetics, timber stand improvement, and fire management;

16 (2) Forest landowners continuing the production of wood products  
17 while maintaining or increasing their carbon stocks on the ground;

18 (3) Retention by forest landowners of high carbon stocks where  
19 there is no obligation to retain such stocks; and

20 (4) The use by developers and builders of wood building materials  
21 instead of more intensive fossil fuel products such as concrete and  
22 steel.

23 NEW SECTION. **Sec. 8.** WESTERN CLIMATE INITIATIVE. The director of  
24 the department of ecology is authorized to continue discussions with  
25 other jurisdictions in the western climate initiative.

26 NEW SECTION. **Sec. 9.** A new section is added to chapter 47.38 RCW  
27 to read as follows:

28 (1) As a necessary and desirable step to expedite the transition to  
29 transportation technologies and infrastructure with reduced emissions,  
30 the department shall implement an electric vehicle and alternative fuel  
31 vehicle infrastructure program that accelerates planning and allocation  
32 of funding for pilot projects to demonstrate the feasibility of large  
33 scale deployment of charging and alternative fuels distribution  
34 infrastructure. The program must include the provisions in this

1 section and other electric vehicle programs being implemented by the  
2 department.

3 (2) The governor shall direct the department, in collaboration with  
4 the states of Oregon and California, to develop a multistate electric  
5 vehicle infrastructure initiative. The objective of the initiative is  
6 to implement large scale demonstration projects that support the  
7 charging and other necessary infrastructure for electric vehicles along  
8 shared interstate highways and in major urban areas in the three  
9 states. The governor shall work in a multistate collaboration to seek  
10 major federal funding for planning and projects in the initiative.

11 (3) As an element of the program authorized under this section, the  
12 legislature authorizes an alternative fuels corridor pilot project  
13 capable of supporting electric vehicle charging and battery exchange  
14 technologies. To the extent permitted under federal programs,  
15 regulations, or laws, the department may enter into partnership  
16 agreements with other public and private entities for the use of land  
17 and facilities along state routes and within interstate highway rights-  
18 of-way for an alternative fuels corridor pilot project. The pilot  
19 project may allow for commercial activities only as necessary to attain  
20 basic economic sufficiency. The department is not responsible for  
21 providing capital equipment nor operating refueling or recharging  
22 services. At a minimum, the pilot project must:

23 (a) Limit renewable fuel and vehicle technology offerings to those  
24 with a forecasted demand over the next fifteen years and approved by  
25 the department;

26 (b) Ensure that a pilot project site does not compete with existing  
27 retail businesses for the provision of the same refueling services or  
28 recharging technologies in the same geographic area;

29 (c) Provide existing truck stop operators and retail truck  
30 refueling businesses with an absolute right of first refusal over the  
31 offering of refueling services to class six trucks with a maximum gross  
32 vehicle weight of twenty-six thousand pounds within the same geographic  
33 area identified for a possible pilot project site;

34 (d) Reach agreement with the department of services for the blind  
35 ensuring that any commercial activities at host sites do not materially  
36 affect the revenues forecasted from their vending operations at each  
37 site;



1 (e) Regulate the internal rate of return from the partnership,  
2 including provisions to reduce or eliminate the level of state support  
3 once the partnership attains economic self-sufficiency;

4 (f) Be limited to not more than five locations on state-owned land  
5 within federal interstate rights-of-way or state highway rights-of-way  
6 in Washington; and

7 (g) Be limited in duration to a term of years reasonably necessary  
8 for the partnership to recover the cost of capital investments, plus  
9 the regulated internal rate of return.

10 NEW SECTION. **Sec. 10.** A regional transportation planning  
11 organization containing any county with a population in excess of one  
12 million in collaboration with representatives from the department of  
13 ecology, the department of transportation, the department of community,  
14 trade, and economic development, local governments, and the office of  
15 regulatory affairs must seek federal or private funding for the  
16 planning for, deployment of, or regulations concerning electric vehicle  
17 infrastructure.

18 NEW SECTION. **Sec. 11.** ACCOUNT CREATED. The emissions reduction  
19 assistance account is created in the state treasury. All  
20 appropriations to the account and twenty-five percent of all federal  
21 funds received pursuant to H.R. 1, P.L. 111-5 for the purpose of  
22 assisting with energy efficiency and renewable energy, including  
23 federal funds received for the state energy program, must be deposited  
24 in the account. Other funds, gifts, grants, and endowments from public  
25 or private sources, in trust or otherwise, may be directed into the  
26 account. Any moneys received from sponsor match payments must be  
27 deposited in the account. Moneys in the account may be spent only  
28 after appropriation. Expenditures from the account may be used for:

29 (1) Assisting persons in achieving emissions reductions under  
30 section 3 of this act;

31 (2) Assisting the transition of coal-fired facilities to cleaner-  
32 burning technologies;

33 (3) Reducing price impacts for consumers with incomes within two  
34 hundred fifty percent of the federal poverty level;

35 (4) Strategies to create jobs and provide for worker transition,

1 especially in and for those communities and workers that have been  
2 disproportionately affected by economic downturns, through efforts to  
3 reduce emissions, reduce energy use, and develop clean energy supplies;

4 (5) Supporting transit and transportation projects that will reduce  
5 greenhouse gas emissions;

6 (6) Energy efficiency and renewable energy incentives including  
7 matching electric utility sponsored programs that support customer  
8 energy efficiency investment, new renewable energy resource  
9 development, including related transmission, energy storage, and  
10 integration technologies;

11 (7) Promoting emissions reductions and carbon sequestration in  
12 agriculture, forestry, waste management, and other uncapped sectors;

13 (8) Efforts funded by local governments to reduce community  
14 greenhouse gas emissions;

15 (9) Adaptation to climate change impacts, including impacts on  
16 affected species, habitats, and communities; and

17 (10) Research, development, demonstrations, and deployment of  
18 technology to reduce greenhouse gas emissions.

19 NEW SECTION. **Sec. 12.** Captions used in this act are not any part  
20 of the law.

21 NEW SECTION. **Sec. 13.** Sections 2 and 11 of this act are each  
22 added to chapter 70.235 RCW.

23 NEW SECTION. **Sec. 14.** This act shall be in effect only to the  
24 extent that funds are specifically appropriated for the purposes of  
25 this act."

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By Senators Pridemore, Hargrove

**ADOPTED AS AMENDED 03/11/2009**

26 On page 1, line 1 of the title, after "emissions;" strike the  
27 remainder of the title and insert "adding a new section to chapter

1 47.38 RCW; adding new sections to chapter 70.235 RCW; and creating new  
2 sections."

--- END ---