

SENATE BILL REPORT

SB 6373

As of January 19, 2010

Title: An act relating to reporting of emissions of greenhouse gases.

Brief Description: Directing the department of ecology to adopt rules requiring entities to report the emissions of greenhouse gases.

Sponsors: Senators Ranker, Rockefeller, Swecker, Pridemore, Marr, Kline and Fraser; by request of Department of Ecology.

Brief History:

Committee Activity: Environment, Water & Energy: 1/15/10.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: Jan Odano (786-7486)

Background: In 2008 the Legislature passed E2SHB 2815, providing a framework for reducing greenhouse gas (GHG) emissions in the Washington economy. The legislation, in part, set forth requirements for the Department of Ecology (department) to adopt rules for reporting GHG emissions. In addition, it provided that the department amend its greenhouse gas reporting rules when necessary to be consistent with federal rules to avoid duplicative reporting.

The department must adopt rules for owners or operators of a fleet of on-road motor vehicles that emit at 2500 metric tons or more per year of GHG emissions, or a source or combination of sources that emit 10,000 metric tons or more per year of direct GHG emissions. A source is defined as any building, structure, facility, or installation that emits any air contaminant or mobile source used for transportation or cargo.

Annual GHG emissions reporting is required beginning in 2010 for 2009 emissions. However, the department may phase in reporting requirements until the reporting threshold is met, which must be by January 1, 2012. The department has discretion to amend the rules to include other persons that emit less than the annual GHG emission levels required to report in order to comply with federal reporting requirements. The department may also include GHG emissions that result from upstream and downstream sources. For interstate and international commercial aircraft, rail, truck, or marine vessels, the reporting requirement

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may be deferred until there is a federal reporting requirement or a generally accepted reporting protocol for determining interstate emissions.

In September 2009 the U.S. Environmental Protection Agency (EPA) adopted its Final Mandatory Greenhouse Gases Reporting Rule. The rule became effective January 1, 2010. Annual reporting begins March 2011, for emissions data collected in 2010. Fuel suppliers and facilities that emit 25,000 metric tons of GHG emissions per year must submit annual reports to the EPA. A facility is the physical property, plant building, structure, source, or stationary equipment located on a single piece or contiguous property. Mobile source emissions will be accounted for through reporting by suppliers of petroleum products and coal-based liquid fuel. Facilities with vehicle fleets are not required to report their emissions.

The EPA rule does not preempt or replace state reporting programs. EPA recognizes that its rule is much narrower and more targeted than many state programs and it also recognizes and supports states with their different programs that may be more advanced and have different policy objectives than its rules.

Summary of Bill: The department must modify its greenhouse gas emission reporting rules. A person who emits 10,000 metric tons or more per year of GHG from single facility, source, or fossil fuels sold in Washington by a single supplier must report GHG emissions to the department. Beginning in 2011, a person who is required to report GHG emissions to EPA must concurrently submit the reported data to the department.

Persons who are required to file periodic tax reports of motor vehicle fuel sales, persons required to report periodic tax reports for special fuel sales, and distributors of aircraft fuel must report to the department the annual GHG emissions associated with the complete combustion or oxidation of liquid motor vehicle fuel, special fuel, or aircraft fuel that is sold in Washington. The department rules may allow this information to be aggregated when reported to the department. The department and the Department of Licensing (DOL) may enter into an interagency agreement to share reported information and protect proprietary information. Any proprietary information exempt from disclosure when reported to the DOL remains exempt from disclosure when shared with the department.

The department may exempt a person required to report to the EPA from state reporting requirements if the information is not necessary to gain a better understanding of GHG emissions in state.

The following requirements are removed:

- determining a de minimis amount of emissions below which reporting will not be required for both indirect and direct emissions;
- reporting of indirect emissions;
- reporting GHG emissions by an owner or operator of a fleet of on-road motor vehicle fleets that emit at least 2,500 metric tons of GHG annually; and
- identifying a mechanism to report an aggregate estimate of the annual emissions of GHG generated from otherwise unreported on-road vehicles.

Definitions for direct emissions, indirect emissions, and total emissions of greenhouse gases are eliminated. The definition of greenhouse gas now includes the ability for the department to designate by rule any other gas or gases.

The department must review and update its GHG reporting rule whenever the EPA adopts final amendments to its GHG reporting rule to ensure consistency with federal reporting requirements.

A person includes: (1) an owner or operator, as those terms are defined by the EPA in its GHG reporting regulation; (2) a motor vehicle fuel supplier or a motor vehicle fuel importer; (3) a special fuel supplier or a special fuel importer; and (4) a distributor of aircraft fuel.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The bill will provide consistency with the federal rules for reporting and make reporting of GHG easier. This will streamline reporting requirements and remove some from reporting. The changes proposed in this legislation are very important for the successful implementation of the reporting of greenhouse gases. We are in favor of the mobile source reporting requirements. This simplifies reporting requirements for airlines greatly. We would like some acknowledgement of the potential for more fuel to be put on at SeaTac which might not be consumed in state. It is important that raw data from sales is not used for future regulatory programs. The use of sales data only creates the potential for the misinterpretation of data that could be problematic. It makes a lot more sense for fuel suppliers to report rather than the various fleets. The numbers are already generated through the Department of Licensing and therefore there should be no additional costs associated with the reporting requirements of fuel. This will make the reporting more workable and less cumbersome. More cost effective. The emergency clause is needed in order to remove certain groups from reporting this year.

Persons Testifying: PRO: Senator Kevin Ranker, prime sponsor; Janice Adair, Department of Ecology, Fran McNair, Olympic Region Clean Air Agency; Dan Coyne, Alaska Airlines; Miguel Perez-Gibson, Climate Solutions; Charlie Brown, WA Oil Marketers Association; Grant Nelson, AWB; John Stuhlmiller, WA Farm Bureau.