

HOUSE BILL REPORT

HB 1915

As Reported by House Committee On:

Environment

Appropriations Subcommittee on General Government

Title: An act relating to developing recommendations to achieve the state's greenhouse gas emission limits.

Brief Description: Developing recommendations to achieve the state's greenhouse gas emissions limits.

Sponsors: Representatives Upthegrove, Pollet, Fitzgibbon, Reykdal, Liias, Hunt, Fey, Pedersen, Freeman and Bergquist; by request of Governor Inslee.

Brief History:

Committee Activity:

Environment: 3/5/13, 3/6/13 [DP];

Appropriations Subcommittee on General Government: 3/11/13 [DPS].

Brief Summary of Substitute Bill

- Creates the Climate Legislative and Executive Work Group.
- Commissions a report to evaluate policy approaches to reduce greenhouse gas emissions.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 7 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Farrell, Fey, Kagi, Liias and Tharinger.

Minority Report: Do not pass. Signed by 3 members: Representatives Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Overstreet.

Staff: Scott Richards (786-7156).

Background:

Greenhouse Gas Emissions.

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.

Since the Industrial Revolution, human activities have released large amounts of carbon dioxide (CO₂) and other greenhouse gases (GHGs) into the atmosphere. The primary GHGs from human activities are CO₂, methane (CH₄), and nitrous oxide (N₂O). In addition to these primary GHGs, more potent GHGs are emitted from industrial processes, but in smaller amounts than the primary GHGs. These GHGs are hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

Greenhouse Gas Emissions in the United States.

According to the United States Environmental Protection Agency (EPA), in 2010 the primary sources of the GHG emissions in the United States are as follows:

- electricity production at 34 percent;
- transportation at 27 percent;
- industrial processes, usually for energy at 21 percent;
- commercial and residential (primarily for space heating) at 11 percent; and
- agriculture at 7 percent.

Land use and forestry provide an offset of 15 percent of GHG emissions.

Greenhouse Gas Emissions in Washington.

GHG Emissions Limits.

In 2008 the Legislature established the GHG emission reductions for Washington which include the following:

- by 2020, reduce the GHG emissions to 1990 levels;
- by 2035, reduce the GHG emissions to 25 percent below 1990 levels; and
- by 2050, the state will do its part to reach global climate stabilization levels by reducing overall GHG emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

GHG Emissions Inventory.

In 2008 the Legislature directed the Department of Ecology to report to the Governor and the Legislature, by December 31 of each even-numbered year beginning in 2010, the total GHG emissions for the preceding two years, and totals in each major source sector.

According to the Department of Ecology, in 2010 the total state annual GHG emissions were 95.6 million metric tons of carbon dioxide equivalent (MMtCO₂e), a 2 percent increase in GHG emissions since 1990. Carbon dioxide equivalent (CO₂e) is the unit for comparing emissions of different GHGs expressed in terms of the global warming potential of one unit of carbon dioxide.

The GHG emissions by major source in Washington in 2010 are as follows:

- transportation at 44.1 percent;
- electricity at 21.7 percent;
- residential, commercial, and industrial (space and process heating) at 20.6 percent;
- agriculture at 5.6 percent;
- industrial processes at 4.6 percent;
- waste management at 2.6 percent; and
- fossil fuel industry at 0.7 percent of total state GHG emissions.

Recent Legislative Actions to Address GHG Emissions.

In recent years, the Legislature has enacted a range of legislation that seeks to track and reduce the GHG emissions in Washington. This legislation includes, but is not limited to, the following:

- the GHG emissions annual reporting for facilities that emit at least 10,000 metric tons of the GHGs annually;
- the GHG emissions performance standard for baseload electric generation for which electric utilities enter into long-term financial commitments;
- mitigation for 20 percent of the GHG emissions from new fossil-fueled thermal generating facilities and existing facilities proposing to increase their capacity;
- long-term resource planning by electric utilities that takes into account the cost of risks associated with the emissions of the GHGs;
- the GHG emissions standards for new vehicles sold in Washington;
- adoption of statewide goals to reduce annual per capita vehicle miles traveled; and
- state agency GHG emission reduction targets.

Summary of Bill:

Evaluation of Approaches to Reduce Greenhouse Gas Emissions.

The Office of the Governor must contract with an independent and objective organization to prepare a credible evaluation of approaches to reducing greenhouse gas (GHG) emissions. The evaluation must be provided in a final report by October 15, 2013, to the Governor for use by the Climate Legislative and Executive Work Group (Work Group).

The evaluation must include a review of comprehensive GHG emission reduction programs being implemented in other states and countries, including a review of reduction strategies being implemented in other jurisdictions in the Pacific Northwest, on the west coast, in neighboring provinces in Canada, and in other regions of the country.

For each program, the report must include available information on: (1) the effectiveness in achieving the jurisdiction's emission reduction objectives; (2) the relative impact upon different sectors of the jurisdiction's economy; (3) the impacts upon household consumption and spending, including measures to mitigate impacts to low-income populations; (4) displacement of emission sources due to the program; and (5) significant co-benefits, such as to public health, from implementing the program.

The evaluation must also analyze Washington's emissions and related energy consumption profile, including: (1) total expenditures for energy by fuel category; (2) the sources of the fuels, including imports of oil and other fossil fuels; and (3) an evaluation of the options for an emissions reduction approach that would increase expenditures for energy sources produced in the state relative to expenditures for imported energy sources, and how that increase would affect job growth and economic performance.

The evaluation must also examine and summarize: (1) opportunities for new manufacturing infrastructure and other job producing investments in Washington relating to cleaner energy

and greater energy efficiency; (2) how other states and countries have created opportunities in these sectors; (3) how other jurisdictions have achieved greater independence from fossil fuels and the costs and benefits to their economy of doing so; and (4) existing studies of the potential costs to Washington consumers and businesses of unmitigated climate change.

Climate Legislative and Executive Work Group.

The Work Group is created consisting of the Governor, a representative from the executive branch, and four members and two alternates from each the House of Representatives and Senate. The Governor or the Governor's designee is the chair of the Work Group.

The purpose of the Work Group is to recommend a state program of actions and policies to reduce the GHG emissions, that if implemented would ensure achievement of the state's emission limits. The recommendations must include consideration of current best science, the effectiveness of the program and policies in terms of costs, benefits, and results, and how best to administer the program and policies. Also, the Work Group recommendations must include a timeline for actions and funding needed to implement the recommendations.

The members and alternates of the Work Group must be appointed by July 15, 2013. The Work Group must meet not less than twice per month and its first meeting must be held by August 1, 2013. The Work Group must schedule one or more meetings or portions of meetings at which the views of the public may be provided to the Work Group. All state agencies must also cooperate with the Work Group in providing information regarding previous and current climate action reports and analyses.

The Work Group must provide a report to the appropriate policy and fiscal committees of the Senate and House of Representatives by December 31, 2013.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2 relating to the Governor's Office contracting with an organization to prepare an evaluation of approaches to reduce greenhouse gas emissions and section 3 relating to the Climate Legislative and Executive Work Group, which contain an emergency clause and take effect immediately.

Staff Summary of Public Testimony:

(In support) In recent years, there have been two occasions when a Governor has appeared to testify in support of a bill in the Environment Committee. In both occasions the bills have related to greenhouse gas (GHG) emissions. The strength of the bill before the committee does not suggest a policy outcome. It seeks to set up a process where we come up with the best solutions to address the GHG emissions together.

There is no reason that we cannot have the best clean energy policies in the world. We should be confident that we can stop ocean acidification. This bill builds on earlier policies to address the GHG emissions in the state and asks us to work together to develop the tools to reduce the GHG emissions in the state. This bill seeks to address a pollutant that is invisible but carries a great risk. Some of the problems and costs associated with the pollutant are happening here and right now. Oyster harvesters in Willapa Bay are being impacted by ocean acidification. Washington may not be the first to develop policy tools to address the GHG emissions, but the people of Washington want to be the best. Climate change is happening more quickly than many anticipated and tipping points may be approaching. However, we do not know where those tipping points are, which suggests that we need to take action now. There is a cost to inaction. There could be an economic upside for leading on this issue. In Washington, we have technological creativity, entrepreneurial zeal, and world class research institutions. While we are a small carbon emitter, we could be a leader in the solutions to address the GHG emissions.

This bill does not change any legislative authority. It does not ban anything. It calls to question the issue of the GHG emissions and how to address emissions. It seeks to answer what policies we may or may not need in Washington.

Some expect to see public health consequences from extreme heat events, particularly among seniors. Some expect to see more food borne illnesses, and higher temperatures leading to earlier snow melts, which leads to less water for power and drinking. Higher temperatures will increase ground-level ozone pollution resulting in higher asthma rates. Sea level rise will affect shoreline communities. Low-income people will end up paying a higher cost.

Ocean acidification is very real and Washington is vulnerable to rising GHG emissions. The shellfish industry is a canary in the coal mine and what we are starting to see in our industry is like looking through a window into the future. Ocean acidification is happening now and the impacts to the industry are very real. Marine waters of the state are becoming more corrosive.

Focus less on what it will cost to the utility and more on the size of the utility bill. There are energy efficiency programs that have been tested and are in action now that pay for themselves without additional costs to building owners. Washington workers are well positioned to do the work it takes to implement policies. Washington has the thought leaders. We need to act now on climate change for our kids' sake. Our kids did not create this situation, but will have to deal with it. Rising sea levels will cause seals to lose their resting spots. With climate change, time is not on our side. The natural world will not cut us any slack. There is a scary disconnect between what nature is telling us and what our leaders are doing about it. In Washington, we need to seriously look at transportation for where we can make the most reductions.

(Opposed) People in the state have not been sitting by idly on this issue. They have spoken and have said that developing in a way that promotes density is the best way to address climate change. Climate change will require a global solution. Washington is one of the lowest GHG emitting states, ranking as one of the lowest emitter of the GHGs in the United States. Policy makers should look at the effectiveness of the GHG emissions policies in place. We need to do a better job reviewing what state GHG emission policies we already

have. It would be better if the consultant was picked through a request for proposal process and to make sure the consultant will truly provide an independent analysis.

Persons Testifying: (In support) Representative Upthegrove, prime sponsor; Governor Inslee; Clifford Traisman, Washington Conservation Voters and Washington Environmental Council; Beth Doglio, Climate Solutions; Denise Clifford, Department of Health; Bill Dewey, Taylor Shellfish Farms; Perry England, MacDonald-Miller; Mary Moore, League of Women Voters; Sonja and Carson Ling, Cool Mom; Josephine Ferurelli; Laura Hendricks, Coalition to Protect Puget Sound Habitat; and Nancy Atwood, Puget Sound Energy.

(Opposed) John Worthington; and Brandon Housekeeper, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Hudgins, Chair; Dunshee, Hunt, Pedersen and Springer.

Minority Report: Do not pass. Signed by 4 members: Representatives Parker, Ranking Minority Member; Buys, Chandler and Taylor.

Staff: Michael Bennion (786-7118).

Summary of Recommendation of Committee On Appropriations Subcommittee on General Government Compared to Recommendation of Committee On Environment:

The Appropriations Committee recommended the removal of the specified State General Fund appropriations.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2 relating to the Governor's Office contracting with an organization to prepare an evaluation of approaches to reduce greenhouse gas emissions, and section 3 relating to the Climate Legislative and Executive Work Group, which contain an emergency clause and take effect immediately.

Staff Summary of Public Testimony:

(In support) The Governor requested the bill as an invitation to the Legislature for a bipartisan conversation on climate change, particularly how to meet the greenhouse gas limits enacted in 2008. The tools for achieving the limits have not been decided, but should

be done fairly and effectively to help families and businesses succeed through whatever actions are taken, and by ensuring that it is done through innovation rather than deprivation. Whoever is chosen to be the consultant should be supported on a bipartisan basis. Public hearings will be at the discretion of the work group once it is convened. In the most simple terms of electricity, transportation, and the building system, the state contributes about one-third of 1 percent of the global greenhouse gas emissions, but it depends on the way in which it is looked at and measured. The state can wait around because we are not the largest emitter of carbon, but we would not be meeting the obligation to our children and grandchildren by not doing our part and making things worse. There are ways that the state can succeed while meeting those limits that are not as onerous as one might think, and doing it in such a way that Washington develops the technology that the rest of the world will eventually turn to presents a significant jobs opportunity. Meeting the state's obligations is a matter of moral obligation and economic opportunity. Washington has a history of inherent technological innovation, whether it is software or planes, and the state has the intellectual capacity to produce things that the rest of the world needs. Clean technology jobs have had strong markers throughout the recession.

The bill requires some expenditures in the current biennium in order to start work with the consultant and begin formation of the work group. There is a technical error in the bill in regards to the fiscal year appropriations stipulated, and by removing it the bill would be implemented as it is intended with all work complete by the end of 2013.

The possible benefits to the state, and the various industries that could gain from the analysis and the work of the bipartisan group make it well worth the costs. Just asking where emissions occur and which policies could better improve efficiencies and our transportation are serious questions and ones for which we should obtain answers, which is what the bill proposes to do.

(With concerns) The challenge for businesses is staying competitive in an ever-global, competitive market. The effectiveness of some of the existing policies should be judged, including clean cars and renewable fuel standards, establishing a standard for a renewable energy in Washington, and adopting changes in the energy code. The Legislature should look at the performance of the policies that have already been imposed in addition to the policies that the bill is asking to include. Washington is the ninth lowest in the United States in terms of per capita carbon dioxide emissions.

(Opposed) None.

Persons Testifying: (In support) Keith Phillips and Jim Cahill, Office of the Governor; and Miguel Perez-Gibson, Climate Solutions.

(With concerns) Mike Ennis, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.