FINAL BILL REPORT
E2SSB 5802

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Synopsis as Enacted

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Ranker, Litzow, Frockt, Cleveland, Billig, Kohl-Welles, Murray and McAuliffe; by request of Governor Inslee).

Senate Committee on Energy, Environment & Telecommunications
Senate Committee on Ways & Means
House Committee on Environment

Background: According to the United States Energy Information Agency (EIA), greenhouse gases (GHGs) have increased by approximately 25 percent since the Industrial Revolution, about 150 years ago.

The U.S. Environmental Protection Agency (EPA) finds that carbon dioxide (CO2) is the primary GHG that is contributing to recent climate change. Atmospheric CO2 concentrations have increased by almost 40 percent since pre-industrial times. The EIA states that during the past 20 years, about three-fourths of CO2 emissions from human activities are from burning fossil fuels.

The primary GHGs are CO2, methane, and nitrous oxide. Fluorinated gases are emitted from industrial processes but in smaller quantities than the primary GHGs. These GHGs are chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, and perfluorocarbons and are considered high global warming potential gases.

The EPA found that in 2010, the primary sources of GHG emissions in the U.S. were the following:

- 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.

The EPA notes that land use and forestry provide an offset of 15 percent of GHG 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.

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

- by 2020, reduce GHG emissions to 1990 levels;
- by 2035, reduce 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.

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 the CO2 equivalent, a 2 percent increase in GHG emissions since 1990. The CO2 equivalent is the unit for comparing emissions of different GHGs expressed in terms of the global warming potential of one unit of CO2.

The GHG emissions by major source in Washington in 2010 are the following:

- 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.

Summary: The Office of Financial Management must contract with an independent and objective consultant to prepare a credible evaluation of approaches to reducing GHGs. The evaluation must be provided to the Governor by October 15, 2013, for use by the Climate Legislative and Executive Workgroup (Workgroup).

The evaluation must include a review of other countries' and states' GHG emission reduction programs, regional efforts to reduce GHGs, and an analysis of Washington State's emissions and related energy-consumption profile.

The review must also include available information from each program on the following:

- the effectiveness of the jurisdiction in achieving its emission-reduction goals;
- the impact on the economy, including power rates, agriculture, manufacturing, and transportation fuel costs;
- the effect on household consumption and spending, including measures to mitigate for low-income populations;
- displacement of emission sources due to the program;
- significant co-benefits, such as to public health;
- achievements in greater independence from fossil fuels and the economic costs and benefits;
- the most effective implemented strategy and the tradeoffs made; and
- opportunities for new manufacturing infrastructure, investments in cleaner energy and energy efficiency, and jobs including instate opportunities.

The analysis of the state's emissions and related energy-consumption profile must include the following:

- total expenditure for energy by fuel category and sources of fuel;
- options for an approach to reduce emissions that would increase spending on instate energy production relative to expenditures on imported energy sources, and effects to job growth and economic performance; and
- existing studies of the potential costs to Washington consumers and businesses of GHG emission reduction programs or strategies being implemented in other jurisdictions.

The evaluation must examine and summarize state and federal policies that will contribute to meeting the GHG targets. Additionally, the evaluation must analyze the overall effect of global GHG levels if Washington State achieves its targets.

The Workgroup is created consisting of the Governor as a nonvoting member, one member from each majority caucus, and an alternate from each the House and Senate. The Workgroup must be appointed by May 1, 2013 and hold its first meeting by May 15, 2013. The Workgroup must recommend a state program to reduce GHGs, that if implemented would achieve the state's GHG emission limits.

The recommendations must be prioritized to ensure the greatest amount of environmental benefit for each dollar spent and based on measures of environmental effectiveness; and include consideration of current best science, effectiveness, and how best to administer the program and polices. The Workgroup recommendations must include a timeline for actions and funding necessary to implement the recommendations. The Workgroup must use the evaluation provided by the consultant to inform its recommendations. The Workgroup must schedule at least one meeting where the public may provide input. By December 31, 2013, the Workgroup must provide a report to the Legislature.

The Workgroup must select a nonpartisan and objective consultant or consultants. The Workgroup may not select a consultant whose employer retained a lobbyist in Washington State during the past five years or personally contributed to the campaign of a statewide-elected official in the previous four years.

Votes on Final Passage:

Senate	37	12
House	61	32

Effective: April 2, 2013.