

**2SSB 5126 - S AMD 569**

By Senator Mullet

**ADOPTED 04/08/2021**

1 On page 29, line 30, after "(ii)" strike all material through  
2 "periods." on line 39 and insert "If an emissions-intensive and  
3 trade-exposed facility is not able to feasibly determine a carbon  
4 intensity benchmark based on its unique circumstances, the entity may  
5 elect to use a mass-based baseline that does not vary based on  
6 changes in production volumes. For each year during the first four-  
7 year compliance period that begins January 1, 2023, these facilities  
8 must be awarded no cost allowances equal to 100 percent of the  
9 facility's mass-based baseline. For each year during the second four-  
10 year compliance period that begins January 1, 2027, these facilities  
11 must be awarded no cost allowances equal to 97 percent of the  
12 facility's mass-based baseline. For each year during the third  
13 compliance period that begins January 1, 2031, these facilities must  
14 be awarded no cost allowances equal to 94 percent of the facility's  
15 mass-based baseline. Except as provided in (b)(iii) of this  
16 subsection, if a facility elects to use a mass-based baseline, it may  
17 not later convert to a carbon intensity benchmark during the first  
18 three compliance periods.

19 (iii) A facility with a North American industry classification  
20 system code beginning with 3364 that is utilizing a mass-based  
21 baseline in (b)(ii) of this subsection must receive an additional no  
22 cost allowance allocation under this section in order to accommodate  
23 an increase in production that increases its emissions above the  
24 baseline on a basis equivalent in principle to those awarded to  
25 entities utilizing a carbon intensity benchmark pursuant to this  
26 subsection (3)(b). The department shall establish methods to award,  
27 for any annual period, additional no cost allowance allocations under  
28 this section and, if appropriate based on projected production, to  
29 achieve a similar ongoing result through the adjustment of the  
30 facility's mass-based baseline. An eligible facility under this  
31 subsection that has elected to use a mass-based baseline may not  
32 convert to a carbon intensity benchmark until the next compliance  
33 period."

1        On page 31, line 40, after "2031." insert "The department shall  
2 provide a recommendation to the legislature for the adoption of an  
3 annual allocation for a covered facility for its process emissions,  
4 separate from emissions associated with energy or heat production,  
5 based on a best available technology limitation."

EFFECT: Provides that for an emissions-intensive trade-exposed (EITE) facility that uses a mass-based baseline, these facilities may be awarded no cost allowances up to the mass-based baseline, for the second compliance period the baseline declines by 3 percent, and for the third four-year compliance period the baseline declines by an additional 3 percent.

Provides that an aerospace products and parts manufacturing facility that is using a mass-based baseline must receive an additional no cost allocation in order to accommodate an increase in production which increases its emissions above the baseline on a basis equivalent in principle to those awarded to entities using a carbon intensity benchmark. Directs the department of ecology to establish methods to award additional no cost allowance allocations for EITEs, if appropriate based on projected production, to achieve a similar on-going result through the adjustment of the facility's mass-based baseline.

Requires the department of ecology to provide a recommendation to the legislature whether to provide an annual allocation to EITEs beyond 2034 for process emissions based on a best available technology limitation.

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