SENATE BILL REPORT
SB 6092

As of January 17, 2024

Title: An act relating to disclosure of greenhouse gas emissions.

Brief Description: Concerning disclosure of greenhouse gas emissions.

Sponsors: Senators Shewmake and Nguyen.

Brief History:

Committee Activity: Environment, Energy & Technology: 1/17/24.

Brief Summary of Bill

- Requires certain businesses operating in Washington State to make annual reports disclosing emissions caused (1) directly by activity under their control; (2) indirectly in the generation of electricity they consume; and (3) indirectly through factors such as their supply chain, employee activity, or consumer activity.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Adam Brunmeier (786-7357)

Background: Greenhouse Gas Protocol. The greenhouse gas protocol is a standardized framework used by governmental bodies and private entities to measure and manage greenhouse gas emissions. The protocol creates three categories of emissions: scope 1—direct emissions from activities and sources under an entity's control; scope 2—indirect emissions from an entity's energy consumption; and scope 3—the indirect emissions arising out of the entities activities such as the supply chain, employee activities, or emissions from consumption of the entity's products.

California's Corporate Data Accountability Act requires the California Air Resource Board to create emission reporting guidelines based on the greenhouse gas protocol. Entities doing

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business in California with annual revenues exceeding $1 billion are required to begin reporting on all three categories of emissions by 2027.

Greenhouse Gas Reporting Requirements. Under the Clean Air Act facilities that emit the equivalent of at least 10,000 metric tons of carbon dioxide per year are required to report their emissions to the Washington State Department of Ecology (Ecology). Under the Climate Commitment Act entities with emissions equivalent to 25,000 metric tons may be required to participate in the cap-and-invest program. Ecology uses data from reports to monitor and assess performance of obligations under the cap-and-invest program.

The current standards set by Ecology designate specific sources of emissions which must must be reported on. They also provide guidelines for the measuring and reporting of emissions generated by a reporting entity's specific activities. The current reporting requirements do not address scope 3 emissions as set out in the greenhouse gas protocols.

Summary of Bill: Emission Reporting. The act creates emission reporting requirements for businesses operating in Washington State with annual revenues exceeding $1 billion. Annual reports must be delivered by October 1st of each year.

Beginning October 1, 2026, reporting entities must deliver annual reports on their scope 1 and scope 2 emissions. Beginning October 1, 2027, reporting entities must also include scope 3 emissions in their report. The act defines these as the indirect emissions arising from their activities including, but is not limited to, emissions associated with the reporting entity's supply chain, business travel, employee commutes, procurement, waste, and water usage.

Reports must include the name of the reporting entity and any trade names, assumed names, and logos used by the reporting entity. The report may be consolidated at the parent company level. Ecology may not review reports for accuracy, instead each report must be accompanied by an analysis from an independent third-party auditor who has found the report to be complete and accurate. Ecology may accept disclosures filed under California's Climate Data Accountability Act.

Reporting Guidelines. Ecology must adopt, by rule, guidelines for use by reporting entities. Ecology is directed to incorporate standards and practices from the greenhouse gas protocol into their reporting guidelines. Wherever possible, the guidelines should align with reports required by other state and federal policies. In developing guidelines, Ecology must consult with and consider input from stakeholders including reporting entities, consumer and environmental justice interests, and experts in climate science and corporate greenhouse gas emissions accounting.

Ecology must investigate whether sufficient data is available for estimating the carbon intensity of reporting entity operations. If so, the guidelines must require carbon intensity information to be included in the reports.

Additional Duties of Washington Department of Ecology. Ecology must develop a web-based platform for making reports accessible to the public. Ecology may contract for development and maintenance, including incorporation into an existing nationally recognized inventory or registry. Ecology must post a notice to the platform where a party has failed to meet their reporting requirements under this act.

Ecology may contract with a nonprofit organization that has expertise in emissions reporting for the performance of its duties under this act.

Appropriation: None.

Fiscal Note: Requested on January 10, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: A small number of large entities contribute a large proportion of total emissions in Washington. This bill is geared towards those large entities, who are likely covered under the California bill or similar reporting requirements due to their presence in other markets. We need this information to conduct a more complete inventory of carbon emissions in Washington. It is also important to make this information available to investors to help guide their decision-making.

CON: The bill should not go into effect until after California's Air Resource Board has completed its rulemaking process to minimize the burden on reporting entities. The bill may have a chilling effect on entities in the resource market and may discourage them from doing business in Washington. The bill should clarify that participation in energy markets does not subject an entity to the requirements. There are additional concerns regarding duplicative requirements under other Washington reporting schemes such as the CCA. The bill has far-reaching implications for businesses, it will be costly and complex without actually reducing emissions. It will impact smaller businesses and require information and data from entities in other markets and jurisdictions.

OTHER: This bill may be helpful for understanding the impact of other entities in the world economy. This bill should do more to actually address the emissions of entities in the global economy. Concerns are expressed as to whether healthcare entities are intended to be captured in the bill. It will be very challenging for hospitals to comply with the requirements. Request hospitals be excluded from coverage.

Persons Testifying: PRO: Donna Albert, P.E. (retired); Joe Nguyen.

CON: Jay Balasbas, PacifiCorp; Peter Godlewski, Association of Washington Business;

Brandon Houskeeper, Alliance of Western Energy Consumers.

OTHER: John Worthington; Remy Kerr, Washington State Hospital Association.

Persons Signed In To Testify But Not Testifying: No one.