
HOUSE BILL 2333

State of Washington

68th Legislature

2024 Regular Session

By Representatives Reeves, Walen, Chapman, Springer, and Ramel

Read first time 01/12/24. Referred to Committee on Environment & Energy.

1 AN ACT Relating to assessing the carbon sequestration potential
2 of state-owned lands for the purpose of generating offset credits
3 under the climate commitment act; amending RCW 70A.65.210; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The department of natural resources,
7 in collaboration with the departments of ecology and enterprise
8 services, shall conduct an assessment of state-owned assets in both
9 the natural and built environment with potential to generate carbon
10 offset credits as defined in RCW 70A.65.010 for the state's carbon
11 market. The assessment must also include an analysis of the offset
12 credit potential under protocols that the state might adopt in the
13 future by rule, including offset protocols in voluntary carbon
14 markets.

15 (2)(a) The department of natural resources, in collaboration with
16 the departments of ecology and enterprise services, must coordinate
17 with the following agencies to complete the assessment:

- 18 (i) The department of fish and wildlife;
19 (ii) The state parks and recreation commission; and
20 (iii) The department of transportation.

1 (b) The department of natural resources, in collaboration with
2 the departments of ecology and enterprise services, may coordinate
3 with other state agencies as necessary to complete a comprehensive
4 analysis of carbon offset potential from state-owned lands.

5 (3) By July 1, 2025, and in compliance with RCW 43.01.036, the
6 department of natural resources, in collaboration with the
7 departments of ecology and enterprise services, must provide a report
8 to the legislature that includes the results of the assessment and
9 any related recommendations, including recommendations for future
10 coordination with local governments.

11 (4) The department of ecology may not enter into a linkage
12 agreement pursuant to RCW 70A.65.210 until the assessment required by
13 this section is complete.

14 **Sec. 2.** RCW 70A.65.210 and 2021 c 316 s 24 are each amended to
15 read as follows:

16 (1) Subject to making the findings and conducting the public
17 comment process described in subsection (3) of this section, the
18 department shall seek to enter into linkage agreements with other
19 jurisdictions with external greenhouse gas emissions trading programs
20 in order to:

21 (a) Allow for the mutual use and recognition of compliance
22 instruments issued by Washington and other linked jurisdictions;

23 (b) Broaden the greenhouse gas emission reduction opportunities
24 to reduce the costs of compliance on covered entities and consumers;

25 (c) Enable allowance auctions to be held jointly and provide for
26 the use of a unified tracking system for compliance instruments;

27 (d) Enhance market security;

28 (e) Reduce program administration costs; and

29 (f) Provide consistent requirements for covered entities whose
30 operations span jurisdictional boundaries.

31 (2) The director of the department is authorized to execute
32 linkage agreements with other jurisdictions with external greenhouse
33 gas emissions trading programs consistent with the requirements in
34 this chapter. A linkage agreement must cover the following:

35 (a) Provisions relating to regular, periodic auctions, including
36 requirements for eligibility for auction participation, the use of a
37 single auction provider to facilitate joint auctions, publication of
38 auction-related information, processes for auction participation,

1 purchase limits by auction participant type, bidding processes, dates
2 of auctions, and financial requirements;

3 (b) Provisions related to holding limits to ensure no entities in
4 any of the programs are disadvantaged relative to their counterparts
5 in the other jurisdictions;

6 (c) Other requirements, such as greenhouse gas reporting and
7 verification, offset protocols, criteria and process, and supervision
8 and enforcement, to prevent fraud, abuse, and market manipulation;

9 (d) Common program registry, electronic auction platform,
10 tracking systems for compliance instruments, and monitoring of
11 compliance instruments;

12 (e) Provisions to ensure coordinated administrative and technical
13 support;

14 (f) Provisions for public notice and participation; and

15 (g) Provisions to collectively resolve differences, amend the
16 agreements, and delink or otherwise withdraw from the agreements.

17 (3) Before entering into a linkage agreement under this section,
18 the department must evaluate and make a finding regarding whether the
19 aggregate number of unused allowances in a linked program would
20 reduce the stringency of Washington's program and the state's ability
21 to achieve its greenhouse gas emissions reduction limits. The
22 department must include in its evaluation a consideration of pre-2020
23 unused allowances that may exist in the program with which it is
24 proposing to link. Before entering into a linkage agreement, the
25 department must also establish a finding that the linking
26 jurisdiction and the linkage agreement meet certain criteria
27 identified under this subsection and conduct a public comment process
28 to obtain input and a review of the linkage agreement by relevant
29 stakeholders and other interested parties. The department must
30 consider input received from the public comment process before
31 finalizing a linkage agreement. In the event that the department
32 determines that a full linkage agreement is unlikely to meet the
33 criteria, it may enter into a linkage agreement with limitations,
34 including limits on the share of compliance that may be met with
35 allowances originating from linked jurisdictions and other
36 limitations deemed necessary by the department. A linkage agreement
37 approved by the department must:

38 (a) Achieve the purposes identified in subsection (1) of this
39 section;

1 (b) Ensure that the linking jurisdiction has provisions to ensure
2 the distribution of benefits from the program to vulnerable
3 populations and overburdened communities;

4 (c) Be determined by the department to not yield net adverse
5 impacts to either jurisdictions' highly impacted communities or
6 analogous communities in the aggregate, relative to the baseline
7 level of emissions; and

8 (d) Not adversely impact Washington's ability to achieve the
9 emission reduction limits established in RCW 70A.45.020.

10 (4) The department may not enter into a linkage agreement until
11 after the assessment directed in section 1 of this act has been
12 completed.

13 (5) The state retains all legal and policymaking authority over
14 its program design and enforcement.

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