
**Technology, Telecommunications
& Energy Committee**

HB 2327

Brief Description: Encouraging greenhouse gas mitigation.

Sponsors: Representatives Linville, Romero, Lantz, Rockefeller, Wood, Cooper, Hunt, Tokuda, Simpson and Ruderman.

Brief Summary of Bill

- Requires energy facilities that are sited through the Energy Facility Site Evaluation Council (EFSEC) to permanently mitigate in Washington all greenhouse gases emitted by the facility.

Hearing Date: 1/22/02

Staff: Pam Madson (786-7166).

Background:

The Energy Facility Site Evaluation Council (EFSEC) was created in 1970 to provide one-stop licensing for large energy projects. Council membership includes representatives from five state agencies and allows for an additional four agencies to opt into the siting process at their discretion. The council's membership may include representatives from the particular cities, counties or port districts where potential projects may be located.

The EFSEC approves the siting of large natural gas and oil pipelines, thermal electric power plants generating 350 megawatts (MW) or more and their dedicated transmission lines, new oil refineries or large expansions of existing facilities and underground natural gas storage fields. Applicants may choose to use the EFSEC process for energy facilities that exclusively use alternative energy resources regardless of generating capacity.

There is a growing concern over the increase in gases such as carbon dioxide (CO₂) in the atmosphere and over what effects that increase will have on the earth's climate. Energy plants that burn fossil fuels and emit CO₂ and other greenhouse gases are being asked to mitigate these emissions. There is much debate over the methods and associated costs of mitigation that should be imposed in the development of energy. Currently, no national

regulation exists for the mitigation of greenhouse gases nor has the state of Washington adopted regulations. In 1997, the state of Oregon adopted a CO₂ standard for new fossil fuel facilities and in 2000, the City of Seattle adopted a greenhouse gas emissions reduction goal for the city.

Summary of Bill:

An energy facility that seeks certification through the Energy Facility Site Evaluation Council (EFSEC) must permanently mitigate in Washington all greenhouse gas emissions at actual market cost. Greenhouse gases include carbon dioxide (CO₂), methane and natural gas (CH₄), and nitrous oxide (N₂O).

The EFSEC determines the mitigation fee for all new energy facilities under its jurisdiction and then recalculates again every 10 years thereafter. The operator of the facility may pay the fee in one lump sum for the 10 year period or may make annual payments. Energy facilities that use non-fossil fuels are exempt from these mitigation requirements.

The calculation of a mitigation fee includes consideration of the actual market cost of greenhouse gases that a facility is projected to release over a period of 10 years. The calculation must consider several factors including the design of the facility, fossil fuels used, pollution control equipment and other measures taken to minimize the release of greenhouse gases.

The EFSEC may use financial mitigation or mitigation projects that permanently mitigate in Washington greenhouse gases that are released. The council is encouraged to develop a standard formula to be applied to all new energy facility applications that includes a monetary value that is equivalent to a ton of greenhouse gas emitted.

Greenhouse gas mitigation calculated by the council must be verified and approved by the Washington State University (WSU) energy program.

The EFSEC may recover expenses incurred in calculating mitigation fees from the amount collected as mitigation. The WSU energy program receives five percent of any mitigation fee for the study of climate and rural energy development.

The EFSEC shall direct the use of mitigation payments.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.