
ENGROSSED SUBSTITUTE SENATE BILL 6001

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Water, Energy & Telecommunications
(originally sponsored by Senators Pridemore, Poulsen, Rockefeller,
Brown, Eide, Oemig, Hargrove, Marr, Fraser, Kohl-Welles, Keiser,
Regala, Franklin, Fairley, Jacobsen, Shin, Haugen, Berkey, Spanel,
Kline and Weinstein)

READ FIRST TIME 02/28/07.

1 AN ACT Relating to mitigating the impacts of climate change; adding
2 a new section to chapter 43.19 RCW; adding a new section to chapter
3 35.92 RCW; adding a new section to chapter 36.01 RCW; adding a new
4 section to chapter 54.04 RCW; adding new chapters to Title 43 RCW;
5 adding a new chapter to Title 80 RCW; and creating a new section.

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

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Washington is especially vulnerable to climate change because
9 of the state's dependence on snow pack for summer stream flows and
10 because the expected rise in sea levels threatens our coastal
11 communities. Extreme weather, a warming Pacific Northwest, reduced
12 snow pack, and sea level rise are four major ways that climate change
13 is disrupting Washington's economy, environment, and communities;

14 (b) Washington's greenhouse gas emissions are continuing to
15 increase, despite international scientific consensus that worldwide
16 emissions must be reduced significantly below current levels to avert
17 catastrophic climate change;

18 (c) Washington has been a leader in actions to reduce the increase
19 of emissions, including the adoption of clean car standards, stronger

1 appliance energy efficiency standards, increased production and use of
2 renewable liquid fuels, and increased renewable energy sources by
3 electrical utilities;

4 (d) Washington has participated with other Western states in
5 designing regional approaches to reduce greenhouse gas emissions, and
6 a regional cap and trade mechanism will be more effective than if
7 implemented separately in each state;

8 (e) While these actions are significant, there is a need to assess
9 the trend of emissions statewide over the next several decades, and to
10 take sufficient actions so that Washington meets its responsibility to
11 contribute to the global actions needed to reduce the impacts and the
12 pace of global warming;

13 (f) Actions to reduce greenhouse gas emissions will spur technology
14 development and increase efficiency, thus resulting in benefits to
15 Washington's economy and businesses; and

16 (g) Numerous states and nations have adopted emission reduction
17 goals to assist emission sources with planning for changes in practices
18 and technologies.

19 (2) The legislature further finds that companies that generate
20 greenhouse gas emissions or manufacture products that generate such
21 emissions are purchasing carbon credits from landowners and from other
22 companies in order to provide carbon credits. Companies that are
23 purchasing carbon credits would benefit from a program to trade and to
24 bank carbon credits. Washington forests are one of the most effective
25 resources that can absorb carbon dioxide from the atmosphere. Forests,
26 and other planted lands and waters, provide carbon storage and mitigate
27 greenhouse gas emissions. Washington contains the most productive
28 forests in the world and both public and private landowners could
29 benefit from a carbon storage trading and banking program. The
30 legislature further finds that catastrophic forest fires are a major
31 source of greenhouse gas emissions, and that federal and state forest
32 land management should seek to manage forests to reduce the risk of
33 such fires.

34 (3) The legislature intends by this act to establish goals for the
35 statewide reduction in greenhouse gas emissions and reduction in
36 petroleum use, and to adopt the governor's mechanism in Executive Order
37 No. 07-02 to design and recommend a comprehensive set of measures to
38 accomplish the goals. The legislature further intends by this act to

1 authorize immediate actions in the electric power generation sector for
2 the reduction of greenhouse gas emissions and to accelerate efficiency
3 in the transportation sector.

4 NEW SECTION. **Sec. 2.** The following greenhouse gas emissions
5 reduction and clean energy economy goals are established for Washington
6 state:

7 (1) By 2020, reduce greenhouse gas emissions in the state to 1990
8 levels;

9 (2) By 2035, reduce greenhouse gas emissions in the state to
10 twenty-five percent below 1990 levels;

11 (3) By 2050, the state will do its part to reach global climate
12 stabilization levels by reducing emissions to fifty percent below 1990
13 levels or seventy percent below the state's expected emissions that
14 year;

15 (4) By 2020, increase the number of clean energy sector jobs to
16 twenty-five thousand from the eight thousand four hundred jobs the
17 state had in 2004; and

18 (5) By 2020, reduce expenditures by twenty percent on fuel imported
19 into the state by developing Washington resources and supporting
20 efficient energy use.

21 NEW SECTION. **Sec. 3.** Executive Order No. 07-02 shall provide the
22 mechanisms for identifying the policies and strategies necessary to
23 achieve the economic and emission reduction goals of section 2 of this
24 act. Consistent with the Executive Order's directive to seek a
25 healthier and more prosperous future for Washington state, agency and
26 stakeholder representatives participating in the Washington climate
27 change challenge shall also seek emission reduction policies and
28 strategies that, to the maximum extent possible, minimize economic
29 disruptions and protect jobs for Washington state workers, citizens,
30 and businesses, while avoiding policies and strategies that would
31 result in the transfer or outsourcing of economic advantages or jobs to
32 other states, regions, or nations.

33 NEW SECTION. **Sec. 4.** By December 31st of each even-numbered year
34 beginning in 2010, the departments of ecology and community, trade, and
35 economic development shall report to the governor and the appropriate

1 committees of the senate and house of representatives the total
2 greenhouse gas emissions for the preceding two years, and totals in
3 each major source sector.

4 NEW SECTION. **Sec. 5.** (1) The legislature finds that:

5 (a) The United Nation's intergovernmental panel on climate change
6 report, released February 2, 2007, states that evidence of the
7 climate's warming "is unequivocal, as is now evident from observations
8 of increases in global average air and ocean temperatures, widespread
9 melting of snow and ice, and rising global mean sea level";

10 (b) Global warming will have serious adverse consequences on the
11 economy, health, and environment of Washington;

12 (c) During the last several years, the state has taken significant
13 strides towards implementing an environmentally and economically sound
14 energy policy through reliance on energy efficiency, conservation, and
15 renewable energy resources in order to promote a sustainable energy
16 future that ensures an adequate and reliable energy supply at
17 reasonable and stable prices;

18 (d) The governor, in Executive Order No. 07-02, has called for the
19 reduction of Washington's emission of greenhouse gases to 1990 levels
20 by 2020;

21 (e) To the extent energy efficiency and renewable resources are
22 unable to satisfy increasing energy and capacity needs, the state will
23 rely on clean and efficient fossil fuel fired generation and will
24 encourage the development of cost-effective, highly efficient, and
25 environmentally sound supply resources to provide reliability and
26 consistency with the state's energy priorities;

27 (f) It is vital to ensure all electric utilities internalize the
28 significant and underrecognized cost of emissions and to reduce
29 Washington's exposure to costs associated with future regulation of
30 these emissions;

31 (g) A greenhouse gases emissions performance standard for new long-
32 term financial commitments to electric generating resources will reduce
33 potential exposure of Washington's consumers to future reliability
34 problems in electricity supplies;

35 (h) The state of California recently enacted a law establishing a
36 greenhouse gases emissions performance standard for electric utility

1 procurement of baseload electric generation that is based on the
2 emissions of a combined-cycle thermal electric generation facility
3 fueled by natural gas;

4 (i) The legislature recognizes that state or federal legislation
5 may be enacted and federal regulation may occur that would provide
6 standards or programs that would preempt, make inconsistent, or render
7 unnecessary emission standards or schedules established in this act;
8 and

9 (j) The state of Washington has an obligation to provide clear
10 guidance for the procurement of baseload electric generation to
11 alleviate regulatory uncertainty while addressing risks that can affect
12 the ability of electric utilities to make necessary and timely
13 investments to ensure an adequate, reliable, and cost-effective supply
14 of electricity.

15 (2) The legislature declares that:

16 (a) A greenhouse gases emissions performance standard for new
17 long-term financial commitments for baseload electric generation should
18 reduce financial risk to electric utilities and their customers from
19 future pollution-control costs, without jeopardizing the state's
20 commitment to lowest reasonable cost resources and the need to maintain
21 a reliable regional electric system.

22 (b) A greenhouse gases emissions performance standard will
23 complement the state's carbon dioxide mitigation policy for
24 fossil-fueled thermal electric generation facilities under chapter
25 80.70 RCW.

26 (c) The need for long-term financial commitments for new baseload
27 electric generation can be reduced over time through the deployment by
28 electric utilities of technologies that improve the efficiency of
29 electricity production, transmission, distribution, and consumption.

30 NEW SECTION. **Sec. 6.** The definitions in this section apply
31 throughout this chapter unless the context clearly requires otherwise.

32 (1) "Attorney general" means the Washington state office of the
33 attorney general.

34 (2) "Auditor" means: (a) The Washington state auditor's office or
35 its designee for qualifying utilities under its jurisdiction that are
36 not investor-owned utilities; or (b) an independent auditor selected by

1 a qualifying utility that is not under the jurisdiction of the state
2 auditor and is not an investor-owned utility.

3 (3) "Baseload electric generation" means electric generation from
4 a power plant that is designed and intended to provide electricity at
5 an annualized plant capacity factor of at least sixty percent.

6 (4) "Cogeneration facility" means a power plant in which the heat
7 or steam is also used for industrial or commercial heating or cooling
8 purposes and that meets federal energy regulatory commission standards
9 for qualifying facilities under the public utility regulatory policies
10 act of 1978 (16 U.S.C. Sec. 824a-3), as amended.

11 (5) "Combined-cycle natural gas thermal electric generation
12 facility" means a power plant that employs a combination of one or more
13 gas turbines and steam turbines in which electricity is produced in the
14 steam turbine from otherwise lost waste heat exiting from one or more
15 of the gas turbines.

16 (6) "Commission" means the Washington utilities and transportation
17 commission.

18 (7) "Consumer-owned utility" means a municipal utility formed under
19 Title 35 RCW, a public utility district formed under Title 54 RCW, an
20 irrigation district formed under chapter 87.03 RCW, a cooperative
21 formed under chapter 23.86 RCW, a mutual corporation or association
22 formed under chapter 24.06 RCW, or port district within which an
23 industrial district has been established as authorized by Title 53 RCW,
24 that is engaged in the business of distributing electricity to more
25 than one retail electric customer in the state.

26 (8) "Department" means the department of ecology.

27 (9) "Electrical company" means a company owned by investors that
28 meets the definition of RCW 80.04.010.

29 (10) "Electric utility" means an electrical company or a consumer-
30 owned utility.

31 (11) "Governing board" means the board of directors or legislative
32 authority of a consumer-owned utility.

33 (12) "Greenhouse gases" includes carbon dioxide, methane, nitrous
34 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

35 (13) "Long-term financial commitment" means:

36 (a) Either a new ownership interest in baseload electric generation
37 or an upgrade to a baseload electric generation facility; or

1 (b) A new or renewed contract for baseload electric generation with
2 a term of five or more years for the provision of retail power or
3 wholesale power to end-use customers in this state.

4 (14) "Output-based methodology" means a greenhouse gases emissions
5 performance standard that is expressed in pounds of greenhouse gases
6 emitted per net megawatt-hour produced, factoring in the electrical
7 equivalent of useful thermal energy employed for purposes other than
8 the generation of electricity.

9 (15) "Plant capacity factor" means the ratio of the electricity
10 produced during a given time period, measured in kilowatt-hours, to the
11 electricity the unit could have produced if it had been operated at its
12 rated capacity during that period, expressed in kilowatt-hours.

13 (16) "Power plant" means a facility for the generation of
14 electricity that includes one or more generating units at the same
15 location.

16 (17) "Upgrade" means any modification made for the primary purpose
17 of increasing the electric generation capacity of a baseload electric
18 generation facility. "Upgrade" does not include routine or necessary
19 maintenance, installation of emission control equipment, installation,
20 replacement, or modification of equipment that improves the heat rate
21 of the facility, or installation, replacement, or modification of
22 equipment for the primary purpose of maintaining reliable generation
23 output capability that does not increase the heat input or fuel usage
24 as specified in existing generation air quality permits but may result
25 in incidental increases in generation capacity.

26 NEW SECTION. **Sec. 7.** (1) Beginning July 1, 2008, the greenhouse
27 gases emissions performance standard for all baseload electric
28 generation for which electric utilities enter into long-term financial
29 commitments on or after such date is the lower of one thousand one
30 hundred pounds of greenhouse gases per megawatt-hour or the rate of
31 emissions of greenhouse gases for a commercially available
32 combined-cycle natural gas thermal electric generation facility that
33 provides baseload electric generation. Even if their actual emissions
34 are higher than the greenhouse gas emissions performance standard, all
35 baseload electric generation facilities in operation as of June 30,
36 2008, are deemed to be in compliance with the greenhouse gas emissions
37 performance standard established under this section until the

1 facilities are the subject of long-term financial commitments. All
2 electric generating facilities or power plants powered by renewable
3 resources, as defined in RCW 19.285.030, are deemed to be in compliance
4 with the greenhouse gas emissions performance standard established
5 under this section. For the purposes of this subsection, "commercially
6 available" means that at least one hundred plants of substantially the
7 same design, specifications, and performance characteristics have been
8 in commercial operation for at least three years. In determining the
9 rate of emissions of greenhouse gases for baseload electric generation,
10 the net emissions resulting from the production of electricity by the
11 baseload electric generation shall be included.

12 (2) The department shall establish an output-based methodology to
13 ensure that the calculation of emissions of greenhouse gases for a
14 cogeneration facility recognizes the total usable energy output of the
15 process, and includes all greenhouse gases emitted by the facility in
16 the production of both electrical and thermal energy. In developing
17 and implementing the greenhouse gases emissions performance standard,
18 the department shall consider and act in a manner consistent with any
19 rules adopted pursuant to the public utilities regulatory policy act of
20 1978 (16 U.S.C. Sec. 824a-3), as amended.

21 (3) Carbon dioxide that is injected permanently in geological
22 formations, so as to prevent releases into the atmosphere, in
23 compliance with applicable laws and regulations may not be counted as
24 emissions of the power plant in determining compliance with the
25 greenhouse gases emissions performance standard.

26 (4) In adopting and implementing the greenhouse gases emissions
27 performance standard, the department, in consultation with the
28 commission, the Bonneville power administration, the western
29 electricity coordination council, electric utilities, public interest
30 representatives, and consumer representatives shall consider the
31 effects of the greenhouse gases emissions performance standard on
32 system reliability and overall costs to electricity customers.

33 (5) In developing and implementing the greenhouse gases emissions
34 performance standard, the department shall, with assistance of the
35 commission and electric utilities, and to the extent practicable,
36 address long-term purchases of electricity from unspecified sources in
37 a manner consistent with this chapter.

1 (6) The department shall adopt the greenhouse gases emissions
2 performance standard by rule pursuant to chapter 34.05 RCW, the
3 administrative procedure act. The department shall adopt rules to
4 enforce the requirements of this section, and adopt procedures to
5 verify the emissions of greenhouse gases from any baseload electric
6 generation supplied directly or under a contract subject to the
7 greenhouse gases emissions performance standard to ensure compliance
8 with the standard. Enforcement of the greenhouse gases emissions
9 performance standard must begin immediately upon the establishment of
10 the standard.

11 (7) In adopting the rules for implementing this section, the
12 department shall include criteria to be applied in evaluating the
13 carbon sequestration plan. The rules shall include:

14 (a) Provisions for financial assurances, as a condition of plant
15 operation, sufficient to ensure successful implementation of the carbon
16 sequestration plan, including construction and operation of necessary
17 equipment, and any other significant costs;

18 (b) Provisions for geological sequestration to commence within five
19 years of plant operation;

20 (c) Provisions for monitoring the effectiveness of the
21 implementation of the sequestration plan;

22 (d) Penalties for failure to achieve implementation of the plan on
23 schedule; and

24 (e) Provisions for public notice and comment on the carbon
25 sequestration plan.

26 (8) A project under consideration by the energy facility site
27 evaluation council before the adoption of rules in subsection (7) of
28 this section is required to include all of the requirements of
29 subsection (7) of this section in its carbon sequestration plan
30 submitted to the department as part of the energy facility site
31 evaluation council process. The department shall provide for timely
32 hearings and public comment on the carbon sequestration plan.

33 (9) The department shall adopt the rules necessary to implement
34 this section by June 30, 2008.

35 NEW SECTION. **Sec. 8.** (1) No electrical company may enter into a
36 long-term financial commitment unless the baseload electric generation

1 supplied under such a long-term financial commitment complies with the
2 greenhouse gases emissions performance standard established under
3 section 7 of this act.

4 (2) In order to enforce the requirements of this chapter, the
5 commission shall review in a general rate case or as provided in
6 subsection (5) of this section any long-term financial commitment
7 entered into by an electrical company after June 30, 2008, to determine
8 whether the baseload electric generation to be supplied under that
9 long-term financial commitment complies with the greenhouse gases
10 emissions performance standard established under section 7 of this act.

11 (3) In determining whether a long-term financial commitment is for
12 baseload electric generation, the commission shall consider the design
13 of the power plant and its intended use, based upon the electricity
14 purchase contract, if any, permits necessary for the operation of the
15 power plant, and any other matter the commission determines is relevant
16 under the circumstances.

17 (4) Upon application by an electric utility, the commission may
18 provide a case-by-case exemption from the greenhouse gases emissions
19 performance standard to address: (a) Unanticipated electric system
20 reliability needs; or (b) catastrophic events or threat of significant
21 financial harm that may arise from unforeseen circumstances.

22 (5) Upon application by an electrical company, the commission shall
23 make a determination regarding the company's proposed decision to
24 acquire electric generation or enter into a power purchase agreement
25 for electricity that complies with the greenhouse gases emissions
26 performance standard established under section 7 of this act, as to the
27 need for the resource, and the appropriateness of the specific resource
28 selected. The commission shall take into consideration factors such as
29 the company's forecasted loads, need for energy, power plant
30 technology, expected costs, and other associated investment decisions.
31 In addition, the commission shall provide for recovery of the prudently
32 incurred capital and operating cost of these resources and may impose
33 such conditions as it finds necessary to ensure that rates are fair,
34 just, reasonable, and sufficient, coincident with the in-service date
35 of the project or the effective date of the power purchase agreement.

36 (6) An electrical company may account for and defer for later
37 consideration by the commission costs incurred in connection with the
38 long-term financial commitment, including operating and maintenance

1 costs, depreciation, taxes, and cost of invested capital. The deferral
2 begins with the date on which the power plant begins commercial
3 operation or the effective date of the power purchase agreement and
4 ends on the effective date of the final decision by the commission
5 regarding recovery in rates of these deferred costs. Creation of such
6 a deferral account does not by itself determine whether recovery of any
7 or all of these costs is appropriate.

8 (7) In establishing rates for each electrical company regulated
9 under chapter 80.28 RCW, the commission shall adopt policies allowing
10 an additional return on investments to encourage meeting energy
11 requirements through distributed generation as defined in RCW
12 19.285.030, and to accelerate efficiencies in electric transmission and
13 distribution systems that increase reliability and reduce energy losses
14 or otherwise increase the efficiency of energy delivery to end-use
15 consumers. These policies shall include but are not limited to adding
16 an increment of two percent to the rate of return on common equity
17 permitted on an electrical company's other investments for prudently
18 incurred investments in distributed generation, and in measures that
19 improve, as measured in kilowatt-hour savings, the overall efficiency
20 of transmission, distribution, and end-use consumption of electricity
21 through energy efficiency technologies, including any device,
22 instrument, machine, appliance, or process related to the transmission,
23 distribution, and consumption of electricity to increase energy
24 efficiency, including but not limited to smart grid technology, smart
25 meters, and demand response technologies. The rate of return increment
26 must be allowed for a period, at the commission's discretion, of at
27 least seven but not more than thirty years after the investment is
28 first placed in the rate base. Measures or projects encouraged under
29 this section are those for which construction or installation is begun
30 after July 1, 2007, and before January 1, 2017, and which, at the time
31 they are placed in the rate base, are reasonably expected to save,
32 produce, or generate energy at a total incremental system cost per unit
33 of energy delivered to end use that is less than or equal to the
34 incremental system cost per unit of energy delivered to end use from
35 new baseload or peaking electric generation and that the electrical
36 company could acquire to meet energy demand in the same time period.

37 (8) The commission shall apply the procedures adopted by the

1 department to verify the emissions of greenhouse gases from baseload
2 electric generation under section 7 of this act.

3 (9) The commission shall adopt rules for the enforcement of this
4 section with respect to electrical companies and adopt procedural rules
5 for approving costs incurred by an electrical company under subsection
6 (4) of this section.

7 (10) The commission shall adopt the rules necessary to implement
8 this section by June 30, 2008.

9 NEW SECTION. **Sec. 9.** (1) No consumer-owned utility may enter into
10 a long-term financial commitment unless the baseload electric
11 generation supplied under such a long-term financial commitment
12 complies with the greenhouse gases emissions performance standard
13 established under section 7 of this act.

14 (2) The governing board of a consumer-owned utility shall review
15 and make a determination on any long-term financial commitment by the
16 utility, pursuant to this chapter, to determine whether the baseload
17 electric generation to be supplied under that long-term financial
18 commitment complies with the greenhouse gases emissions performance
19 standard established under section 7 of this act. No consumer-owned
20 utility may enter into a long-term financial commitment unless the
21 baseload electric generation to be supplied under that long-term
22 financial commitment complies with the greenhouse gases emissions
23 performance standard established under section 7 of this act.

24 (3) In confirming that a long-term financial commitment is for
25 baseload electric generation, the governing board shall consider the
26 design of the power plant and the intended use of the power plant based
27 upon the electricity purchase contract, if any, permits necessary for
28 the operation of the power plant, and any other matter the governing
29 board determines is relevant under the circumstances.

30 (4) The governing board may provide a case-by-case exemption from
31 the greenhouse gases emissions performance standard to address: (a)
32 Unanticipated electric system reliability needs; or (b) catastrophic
33 events or threat of significant financial harm that may arise from
34 unforeseen circumstances.

35 (5) The governing board shall apply the procedures adopted by the
36 department to verify the emissions of greenhouse gases from baseload

1 electric generation pursuant to section 7 of this act, and may request
2 assistance from the department in doing so.

3 (6) For consumer-owned utilities, the auditor is responsible for
4 auditing compliance with this chapter and rules adopted under this
5 chapter that apply to those utilities and the attorney general is
6 responsible for enforcing that compliance.

7 NEW SECTION. **Sec. 10.** A new section is added to chapter 43.19 RCW
8 to read as follows:

9 (1) During the biennium ending June 30, 2009, the department of
10 general administration is authorized to purchase at least one hundred
11 plug-in electric hybrid vehicles for state agency light duty vehicle
12 uses, when commercially available at comparable life costs to other
13 vehicles. The department of general administration shall assign these
14 vehicles to departments and job functions that on average log the most
15 miles driving light duty vehicles. The vehicles must bear a prominent
16 designation as a plug-in electric hybrid vehicle. The department of
17 general administration shall develop a purchasing contract under which
18 state agencies and local governments may purchase plug-in electric
19 hybrid vehicles.

20 (2) The use of hybrid vehicles shall include an economic analysis
21 of the total life-cycle cost to the state over the vehicle's estimated
22 useful life, including energy inputs into the production of the
23 vehicle, fuel usage, and all related costs of selection, acquisition,
24 operation, maintenance, and disposal, as far as these costs can
25 reasonably be determined, minus the salvage value at the end of the
26 vehicle's estimated useful life.

27 (3) By December 31, 2009, the department of general administration
28 shall provide a report to the transportation and energy committees of
29 the senate and house of representatives on the acquisition of these
30 vehicles and their operational and maintenance performance.

31 NEW SECTION. **Sec. 11.** The legislature finds and declares that
32 greenhouse gases offset contracts, credits, and other greenhouse gases
33 mitigation efforts are a recognized utility purpose that confers a
34 direct benefit on the utility's ratepayers. The legislature declares
35 that sections 1 and 2 of this act are intended to reverse the result of
36 *Okeson v. City of Seattle*, No. 77888-4 (January 18, 2007), by expressly

1 granting municipal utilities, public utility districts, and counties
2 the statutory authority to engage in mitigation activities to offset
3 their utility's impact on the environment from electric generation.

4 NEW SECTION. **Sec. 12.** A new section is added to chapter 35.92 RCW
5 to read as follows:

6 (1) A city or town authorized to acquire and operate utilities for
7 the purpose of furnishing the city or town and its inhabitants and
8 other persons with water, with electricity for lighting and other
9 purposes, or with service from sewerage, storm water, surface water, or
10 solid waste handling facilities, may develop and make publicly
11 available a plan to reduce its greenhouse gases emissions or achieve
12 no-net emissions from all sources of greenhouse gases resulting from
13 power generation that the utility owns, leases, uses, contracts for, or
14 otherwise controls.

15 (2) A city or town authorized to acquire and operate utilities for
16 the purpose of furnishing the city or town and its inhabitants and
17 other persons with water, with electricity for lighting and other
18 purposes, or with service from sewerage, storm water, surface water, or
19 solid waste handling facilities, may, as part of its power generating
20 operation, mitigate the environmental impacts, such as greenhouse gases
21 emissions, of its operation, including any power purchases. The
22 mitigation may include, but is not limited to, those greenhouse gases
23 mitigation mechanisms recognized by independent, qualified
24 organizations with proven experience in emissions mitigation
25 activities. Mitigation mechanisms may include the purchase, trade, and
26 banking of greenhouse gases offsets or credits. If a state greenhouse
27 gases registry is established, a utility that has purchased, traded, or
28 banked greenhouse gases mitigation mechanisms under this section shall
29 receive credit in the registry.

30 NEW SECTION. **Sec. 13.** A new section is added to chapter 36.01 RCW
31 to read as follows:

32 (1) A county may develop and make publicly available a plan for the
33 county to reduce its greenhouse gases emissions or achieve no-net
34 emissions from all power generating sources of greenhouse gases it
35 owns, operates, leases, uses, contracts for, or otherwise controls.

1 (2) Any county may reduce or mitigate the environmental impacts of
2 its power generating operations, such as emissions of greenhouse gases.
3 The mitigation may include, but is not limited to, all greenhouse gases
4 mitigation mechanisms recognized by independent, qualified
5 organizations with proven experience in emissions mitigation
6 activities. Mitigation mechanisms may include the purchase, trade, and
7 banking of carbon offsets or credits. Ratepayer funds, fees, or other
8 revenue dedicated to a power generating function performed by a county
9 may be spent to reduce or mitigate the environmental impact of
10 greenhouse gases emitted as a result of that function. If a state
11 greenhouse gases registry is established, the county that has
12 purchased, traded, or banked greenhouse gases mitigation mechanisms
13 under this section shall receive credit in the registry.

14 NEW SECTION. **Sec. 14.** A new section is added to chapter 54.04 RCW
15 to read as follows:

16 (1) A public utility district may develop and make publicly
17 available a plan for the district to reduce its greenhouse gases
18 emissions or achieve no-net emissions from all sources of greenhouse
19 gases resulting from power generation that the district owns, leases,
20 uses, contracts for, or otherwise controls.

21 (2) A public utility district may, as part of its utility power
22 generating operation, mitigate the environmental impacts, such as
23 greenhouse gases emissions, of its power generating operation and any
24 power purchases. Mitigation may include, but is not limited to, those
25 greenhouse gases mitigation mechanisms recognized by independent,
26 qualified organizations with proven experience in emissions mitigation
27 activities. Mitigation mechanisms may include the purchase, trade, and
28 banking of greenhouse gases offsets or credits. If a state greenhouse
29 gases registry is established, a public utility district that has
30 purchased, traded, or banked greenhouse gases mitigation mechanisms
31 under this section shall receive credit in the registry.

32 NEW SECTION. **Sec. 15.** For the purposes of sections 5 through 9 of
33 this act, the department and the commission shall review the greenhouse
34 gases emission performance standard established in this chapter to
35 determine need, applicability, and effectiveness no less than every
36 five years following the effective date of this section, or upon

1 implementation of a federal or state law or rule regulating carbon
2 dioxide emissions of electrical utilities, and report to the
3 legislature.

4 NEW SECTION. **Sec. 16.** (1) The office of Washington state
5 climatologist is created.

6 (2) The office of Washington state climatologist consists of the
7 director of the office, who is the state climatologist, and appropriate
8 staff and administrative support as necessary to carry out the powers
9 and duties of the office as enumerated in section 17 of this act.

10 (3) The director of the office of Washington state climatologist
11 must be appointed jointly by the president of Washington State
12 University and the president of the University of Washington. The
13 office of Washington state climatologist is administered as determined
14 jointly by these two presidents.

15 NEW SECTION. **Sec. 17.** The office of Washington state
16 climatologist has the following powers and duties:

17 (1) To serve as a credible and expert source of climate and weather
18 information for state and local decision makers and agencies working on
19 drought, flooding, climate change, and other related issues;

20 (2) To gather and disseminate, and where practicable archive, in
21 the most cost-effective manner possible, all climate and weather
22 information that is or could be of value to policy and decision makers
23 in the state;

24 (3) To act as the representative of the state in all climatological
25 and meteorological matters, both within and outside of the state, when
26 requested by the legislative or executive branches of the state
27 government;

28 (4) To prepare, publish, and disseminate climate summaries for
29 those individuals, agencies, and organizations whose activities are
30 related to the welfare of the state and are affected by climate and
31 weather;

32 (5) To supply critical information for drought preparedness and
33 emergency response as needed to implement the state's drought
34 contingency response plan maintained by the department of ecology under
35 RCW 43.83B.410, and to serve as a member of the state's drought water

1 supply and emergency response committees as may be formed in response
2 to a drought event;

3 (6) To conduct and report on studies of climate and weather
4 phenomena of significant socioeconomic importance to the state; and

5 (7) To evaluate the significance of natural and man-made changes in
6 important features of the climate affecting the state, and to report
7 this information to those agencies and organizations in the state who
8 are likely to be affected by these changes.

9 NEW SECTION. **Sec. 18.** Sections 1 through 4 of this act constitute
10 a new chapter in Title 43 RCW.

11 NEW SECTION. **Sec. 19.** Sections 5 through 9 and 15 of this act
12 constitute a new chapter in Title 80 RCW.

13 NEW SECTION. **Sec. 20.** Sections 16 and 17 of this act constitute
14 a new chapter in Title 43 RCW.

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