HOUSE BILL REPORT
E2SSB 6058

As Reported by House Committee On:
Environment & Energy

Title: An act relating to facilitating linkage of Washington's carbon market with the California-Quebec carbon market.

Brief Description: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Nguyen, Hunt, Kuderer, Liias, Mullet, Pedersen, Saldaña, Shewmake and Stanford; by request of Department of Ecology).

Brief History:

Committee Activity:

Environment & Energy: 2/19/24, 2/20/24 [DPA].

Brief Summary of Engrossed Second Substitute Bill
(As Amended by Committee)

- Amends provisions of the Climate Commitment Act (CCA), including by: (1) directing the Department of Ecology (Ecology) to amend its CCA compliance period rules, if needed, to synchronize with jurisdictions with which Washington enters a linkage agreement; (2) requiring importers of unspecified sources of electricity that has any associated greenhouse gas (GHG) emissions and that was not purchased from a federal power marketing entity to be a covered entity that participates in the CCA's program, and (3) changing the purchase limits at auction applicable to covered and opt-in entities, and changing the holding limits for purchased allowances applicable to general market participants.
- Establishes a process under the CCA for a federal power marketing entity to voluntarily register as an opt-in entity with Ecology and assume

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the CCA compliance obligation for the power it markets.

- Amends GHG emission reporting requirements under the Clean Air Act.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: Do pass as amended. Signed by 9 members: Representatives Doglio, Chair; Mena, Vice Chair; Berry, Duerr, Fey, Lekanoff, Ramel, Slatter and Street.

Minority Report: Do not pass. Signed by 6 members: Representatives Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Goehner and Sandlin.

Staff: Jacob Lipson (786-7196).

Background:

State Emission Limits.

The United States Environmental Protection Agency (EPA) and the Department of Ecology (Ecology) identify carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride as greenhouse gases (GHGs) because of their capacity to trap heat in the Earth's atmosphere. According to the EPA, the global warming potential (GWP) of each GHG is a function of how much of the gas is concentrated in the atmosphere, how long the gas stays in the atmosphere, and how strongly the particular gas affects global atmospheric temperatures. Under state law, the GWP of a gas is measured in terms of the equivalence to the emission of an identical volume of carbon dioxide over a 100-year timeframe (carbon dioxide equivalent or CO_2e).

Since 2008 state law has established limits on the emission of greenhouse gases (GHGs) in Washington. Ecology is responsible for monitoring and tracking the state's progress in achieving these emissions limits. In 2020 additional legislation was enacted to update the statewide emissions limits to the following:

- by 2020, reduce overall emissions of GHGs in the state to 1990 levels, or 90.5 million metric tons of carbon dioxide equivalents (MMT CO_2e);
- by 2030, reduce overall emissions of GHGs in the state to 45 percent below 1990 levels, or 50 MMT CO_2e;
- by 2040, reduce overall emissions of GHGs in the state to 70 percent below 1990 levels, or 27 MMT CO_2e; and
- by 2050, reduce overall emissions of GHGs in the state to 95 percent below 1990 levels, or 5 MMT CO_2e, and achieve net-zero GHG emissions.

Greenhouse Gas Emission Reporting.

Under the federal Clean Air Act, GHGs are regulated as an air pollutant and are subject to several air regulations administered by the EPA. These federal Clean Air Act regulations include a requirement that facilities and fuel suppliers whose associated annual emissions exceed 25,000 metric tons of CO2e report their emissions to the EPA. At the state level, GHG reporting is regulated by Ecology under the state Clean Air Act. This state law requires facilities and fuel suppliers, including suppliers of fossil fuels and electricity, whose emissions exceed 10,000 metric tons of CO2e each year to report their annual emissions to Ecology.

Ecology is required to review its GHG reporting rules whenever the EPA adopts amendments to federal GHG reporting requirements or when needed to ensure consistency with emission reporting requirements in jurisdictions with which Washington has linked its GHG emission reduction carbon market program.

Interjurisdictional Electricality Management.

Balancing authorities manage the operation of the electric system within a specific geographic area within the United States, and are charged with ensuring that power system demand and supply are balanced at all times. Balancing authorities in the western portion of the United States include the Bonneville Power Administration (BPA), California Independent System Operator (CAISO), and those covering portions of the service areas of various Washington electric utilities, including Chelan Public Utility District, Douglas Public Utility District, Avista Corporation, Seattle City Light, Tacoma Power and Light, and Puget Sound Energy.

E-tags are a mechanism used in certain electric markets for denoting and tracking electricity that is transferred between multiple entities. North American Electric Reliability Corporation (NERC) e-tags are a type of e-tag used for tracking electricity transfers in some North American electricity markets. Certain electric system grid management rules, such as those adopted by CAISO, require separate e-tags to accompany the physical scheduling of energy or capacity delivery by a market participant, and separate e-tags to be made for each type of market product and transmission right used.

Climate Commitment Act Overview.

Under the 2021 Climate Commitment Act (CCA), in order to ensure that GHG emissions are reduced consistent with the state's 2030, 2040, and 2050 emissions limits, Ecology must implement a cap on GHG emissions from covered entities and a program to track, verify, and enforce compliance through the use of compliance instruments, which include allowances or eligible offset credits. The Cap-and-Invest Program (Program) commenced on January 1, 2023.

The Program:

- establishes annual allowance budgets that limit emissions from covered entities;
- defines those entities covered by the Program (covered entities), those entities that may voluntarily opt into coverage under the Program (opt-in entities) and other persons that participate in auctions or allowance markets by purchasing, holding, selling, or voluntarily retiring compliance instruments (general market participants);
- provides for the distribution of emissions allowances at no cost to certain covered entities, or by purchase at auction;
- provides for offset credits as a method for meeting compliance obligations;
- defines the compliance obligations of covered entities;
- provides for the transfer of allowances and recognition of compliance instruments, including those issued by jurisdictions with which Washington may have linkage agreements in the future; and
- provides monitoring and oversight of the sale and transfer of allowances.

Climate Commitment Act Allowance Budgets.

Compliance obligations under the Program are phased in over the following four-year compliance periods:

- first compliance period: 2023 through 2026;
- second compliance period: 2027 through 2030; and
- subsequent four-year compliance periods beginning in 2031.

By October 1, 2022, Ecology must adopt annual allowance budgets for the first compliance period to be distributed from January 1, 2023, through December 31, 2026. Ecology must also adopt annual allowance budgets for the second compliance period. By October 1, 2028, Ecology must adopt by rule the annual allowance budgets for the calendar years 2031 through 2040. The annual allowance budgets established under the Program must be set to achieve the share of reductions by covered entities necessary to achieve the state's 2030, 2040, and 2050 emissions limits. Annual allowance budgets must be set such that the use of offsets as compliance instruments does not prevent the achievement of the state's emissions limits.

Climate Commitment Act Allowance Auctions, Compliance Obligations, and Enforcement.

Except for directly distributed, no-cost allowances allocated to certain entities, allowances must be distributed via allowance auctions. Auctions are open to covered entities, opt-in entities, and general market participants that are registered entities in good standing. Covered entities and opt-in entities may not buy more than 10 percent of the allowances offered during a single auction. General market participants may not buy more than 4 percent of the allowances offered during a single auction, and may not in aggregate own more than 10 percent of the total number of allowances issued in a calendar year.

Certain entities, including emissions-intensive trade-exposed (EITE) facilities, receive directly distributed, no-cost allowances from Ecology. Owners or operators of EITE

facilities that are required to participate in the Program must receive an allocation of allowances at no cost as follows:

- for the first compliance period beginning in 2023, the annual allocation of allowances must equal the facility's baseline carbon intensity, under which emissions are measured relative to facility production, as established using 2015 through 2019 data, multiplied by the EITE facility's actual production for each calendar year of the compliance period;
- for facilities using a mass-based approach, the allocation of allowances must equal the facility's mass-based baseline established using 2015 through 2019 data, unless there were abnormal circumstances during those years. A facility may use a mass-based baseline if it is not able to feasibly determine a carbon intensity benchmark based on its unique circumstances. In general, a facility may not switch from using a mass-based baseline to a carbon intensity baseline;
- for the second compliance period beginning in 2027, the annual allocation of no-cost allowances is reduced to 97 percent of first compliance period allocations for mass-based facilities, or 3 percent below the first compliance period benchmark; and
- for the third compliance period beginning in 2031, the annual allocation of no-cost allowances is 94 percent of first compliance period allocations for mass-based facilities, or 3 percent below the second compliance period benchmark.

For electricity, the covered entity that must satisfy a compliance obligation is specified in statute and in rule, and includes first jurisdictional deliverers of electricity, which include importers of electricity. The CCA specifies eight types of persons whose activities may qualify the person as an electricity importer. Imported electricity does not include electricity imports of unspecified electricity that are netted by exports of unspecified electricity to any jurisdiction with which Washington has not linked, by the same entity within the same hour. An unspecified source of electricity is electricity that, at the time of entry into a transaction to procure electricity, is not a specified facility, unit, or asset controlling supplier that is permitted to be claimed as the source of electricity delivered. First jurisdictional deliverers of electricity are covered entities that must participate in the CCA if their imported electricity has associated cumulative annual emissions exceeding 25,000 tons of CO2e.

All covered and opt-in entities are required to submit compliance instruments in a timely manner to meet their compliance obligations and must comply with all requirements for monitoring, reporting, holding, and transferring emission allowances. If a covered or opt-in entity does not submit sufficient compliance instruments to meet its compliance obligation by the specified transfer dates, a penalty of four allowances for every one compliance instrument that is missing must be submitted to Ecology within six months. When a covered or opt-in entity reasonably believes that it will be unable to meet a compliance obligation, the entity must immediately notify Ecology. Upon receiving notification, Ecology must issue an order requiring the entity to submit the appropriate penalty allowances. If a covered or opt-in entity fails to submit the appropriate penalty allowances, Ecology must issue an order or a penalty of up to $10,000 per day per violation, or both.

During the first compliance period, Ecology may reduce the amount of a penalty owed by either adjusting the monetary amount or the number of penalty allowances that must be submitted.

Offset Credits.

Ecology must adopt by rule protocols for establishing offset projects and securing offset credits. The protocols adopted by Ecology must align with specified policies, including policies identifying the role of the forest products sector in carbon sequestration.

Offset projects must:

- provide direct environmental benefits to the state or be located in a jurisdiction with which the state has entered into a linkage agreement;
- result in GHG emission reductions or removals that:
  - are real, permanent, quantifiable, verifiable, and enforceable; and
  - are in addition to GHG emission reductions or removals otherwise required by law and other GHG emission reductions or removals that would otherwise occur; and
- have been certified by a recognized registry after the effective date of the CCA or within two years prior to the effective date of the CCA.

In adopting protocols governing offset projects and covered and opt-in entities' use of offset credits, Ecology must:

- take into consideration standards, rules, or protocols for offset projects and offset credits established in other states, provinces, and countries with programs comparable to the Program;
- encourage opportunities for the development of offset projects in the state by adopting offset protocols that may include protocols that make use of aggregation or other mechanisms to reduce transaction costs related to the development of offset projects and that support the development of carbon dioxide removal projects; and
- adopt a process for monitoring and invalidating offset credits, as necessary to ensure quality control.

The use of offset credits by covered entities is limited to specified percentages of their compliance obligations:

- During the first compliance period, 5 percent of a covered entity or opt-in entity's compliance obligation may be satisfied by offset projects, plus an additional 3 percent may be satisfied by offset projects located on federally recognized Indian tribal land.
- Beginning in the second compliance period, 4 percent of a covered entity or opt-in entity's compliance obligation may be satisfied by offset projects, plus an additional 2 percent may be satisfied by offset projects located on federally recognized Indian tribal land.

Program allowance budgets must be set so that the use of offsets does not prevent the

achievement of state emission limits. In setting annual allowance budgets, Ecology must reduce the number of allowances in the budget in an amount equivalent to offset use, or according to a similar methodology that Ecology may adopt by rule.

Linkage with Other Jurisdictions.

Ecology must seek to link the Program with those of other jurisdictions in order to:
- allow for the mutual use and recognition of compliance instruments issued by Washington and other linked jurisdictions;
- broaden the GHG emission reduction opportunities to reduce the costs of compliance on covered entities and consumers;
- enable allowance auctions to be held jointly and provide for the use of a unified tracking system for compliance instruments;
- enhance market security;
- reduce program administration costs; and
- provide consistent requirements for covered entities whose operations span jurisdictional boundaries.

The state of California and the Canadian province of Quebec currently have a linked, combined carbon emission market that functions, in many respects, in a manner similar to the Program implemented by Ecology.

The Director of Ecology (Director) is authorized to execute linkage agreements with other jurisdictions with established external GHG emissions trading programs.

Any linkage agreement involving the Program must cover the following:
- provisions relating to quarterly auctions;
- provisions related to holding limits to ensure no entities in any of the linked programs are disadvantaged relative to their counterparts in the participating jurisdictions;
- other requirements, such as GHG reporting and verification, offset protocols, criteria, and process, and supervision and enforcement to prevent fraud, abuse, and market manipulation;
- common program registry, an electronic auction platform, tracking systems for compliance instruments, and monitoring of compliance instruments;
- provisions to ensure coordinated administrative and technical support;
- provisions for public notice and participation; and
- provisions to collectively resolve differences, amend the agreements, and delink or otherwise withdraw from the agreements.

Before entering into a linkage agreement, Ecology must evaluate and make a finding regarding whether the aggregate number of unused allowances in a linked program would reduce the stringency of the Program and the state's ability to achieve its GHG emissions reduction limits. Ecology must include in its evaluation a consideration of pre-2020 unused allowances that may exist in the Program with which it is proposing to link. Before

entering into a linkage agreement, Ecology must also establish a finding that the linking jurisdiction and the linkage agreement meets certain criteria and conduct a public comment process to obtain input and a review of the linkage agreement by relevant stakeholders and other interested parties. The input received from the public comment process must be considered before finalizing a linkage agreement.

In the event that Ecology determines that a full linkage agreement is unlikely to meet the required criteria, it may enter into a linkage agreement with limitations, including limits on the share of compliance that may be met with allowances originating from linked jurisdictions.

A linkage agreement approved by Ecology must:

- ensure that the linking jurisdiction has provisions to ensure the distribution of benefits from the linked program to vulnerable populations and overburdened communities;
- be determined by Ecology to not yield net adverse impacts to either jurisdictions' highly impacted communities or analogous communities in the aggregate, relative to the baseline level of emissions; and
- not adversely impact Washington's ability to achieve its statewide emission reduction limits.

The state retains all legal and policymaking authority over the design and enforcement of the Program.

In November 2023 the Director made a preliminary determination to pursue linkage with California and Quebec's carbon market, based on Ecology's analysis that linkage with California and Quebec is expected to provide substantial benefits to the Program, and Washington's economy and communities. Ecology has not yet carried out its required environmental justice assessment of a proposed linkage agreement, and each of the three jurisdictions exploring linkage may need to adjust regulatory requirements in order for a linkage agreement to be negotiated among the jurisdictions, and the jurisdiction's programs to become linked. The Director's November 2023 letter to the Governor of Washington providing notification of the Director's intent to use the Director's statutory authority to pursue linkage forecasted that the process of linking Washington's Program to the combined California-Quebec market will not be able to be completed until 2025 or later.

Initiative 2117.

Initiative 2117 was filed in 2023 as an initiative to the Legislature and was certified by the Secretary of State in January of 2024. Initiative 2117 would repeal the CCA, and prohibit state agencies from implementing any type of carbon tax credit trading, if the initiative is approved by the voters in the November 2024 general election.

Summary of Amended Bill:

Changes to Greenhouse Gas Emission Reporting Requirements.

The greenhouse gas (GHG) emission reporting rules adopted by the Department of Ecology (Ecology) must require electric power entities to report emissions of GHGs of all electricity that is purchased, sold, imported, exported, or exchanged in Washington. The exemption from GHG reporting requirements for the reporting of emissions in an amount less than 10,000 metric tons of carbon dioxide equivalent (CO2e) per year does not apply to emissions from electricity.

Ecology must establish GHG emission reporting methodologies for persons required to report GHG emissions. Reporting methodologies must be designed to address the needs of ensuring accuracy of reported emissions and maintaining consistency over time, and may be similar to reporting methodologies of linked jurisdictions. Ecology is no longer required to review and, when necessary, update its GHG reporting requirements whenever the Environmental Protection Agency amends federal GHG reporting requirements, or to ensure consistency with a jurisdiction that has entered into a linkage agreement with Washington.

Changes to the Climate Commitment Act.

Compliance Period Duration and Timing.

If Ecology enters into a linkage agreement, and the linked jurisdictions do not amend their rules to synchronize with Washington's compliance periods, Ecology must amend its Climate Commitment Act (CCA) rules to synchronize Washington's compliance periods with those of the linked jurisdictions. Ecology may not amend the duration of the first compliance period. Changes are made throughout the CCA to remove references to the dates by which specific compliance periods must begin or end, including by:

- amending the timing of Ecology's compliance period program implementation reports to the Legislature to occur December 1 of the year after the end of a compliance period, rather than December 1, 2027, and every four years thereafter;
- amending the date on which owners or operators of railroad companies become covered entities from January 1, 2031, to the beginning of the third compliance period, and changing the years for which emissions data would qualify a railroad company owner or operator as a covered entity; and
- allocating the declining number of no-cost allowances to emissions-intensive trade exposed facilities (EITEs) based on 4-year periods, rather than based on the duration of compliance periods.

Covered Electricity.

The types of electricity importers that are specified to qualify as a covered entity that must participate in the CCA's Cap-and-Invest Program (Program) are expanded to include:

- for electricity provided as balancing energy in Washington, including balancing

energy within a balancing authority area that includes areas outside of Washington, the electricity importer may be defined by Ecology rule; and
- for imported electricity not otherwise assigned an electricity importer in the other nine categories of specified persons whose activities qualify them as an electricity importer, the electricity importer may be defined by Ecology rule.

The exclusion from coverage under the CCA of electricity imports of unspecified electricity netted by exports of unspecified electricity to a nonlinked jurisdiction by the same entity within the same hour is eliminated. Imported electricity does not include any electricity determined by Ecology rule to be wheeled through Washington or separately accounted for under the CCA, including electricity wheeled through Washington on a single North American Electric Reliability Corporation e-tag or wheeled into and out of Washington at a common point or power system trading hub on separate e-tags within the same hour.

For unspecified sources of electricity, a first jurisdictional deliverer of electricity is a covered entity under the CCA if the cumulative annual total of emissions associated with the imported electricity exceeds zero tons of CO2e. For electricity purchased from a federal power marking administration (FPMA), if Ecology determines the electricity is not from a specified source, a first jurisdictional deliverer of electricity is a covered entity under the CCA if the cumulative annual total of emissions associated with the imported electricity exceeds 25,000 metric tons of CO2e.

A process is established for a FPMA to elect to voluntarily participate in the CCA program by registering as an opt-in entity. An FPMA may assume compliance obligation for all of the electricity it markets in the state, or only for the electricity marketed through a centralized electricity market. An FMPA must register at least 90 days prior to January 1 of the year in which the FPMA would assume compliance obligation associated with federally marketed electricity in lieu of a covered or opt-in entity assuming the obligation for emissions associated with that electricity. Electric utilities may voluntarily transfer or automatically distribute to the FPMA some or all of the no-cost allowances due to the electric utility under the CCA.

Offset Projects and Credits.

The entire 8 percent of a covered entity's compliance obligation that may be satisfied by offset projects in the first compliance period may be satisfied by offset projects on federally recognized Indian tribal land. The entire 6 percent of a covered entity's compliance obligation that may be satisfied by offset projects during the second compliance period may be satisfied by offset projects on federally recognized Indian tribal land. An entity that does not generate or obtain any offset credits from offset projects on federally recognized Indian tribal land is limited to satisfying 5 percent of its compliance obligation from offset credits in the first compliance period, and is limited to satisfying 4 percent of its compliance obligations from offset credits in the second compliance period.

Offset credits issued by a jurisdiction with which Washington has entered into a linkage agreement must come from offset projects that are located in the linked jurisdiction or in Washington.

In developing protocols for offset projects and the use of offset credits, Ecology must take into consideration forest practices where a project is located and applicable forest management best practices established by federal, state, or local governments.

Auction and Holding Limits.

The auction purchase limit for a single covered entity or opt-in entity is increased from 10 percent of the allowances offered during a single auction to 25 percent of the allowances offered during a single auction.

The 10 percent limit on the number of allowances from a single calendar year that a general market participant may own applies only until Washington links with a jurisdiction that does not have this requirement.

Penalty Discretion.

Ecology may reduce the amount of penalty allowances or civil penalties issued for violations until the end of the first compliance period of the Program or until Washington enters into a linkage agreement.

Biofuels.

Biofuels are exempt from the Program compliance obligations if the biofuel has a lifecycle carbon intensity 30 percent lower than comparable petroleum fuels, or to standards adopted by Ecology by rule that are consistent with the standards or definitions for biofuel of a linked jurisdiction, if such a standard or definitions requires lower life-cycle GHG emissions than Washington's standard of 30 percent lower than comparable petroleum fuels.

Other.

Ecology must post and update quarterly on its website, and notify the appropriate committees of the Legislature, with the status of the process towards completion of a potential linkage agreement.

Ecology is authorized to withdraw from a linkage agreement, and every linkage agreement must provide that Ecology reserves the right to withdraw from the agreement.

The changes to the CCA and GHG emission reporting requirements are declared to not constitute an alternative to Initiative 2117. If a court of competent jurisdiction enters a final

judgment that is no longer subject to appeal directing the Secretary of State to place this act on the ballot in the November 2024 general election as a conflicting measure to Initiative 2117, the act is null and void and may not be placed on the ballot.

Amended Bill Compared to Engrossed Second Substitute Bill:

The amended bill:

- requires the Department of Ecology (Ecology) to post and update quarterly on its website, and notify the appropriate committees of the Legislature, with the status of the process towards completion of a potential linkage agreement;
- lowers the carbon intensity requirements for biofuels in order to be exempt from Cap-and Invest-Program compliance obligations from 40 percent to 30 percent lower than comparable petroleum fuels, or to standards adopted by Ecology by rule that are consistent with the standards or definitions for biofuel of a linked jurisdiction, if such a standard or definitions requires lower life-cycle greenhouse gas emissions than Washington's standard of 30 percent lower than comparable petroleum fuels;
- requires Ecology to consider forest practices where an offset project is located, or applicable best management practices that relate to forest management, in the development of offset credit project and offset credit use protocols; and
- specifies that electricity wheeled through Washington on a single North American Electric Reliability Corporation e-tag, or wheeled into and out of Washington at a common point or trading hub on the power system on separate e-tags within the same hour is exempt from Climate Commitment Act compliance obligations.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains a contingent effective date. Please see the bill.

Staff Summary of Public Testimony:

(In support) Linking Washington's program with California and Quebec will provide stability and durability in the state's program, and will reduce allowance price volatility. Prices under a linked program with California and Quebec might be lower, but will definitely be more stable over time. Lower allowance prices would lower compliance costs to customers of electricity and fossil fuel products. A larger carbon trading program provides additional market liquidity, allowing the lowest-cost forms of greenhouse gas emission reductions to be achieved. This proposal includes a number of technical changes to Washington's law to reduce discrepancies between Washington's program and other programs, and to encourage linkage conversations to continue with California and Quebec. This bill is a companion to a bill that the Environment and Energy Committee has already

passed, but includes some additional and amended provisions that reflect ongoing stakeholder input and engagement with the Department of Ecology (Ecology). The provisions addressing the coverage of electricity are much improved, but there are still a few sources of concern that could be better addressed.

(Opposed) Washington residents do not want to link with California or Quebec, or relinquish state control to out of state entities. The Climate Commitment Act is causing steep price impacts for consumers. Climate neutrality requirements are being promoted by international actors that want to raise the cost of doing business, but choose to ignore shipping sources of emissions. The current structure of the program does not honestly address the sources of emissions. Children in Montana and Oregon who have filed lawsuits to protect the climate are being sold a bag of oregano while being told it is marijuana.

(Other) This bill would be improved by amending the Climate Commitment Act's treatment of biofuels in the same way that the House previously amended the bill. Including biofuels in the emissions covered by the Cap-and-Invest Program has the effect of raising the program's cost to consumers more than it does in California. Ecology has collaborated with stakeholders to land on solutions related to the treatment of electricity under the program, but the negative consequences for hydropower-dependent utilities of potentially moving to a three-year compliance period are not addressed in the bill. Greenhouse gas emission reporting obligations for small electric utilities could be burdensome. Ecology could have chosen to include other provisions in this bill that would have helped facilitate linkage, but subjectively chose not to include those program changes in this bill. Linkage discussions with other jurisdictions should be more transparent.

Persons Testifying: (In support) Senator Joe Nguyen, prime sponsor; Isaac Kastama, Clean and Prosperous Washington; Tom Wolf, bp America; Joel Creswell, Department of Ecology; Matt Miller, Puget Sound Energy; and Nicolas Garcia, Washington Public Utility District Association.

(Opposed) John Worthington; and Eric Pratt.

(Other) Jessica Spiegel, Washington States Petroleum Association; Paul Griffin, Washington Rural Electric Cooperative Association; John Rothlin, Avista; Brandon Houskeeper, Alliance of Western Energy Consumers; and Peter Godlewski, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.