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**Ecology & Parks Committee**

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**HB 2815**

**Brief Description:** Regarding greenhouse gases emissions and providing for green collar jobs.

**Sponsors:** Representatives Dunshee, Priest, Linville, Upthegrove, Nelson, Goodman, Hurst, Lantz, Hunt, Cody, McCoy, Quall, Pettigrew, Fromhold, Dickerson, Darneille, Appleton, Green, Sells, Pedersen, Jarrett, Conway, Morrell, Miloscia, Sullivan, Schual-Berke, McIntire, Williams, Hudgins, Simpson, Ericks, VanDeWege and Ormsby; by request of Governor Gregoire.

**Brief Summary of Bill**

- Directs the Department of Ecology to develop and implement a program to limit state-wide greenhouse gas emissions.
- Authorizes a reporting system to monitor greenhouse gas emissions.
- Authorizes the Department of Ecology to develop a design for a regional multisector market-based system to limit and reduce greenhouse gas emissions.
- Creates a green collar job training account to train and transition workers to clean energy jobs.

**Hearing Date:** 1/23/08

**Staff:** Jaclyn Ford (786-7339).

**Background:**

Governor Gregoire's Executive Order Setting Greenhouse Gas (GHG) Emissions Goals

On February 7, 2007, the Governor issued an executive order establishing goals for GHG emissions reductions, for increasing clean energy sector jobs, and for reducing expenditures on imported fuel. The executive order also directed the Department of Ecology (DOE) and the

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Department of Community, Trade, and Economic Development (DCTED) to lead stakeholders in a process that will consider a full range of policies and strategies to achieve the emissions goals.

#### *Climate Advisory Team*

In response to the Governor's executive order, the DOE and the DCTED have formed the Washington Climate Advisory Team (CAT) to assist with the development of specific action-oriented recommendations for climate change mitigation policies and plans for Washington. Their report is due to the Governor in 2008. The final report will compile and summarize recommended policy options of the CAT based on the outcome of final votes on individual recommendations

#### ESSB 6001 (C 307 L 07; RCW 80.80)

The following goals are established for statewide GHG emissions:

- By 2020, reduce emissions to 1990 levels.
- By 2035, reduce emissions to 25 percent below 1990 levels.
- By 2050, reduce emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

By 2020, there is a goal to increase the number of clean energy sector jobs to 25,000.

The Governor must develop policy recommendations on how the state can achieve the GHG emissions reduction goals. The recommendations must include how market mechanisms would assist in achieving the goals.

#### *Emissions Reports*

The DOE and the DCTED reported to the Legislature this past December on the total GHG emissions for 1990, and totals in each major sector for 1990. By December 31 of each even-numbered year beginning in 2010, the DOE and the DCTED must report to the Governor and the Legislature the total GHG emissions for the preceding two years, and totals in each major source sector.

#### *GHG Emissions Performance Standard*

All baseload electric generation (electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent) that begins operation after June 30, 2008, and is located in Washington, must comply with certain performance standards. There are designated statutory exemptions.

#### *Enforcing the GHG Emissions Performance Standard*

By June 30, 2008, the DOE and the Energy Facility Site Evaluation Council (EFSEC) must coordinate and adopt rules to implement and enforce the GHG emissions performance standard, including the evaluation of sequestration and mitigation plans. In addition, the DCTED must consult with specified groups, such as the Bonneville Power Administration, and consider the effects of the standard on system reliability and the overall costs to electricity customers. In order to update the standard, the DCTED must conduct a survey every five years of new combined-cycle natural gas thermal electric generation turbines commercially available and offered for sale by manufacturers and purchased in the United States. The DCTED must use the survey results to adopt by rule the average available GHG emissions output. The survey results must be reported to the Legislature every five years, beginning June 30, 2013.

The DOE, in consultation with the DCTED, the EFSEC, the Washington Utilities and Transportation Commission (WUTC), and the governing boards of consumer-owned utilities, must review the GHG emissions performance standard no less than every five years or upon the implementation of a federal or state law or rule regulating carbon dioxide (CO<sub>2</sub>) emissions of electric utilities, and report to the Legislature.

### **Summary of Bill:**

The DOE will develop and implement a program that achieves the following state-wide emission reductions:

- By 2020, reduce overall GHG emissions in the state to 1990 levels.
- By 2035, reduce overall GHG emissions in the state to 25 percent below 1990 levels.
- By 2050, reduce overall GHG emissions in the state to 50 percent below 1990 levels, or 70 percent below the state's expected GHG emissions that year.

The DOE will develop and implement a system for monitoring and reporting GHG emissions.

By December 31 of each even-numbered year beginning in 2010, the DOE and the DCTED must report to the Governor and the Legislature the total GHG emissions for the preceding two years, and totals in each major source sector.

The DOE, in coordination with the DCTED, WUTC, EFSEC, the Department of Transportation (DOT), a regional effort, and broad stakeholder engagement, will develop a design for a regional multisector market-based system to limit and reduce GHG emissions. By December 15, 2008, the DOE and the DCTED will provide to the Legislature specific recommendations for implementing the design for the multisector market-based system. The recommendations will include the schedule for implementing the design by January 1, 2012, any necessary changes to the reporting requirements, and recommendations for actions that would prevent manipulation of the multisector market-based system.

The design for the regional multisector market-based system will:

- be equitable, administratively simple, minimize costs, and have a clear compliance path;
- maximize total benefits throughout the system;
- require all reductions to be real, surplus/additional, verifiable, permanent, and enforceable;
- stimulate investment and reward innovations that will lead to long-term permanent GHG emissions;
- cover as many sources as practical and encourage pollution reductions beyond the capped sources and sectors;
- provide appropriate recognition and incentives for early emission reductions;
- facilitate linkage to similarly rigorous regional and international GHG emission reduction markets and encourage other states, provinces, and countries to join the market;
- ensure a transparent and robust accounting system that will measure and report GHG emissions consistency across all sectors and throughout all jurisdictions participating; and
- minimize the potential for leakage.

The DOE and the DCTED will report to the Legislature by December 15, 2008 on the final recommendations of the Climate Advisory Team. The report will also include a request for any needed resources or statutory authority to reduce GHG emissions, as well as recommendations from the Department of Natural Resources (DNR) on policies or programs, such as forestry,

alternative fuels, or agricultural practices that should be included in the regional multisector market-based system.

### Reporting

The DOE will adopt rules requiring a person to report their GHG emissions. The DOE will determine which GHG needs to be reported and which organization will maintain the reports. Any fees for reporting will be determined by the DOE or the organization chosen by the DOE. Fees paid to the DOE will be deposited into the Air Pollution Control Account. If persons fail to report or fail to pay the required reporting fee, penalties may be imposed.

Operators of on-road motor vehicles that emit at least 2,500 metric tons of direct GHG emissions annually in the state or operations that emit at least 10,000 metric tons of direct GHG emissions annually in the state must report their total annual GHG emissions beginning in 2010 for their 2009 emissions.

The DOE rules will establish an annual reporting schedule where reports must be submitted by Oct 31 each year. The DOE may phase in the reporting requirements until either the threshold is met or by January 1, 2012, whichever occurs first. The DOE has discretion to amend the rules to include other persons that emit less than the annual GHG emission levels required to report in order to comply with federal reporting requirements. The DOE may also include GHG emissions that result from upstream and downstream sources. With the assistance of the DOT, the DOE will identify a mechanism to report an aggregate estimate of the annual GHG emissions generated from or emitted by otherwise unreported on-road motor vehicles.

The DOE may make exemptions to reporting if the DOE finds that determining in-state GHG emissions is impractical or onerous, including exempting persons who meet or exceed the GHG emission levels required to report.

The EFSEC will adopt rules that require the same GHG emissions reporting requirements in site certifications on persons operating or responsible for the operation of a facility permitted by the EFSEC.

Beginning Dec 1, 2008, the DOE and the University of Washington's Climate Impact Group will report every four years to the Legislature regarding the science on human caused climate change and provide recommendations on whether the state GHG emission reductions need to be updated.

### Clean Green Energy Jobs Growth Initiative

By 2020, the state will increase the number of clean energy jobs to 25,000.

The Employment Security Department (ESD), in consultation with the DCTED, the State Workforce Training and Education Coordinating Board (SWTECD), and the Washington State University Extension Energy Program (WSU) will conduct a survey of employers to estimate the current number of clean energy firms in Washington, and the wage and employment estimates for clean energy sectors. Based on the survey, the DCTED will propose which industries will be considered high-demand green industries. In making that determination, the DCTED will consider current and projected job creation, the industry's strategic importance to the state's clean energy economy, and the industry's that have high-wage occupations.

The SWTECD will create and pilot a green energy industry skill panel and distribute grants to the panel on a competitive basis. The panel will consist of business representatives, labor unions, joint apprenticeship programs or labor-management partnership programs, employer associations, educational institutions, local workforce investment boards, and any other key stakeholders.

The panel will conduct labor market and industry analyses, plan strategies to meet recruitment and training needs, and leverage and align other public and private funding sources.

A new account, the Green Collar Job Training Account (Account), is created in the state treasury. All receipts from appropriations must be deposited into the Account. Expenditures from the Account may be used only for the purpose of training workers for high-wage occupations in high-demand industries related to clean energy. The State Board for Community and Technical Colleges may authorize expenditures from the Account and distribute grants on a competitive basis.

Organizations eligible to receive grants from the Account must demonstrate expertise in implementing effective education and training programs that meet industry demand, and recruiting and supporting the target workers. Targeted workers include: (1) low-income adults and youth, (2) entry-level or incumbent workers preparing for high-wage occupations, and (3) dislocated workers in declining industries.

Priority will be given to organizations that:

- use labor market and industry analyses developed by the ESD and the green energy industry skill panel in the design and delivery of their program;
- leverage and align existing resources and public programs and for recruiting, supporting, educating and training target workers;
- work collaboratively with other relevant stakeholders in the regional economy;
- link adult basic and remedial education with occupation skills training;
- involve employers and labor unions in the determination of relevant skills and competencies; and
- ensure that supportive services, integrated with education and training are delivered by organizations with direct access to the targeted workers.

The grants from the Account may also be used for certain purposes when other public or private funds are insufficient or unavailable. Allowable uses include: (1) costs related to education, (2) outreach, recruitment, career guidance, counseling, and case management services, (3) training, (4) transitional jobs strategies, (5) and income support, child care, transportation, and other related support services.

Beginning in 2010, the SWTECD will conduct an evaluation of the job training program and report to the Governor and the Legislature by December 1, 2012.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.