

# SENATE BILL REPORT

## SB 6046

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As Reported By Senate Committee On:  
Water, Energy & Telecommunications, February 27, 2007

**Title:** An act relating to granting certain electric utilities the authority to mitigate the environmental impacts of their operations.

**Brief Description:** Allowing utilities to mitigate the environmental impacts of their operations.

**Sponsors:** Senators Kilmer, Poulsen, Kline, Oemig, Kohl-Welles, Tom, Murray, Marr and Jacobsen.

**Brief History:**

**Committee Activity:** Water, Energy & Telecommunications: 2/23/07, 2/27/07 [DPS, DNP, w/oRec].

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### SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 6046 be substituted therefor, and the substitute bill do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Fraser, Marr, Oemig, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Honeyford, Ranking Minority Member; Delvin and Holmquist.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Morton.

**Staff:** William Bridges (786-7424)

**Background:** The term "climate change" refers to any significant change in measures of climate, such as temperature, which last for decades or longer. Climate change may result from natural causes or human activities.

The National Academy of Sciences, the Inter-Governmental Panel on Climate Change, and the United States' Climate Change Science Program have concluded that human activities, such as the production of greenhouse gases (GHG), are the likely cause of climate change during the last several decades.

Carbon offsets enable entities to reduce their GHG emissions profile by arranging for reductions of GHG in other places.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The Washington State Supreme Court recently ruled in *Okeson v. City of Seattle*, that, among other things, Seattle City Light lacked the authority to mitigate the effects of its GHG emissions by purchasing carbon offsets.

**Summary of Bill:** Authorizing Emissions Plans: A municipal utility or public utility district (PUD) may develop a plan to reduce its GHG emissions, including a plan to achieve no-net emissions from all GHG sources it owns, leases, uses, contracts for, or otherwise controls.

Authorizing GHG Emissions Mitigation: A municipal utility or PUD may, as part of its utility operation, mitigate the environmental impacts of its operations and any power purchases. Mitigation may include all GHG mitigation mechanisms recognized by an independent, qualified organization with proven experience in emission mitigation activities. It may also include the purchase, trade, or banking of greenhouse gases offsets or credits.

Any carbon offset or credit purchased after the effective date of this act must be recognized by any GHG registry developed in the state.

Legislative Findings: The Legislature finds and declares that GHG offset contracts and other mitigation efforts are a recognized utility purpose that confers a direct benefit on the utility's ratepayers.

**EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Water, Energy & Telecommunications):** The following provision is added: utilities with water, sewerage, storm water, surface water, or waste handling facilities are permitted to mitigate their environmental impacts, such as greenhouse gases emissions, from their operations.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: The bill addresses issues raised in a recent court case concerning the mitigation of GHG emissions from utility power operations. It is good for the economy, environment, and the future of our children. Washington's hydro power is vulnerable to climate change. Carbon offsets are inexpensive and tied to electricity usage. Seattle has the lowest GHG emissions in the U.S. for comparable sized cities. The bill will give Washington a leg up when federal GHG standards are put into law. The bill is grounded in the concept of "polluter pays." The bill allows no net-emissions plans, which is laudatory.

CON: All the power Seattle City Light produces is from hydro, so there are no GHG emissions to mitigate. What Seattle City Light is trying to mitigate are such things as the emissions from the utility's cars and airplanes used in business trips. Why should rate payers have to pay for these emissions?

OTHER: PUDs are not comfortable being in the bill at this time, so they request that they be withdrawn from the bill.

**Persons Testifying:** PRO: Senator Kilmer, prime sponsor; Peggy Duxbury, Seattle City Light; Miguel Perez-Gibson, Mo McBroom, Washington Environmental Council.

CON: Rud Okeson, Seattle resident.

OTHER: Dave Warren, Washington Public Utility District Association.