

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 6001**

Chapter 307, Laws of 2007

(partial veto)

60th Legislature  
2007 Regular Session

CLIMATE CHANGE--MITIGATING IMPACTS

EFFECTIVE DATE: 07/22/07

Passed by the Senate April 17, 2007  
YEAS 37 NAYS 10

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 12, 2007  
YEAS 84 NAYS 14

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved May 3, 2007, 2:23 p.m., with  
the exception of section 6 which is  
vetoed.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of  
the Senate of the State of  
Washington, do hereby certify that  
the attached is **ENGROSSED  
SUBSTITUTE SENATE BILL 6001** as  
passed by the Senate and the House  
of Representatives on the dates  
hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

May 7, 2007

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE SENATE BILL 6001

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AS AMENDED BY THE HOUSE

Passed Legislature - 2007 Regular Session

**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 80.50 RCW; adding a new chapter to Title 80  
3 RCW; and creating a new section.

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

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

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

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

16            (c) Washington state greenhouse gases are substantially caused by  
17 the transportation sector of the economy;

18            (d) Washington has been a leader in actions to slow the increase of  
19 greenhouse gases emissions, such as being the first state in the nation

1 to adopt a carbon dioxide mitigation program for new thermal electric  
2 plants, mandating integrated resource planning for electric utilities  
3 to include life-cycle costs of carbon dioxide emissions, adopting clean  
4 car standards and stronger appliance energy efficiency standards,  
5 increasing production and use of renewable liquid fuels, and increasing  
6 renewable energy sources by electric utilities;

7 (e) A greenhouse gases emissions performance standard will work in  
8 unison with the state's carbon dioxide mitigation policy, chapter 80.70  
9 RCW and its related rules, for fossil-fueled thermal electric  
10 generation facilities located in the state;

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

16 (g) Actions to reduce greenhouse gases emissions will spur  
17 technology development and increase efficiency, thus resulting in  
18 benefits to Washington's economy and businesses; and

19 (h) The state of Washington has an obligation to provide clear  
20 guidance for the procurement of baseload electric generation to  
21 alleviate regulatory uncertainty while addressing risks that can affect  
22 the ability of electric utilities to make necessary and timely  
23 investments to ensure an adequate, reliable, and cost-effective supply  
24 of electricity.

25 (2) The legislature finds that companies that generate greenhouse  
26 gases emissions or manufacture products that generate such emissions  
27 are purchasing carbon credits from landowners and from other companies  
28 that provide carbon credits. Companies that are purchasing carbon  
29 credits would benefit from a program to trade and to bank carbon  
30 credits. Washington forests are one of the most effective resources  
31 that can absorb carbon dioxide from the atmosphere. Forests, and other  
32 planted lands and waters, provide carbon storage and mitigate  
33 greenhouse gases emissions. Washington contains the most productive  
34 forests in the world and both public and private landowners could  
35 benefit from a carbon storage trading and banking program.

36 (3) The legislature intends by this act to establish statutory  
37 goals for the statewide reduction in greenhouse gases emissions and to  
38 adopt the recommendations provided by the Washington climate change

1 challenge stakeholder group, which is charged with designing and  
2 recommending a comprehensive set of policies to the legislature and the  
3 governor on how to achieve the goals. The legislature further intends  
4 by this act to authorize immediate actions in the electric power  
5 generation sector for the reduction of greenhouse gases emissions.

6 (4) The legislature finds that:

7 (a) To the extent energy efficiency and renewable resources are  
8 unable to satisfy increasing energy and capacity needs, the state will  
9 rely on clean and efficient fossil fuel-fired generation and will  
10 encourage the development of cost-effective, highly efficient, and  
11 environmentally sound supply resources to provide reliability and  
12 consistency with the state's energy priorities;

13 (b) It is vital to ensure all electric utilities internalize the  
14 significant and underrecognized cost of emissions and to reduce  
15 Washington consumers' exposure to costs associated with future  
16 regulation of these emissions, which is consistent with the objectives  
17 of integrated resource planning by electric utilities under chapter  
18 19.280 RCW; and

19 (c) The state of California recently enacted a law establishing a  
20 greenhouse gases emissions performance standard for electric utility  
21 procurement of baseload electric generation that is based on the  
22 emissions of a combined-cycle thermal electric generation facility  
23 fueled by natural gas.

24 (5) The legislature finds that the climate change challenge  
25 stakeholder group provides a process for identifying the policies  
26 necessary to achieve the economic and emissions reduction goals in  
27 section 3 of this act in a manner that maximizes economic opportunities  
28 and job creation in Washington.

29 NEW SECTION. **Sec. 2.** The definitions in this section apply  
30 throughout this chapter unless the context clearly requires otherwise.

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

33 (2) "Auditor" means: (a) The Washington state auditor's office or  
34 its designee for consumer-owned utilities under its jurisdiction; or  
35 (b) an independent auditor selected by a consumer-owned utility that is  
36 not under the jurisdiction of the state auditor.

1 (3) "Average available greenhouse gases emissions output" means the  
2 level of greenhouse gases emissions as surveyed and determined by the  
3 energy policy division of the department of community, trade, and  
4 economic development under section 7 of this act.

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

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

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

18 (7) "Commission" means the Washington utilities and transportation  
19 commission.

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

28 (9) "Department" means the department of ecology.

29 (10) "Distributed generation" means electric generation connected  
30 to the distribution level of the transmission and distribution grid,  
31 which is usually located at or near the intended place of use.

32 (11) "Electric utility" means an electrical company or a consumer-  
33 owned utility.

34 (12) "Electrical company" means a company owned by investors that  
35 meets the definition of RCW 80.04.010.

36 (13) "Governing board" means the board of directors or legislative  
37 authority of a consumer-owned utility.

1 (14) "Greenhouse gases" includes carbon dioxide, methane, nitrous  
2 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

3 (15) "Long-term financial commitment" means:

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

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

9 (16) "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 (17) "Power plant" means a facility for the generation of  
14 electricity that is permitted as a single plant by the energy facility  
15 site evaluation council or a local jurisdiction.

16 (18) "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 as of the  
25 effective date of this section, but may result in incidental increases  
26 in generation capacity.

27 NEW SECTION. **Sec. 3.** (1) The following greenhouse gases emissions  
28 reduction and clean energy economy goals are established for Washington  
29 state:

30 (a) By 2020, reduce overall greenhouse gases emissions in the state  
31 to 1990 levels;

32 (b) By 2035, reduce overall greenhouse gases emissions in the state  
33 to twenty-five percent below 1990 levels;

34 (c) By 2050, the state will do its part to reach global climate  
35 stabilization levels by reducing overall emissions to fifty percent  
36 below 1990 levels, or seventy percent below the state's expected  
37 emissions that year; and

1 (d) By 2020, increase the number of clean energy sector jobs to  
2 twenty-five thousand from the eight thousand four hundred jobs the  
3 state had in 2004.

4 (2)(a) By December 31, 2007, the departments of ecology and  
5 community, trade, and economic development shall report to the  
6 appropriate committees of the senate and house of representatives the  
7 total greenhouse gases emissions for 1990 and the totals in each major  
8 sector for 1990.

9 (b) By December 31st of each even-numbered year beginning in 2010,  
10 the departments of ecology and community, trade, and economic  
11 development shall report to the governor and the appropriate committees  
12 of the senate and house of representatives the total greenhouse gases  
13 emissions for the preceding two years, and totals in each major source  
14 sector.

15 NEW SECTION. **Sec. 4.** (1) The governor shall develop policy  
16 recommendations to the legislature on how the state can achieve the  
17 greenhouse gases emissions reduction goals established under section 3  
18 of this act. These recommendations must include, but are not limited  
19 to:

20 (a) How market mechanisms, such as a load-based cap and trade  
21 system, would assist in achieving the greenhouse gases emissions  
22 reduction goals;

23 (b) How geologic injection, forest sequestration, and other carbon  
24 sequestration options could be used to achieve state greenhouse gases  
25 emissions reduction goals;

26 (c) A process for replacing the highest emitting thermal electric  
27 plants that have exceeded their expected useful life with newer  
28 technologies that have lower greenhouse gases emissions levels;

29 (d) Methods to utilize indigenous resources, such as landfill gas,  
30 geothermal resources, and other assets that might reduce greenhouse  
31 gases emissions consistent with the purposes of this act;

32 (e) How regulatory and tax policies for electric utilities could be  
33 improved to help achieve these goals in a manner that is equitable for  
34 electric utilities and consumers.

35 (2) Recommendations under subsection (1) of this section shall be  
36 submitted to the appropriate committees of the house of representatives  
37 and the senate for consideration in the 2008 legislative session.

1        NEW SECTION.    **Sec. 5.**    (1) Beginning July 1, 2008, the greenhouse  
2 gases emissions performance standard for all baseload electric  
3 generation for which electric utilities enter into long-term financial  
4 commitments on or after such date is the lower of:

5            (a) One thousand one hundred pounds of greenhouse gases per  
6 megawatt-hour; or

7            (b) The average available greenhouse gases emissions output as  
8 determined under section 7 of this act.

9            (2) All baseload electric generation facilities in operation as of  
10 June 30, 2008, are deemed to be in compliance with the greenhouse gases  
11 emissions performance standard established under this section until the  
12 facilities are the subject of long-term financial commitments. All  
13 baseload electric generation that commences operation after June 30,  
14 2008, and is located in Washington, must comply with the greenhouse  
15 gases emissions performance standard established in subsection (1) of  
16 this section.

17            (3) All electric generation facilities or power plants powered  
18 exclusively by renewable resources, as defined in RCW 19.280.020, are  
19 deemed to be in compliance with the greenhouse gases emissions  
20 performance standard established under this section.

21            (4) All cogeneration facilities in the state that are fueled by  
22 natural gas or waste gas or a combination of the two fuels, and that  
23 are in operation as of June 30, 2008, are deemed to be in compliance  
24 with the greenhouse gases emissions performance standard established  
25 under this section until the facilities are the subject of a new  
26 ownership interest or are upgraded.

27            (5) In determining the rate of emissions of greenhouse gases for  
28 baseload electric generation, the total emissions associated with  
29 producing electricity shall be included.

30            (6) The department shall establish an output-based methodology to  
31 ensure that the calculation of emissions of greenhouse gases for a  
32 cogeneration facility recognizes the total usable energy output of the  
33 process, and includes all greenhouse gases emitted by the facility in  
34 the production of both electrical and thermal energy. In developing  
35 and implementing the greenhouse gases emissions performance standard,  
36 the department shall consider and act in a manner consistent with any  
37 rules adopted pursuant to the public utilities regulatory policy act of  
38 1978 (16 U.S.C. Sec. 824a-3), as amended.

1 (7) The following greenhouse gases emissions produced by baseload  
2 electric generation owned or contracted through a long-term financial  
3 commitment shall not be counted as emissions of the power plant in  
4 determining compliance with the greenhouse gases emissions performance  
5 standard:

6 (a) Those emissions that are injected permanently in geological  
7 formations;

8 (b) Those emissions that are permanently sequestered by other means  
9 approved by the department; and

10 (c) Those emissions sequestered or mitigated as approved under  
11 subsection (13) of this section.

12 (8) In adopting and implementing the greenhouse gases emissions  
13 performance standard, the department of community, trade, and economic  
14 development energy policy division, in consultation with the  
15 commission, the department, the Bonneville power administration, the  
16 western electricity coordination council, the energy facility site  
17 evaluation council, electric utilities, public interest  
18 representatives, and consumer representatives, shall consider the  
19 effects of the greenhouse gases emissions performance standard on  
20 system reliability and overall costs to electricity customers.

21 (9) In developing and implementing the greenhouse gases emissions  
22 performance standard, the department shall, with assistance of the  
23 commission, the department of community, trade, and economic  
24 development energy policy division, and electric utilities, and to the  
25 extent practicable, address long-term purchases of electricity from  
26 unspecified sources in a manner consistent with this chapter.

27 (10) The directors of the energy facility site evaluation council  
28 and the department shall each adopt rules under chapter 34.05 RCW in  
29 coordination with each other to implement and enforce the greenhouse  
30 gases emissions performance standard. The rules necessary to implement  
31 this section shall be adopted by June 30, 2008.

32 (11) In adopting the rules for implementing this section, the  
33 energy facility site evaluation council and the department shall  
34 include criteria to be applied in evaluating the carbon sequestration  
35 plan, for baseload electric generation that will rely on subsection (7)  
36 of this section to demonstrate compliance, but that will commence  
37 sequestration after the date that electricity is first produced. The  
38 rules shall include but not be limited to:

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

5 (b) Provisions for geological or other approved sequestration  
6 commencing within five years of plant operation, including full and  
7 sufficient technical documentation to support the planned  
8 sequestration;

9 (c) Provisions for monitoring the effectiveness of the  
10 implementation of the sequestration plan;

11 (d) Penalties for failure to achieve implementation of the plan on  
12 schedule;

13 (e) Provisions for an owner to purchase emissions reductions in the  
14 event of the failure of a sequestration plan under subsection (13) of  
15 this section; and

16 (f) Provisions for public notice and comment on the carbon  
17 sequestration plan.

18 (12)(a) Except as provided in (b) of this subsection, as part of  
19 its role enforcing the greenhouse gases emissions performance standard,  
20 the department shall determine whether sequestration or a plan for  
21 sequestration will provide safe, reliable, and permanent protection  
22 against the greenhouse gases entering the atmosphere from the power  
23 plant and all ancillary facilities.

24 (b) For facilities under its jurisdiction, the energy facility site  
25 evaluation council shall contract for review of sequestration or the  
26 carbon sequestration plan with the department consistent with the  
27 conditions under (a) of this subsection, consider the adequacy of  
28 sequestration or the plan in its adjudicative proceedings conducted  
29 under RCW 80.50.090(3), and incorporate specific findings regarding  
30 adequacy in its recommendation to the governor under RCW 80.50.100.

31 (13) A project under consideration by the energy facility site  
32 evaluation council by the effective date of this section is required to  
33 include all of the requirements of subsection (11) of this section in  
34 its carbon sequestration plan submitted as part of the energy facility  
35 site evaluation council process. A project under consideration by the  
36 energy facility site evaluation council by the effective date of this  
37 section that receives final site certification agreement approval under  
38 chapter 80.50 RCW shall make a good faith effort to implement the

1 sequestration plan. If the project owner determines that  
2 implementation is not feasible, the project owner shall submit  
3 documentation of that determination to the energy facility site  
4 evaluation council. The documentation shall demonstrate the steps  
5 taken to implement the sequestration plan and evidence of the  
6 technological and economic barriers to successful implementation. The  
7 project owner shall then provide to the energy facility site evaluation  
8 council notification that they shall implement the plan that requires  
9 the project owner to meet the greenhouse gases emissions performance  
10 standard by purchasing verifiable greenhouse gases emissions reductions  
11 from an electric generating facility located within the western  
12 interconnection, where the reduction would not have occurred otherwise  
13 or absent this contractual agreement, such that the sum of the  
14 emissions reductions purchased and the facility's emissions meets the  
15 standard for the life of the facility.

16 **\*NEW SECTION. Sec. 6. A new section is added to chapter 80.50 RCW**  
17 **to read as follows:**

18 ***The governor may approve or otherwise take action on an amendment***  
19 ***to a site certification under the provisions of section 5 of this act.***  
*\*Sec. 6 was vetoed. See message at end of chapter.*

20 **NEW SECTION. Sec. 7.** The energy policy division of the department  
21 of community, trade, and economic development shall provide an  
22 opportunity for interested parties to comment on the development of a  
23 survey of new combined-cycle natural gas thermal electric generation  
24 turbines commercially available and offered for sale by manufacturers  
25 and purchased in the United States to determine the average rate of  
26 emissions of greenhouse gases for these turbines. The department of  
27 community, trade, and economic development shall report the results of  
28 its survey to the legislature every five years, beginning June 30,  
29 2013. The department of community, trade, and economic development  
30 shall adopt by rule the average available greenhouse gases emissions  
31 output every five years beginning five years after the effective date  
32 of this act.

33 **NEW SECTION. Sec. 8.** (1) No electrical company may enter into a  
34 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 5 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 5 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 determine whether the company's proposed decision to acquire electric  
24 generation or enter into a power purchase agreement for electricity  
25 complies with the greenhouse gases emissions performance standard  
26 established under section 5 of this act, whether the company has a need  
27 for the resource, and whether the specific resource selected is  
28 appropriate. The commission shall take into consideration factors such  
29 as the company's forecasted loads, need for energy, power plant  
30 technology, expected costs, and other associated investment decisions.  
31 The commission shall not decide in a proceeding under this subsection  
32 (5) issues involving the actual costs to construct and operate the  
33 selected resource, cost recovery, or other issues reserved by the  
34 commission for decision in a general rate case or other proceeding for  
35 recovery of the resource or contract costs. A proceeding under this  
36 subsection (5) shall be conducted pursuant to chapter 34.05 RCW (part  
37 IV). The commission shall adopt rules to provide that the schedule for  
38 a proceeding under this subsection takes into account both (a) the

1 needs of the parties to the proposed resource acquisition or power  
2 purchase agreement for timely decisions that allow transactions to be  
3 completed; and (b) the procedural rights to be provided to parties in  
4 chapter 34.05 RCW (part IV), including intervention, discovery,  
5 briefing, and hearing.

6 (6) An electrical company may account for and defer for later  
7 consideration by the commission costs incurred in connection with the  
8 long-term financial commitment, including operating and maintenance  
9 costs, depreciation, taxes, and cost of invested capital. The deferral  
10 begins with the date on which the power plant begins commercial  
11 operation or the effective date of the power purchase agreement and  
12 continues for a period not to exceed twenty-four months; provided that  
13 if during such period the company files a general rate case or other  
14 proceeding for the recovery of such costs, deferral ends on the  
15 effective date of the final decision by the commission in such  
16 proceeding. Creation of such a deferral account does not by itself  
17 determine the actual costs of the long-term financial commitment,  
18 whether recovery of any or all of these costs is appropriate, or other  
19 issues to be decided by the commission in a general rate case or other  
20 proceeding for recovery of these costs.

21 (7) The commission shall consult with the department to apply the  
22 procedures adopted by the department to verify the emissions of  
23 greenhouse gases from baseload electric generation under section 5 of  
24 this act. The department shall report to the commission whether  
25 baseload electric generation will comply with the greenhouse gases  
26 emissions performance standard for the duration of the period the  
27 baseload electric generation is supplied to the electrical company.

28 (8) The commission shall adopt rules for the enforcement of this  
29 section with respect to electrical companies and adopt procedural rules  
30 for approving costs incurred by an electrical company under subsection  
31 (4) of this section.

32 (9) The commission shall adopt rules necessary to implement this  
33 section by December 31, 2008.

34 NEW SECTION. **Sec. 9.** (1) No consumer-owned utility may enter into  
35 a long-term financial commitment unless the baseload electric  
36 generation supplied under such a long-term financial commitment

1 complies with the greenhouse gases emissions performance standard  
2 established under section 5 of this act.

3 (2) The governing board shall review and make a determination on  
4 any long-term financial commitment by the utility, pursuant to this  
5 chapter and after consultation with the department, to determine  
6 whether the baseload electric generation to be supplied under that  
7 long-term financial commitment complies with the greenhouse gases  
8 emissions performance standard established under section 5 of this act.  
9 No consumer-owned utility may enter into a long-term financial  
10 commitment unless the baseload electric generation to be supplied under  
11 that long-term financial commitment complies with the greenhouse gases  
12 emissions performance standard established under section 5 of this act.

13 (3) In confirming that a long-term financial commitment is for  
14 baseload electric generation, the governing board shall consider the  
15 design of the power plant and the intended use of the power plant based  
16 upon the electricity purchase contract, if any, permits necessary for  
17 the operation of the power plant, and any other matter the governing  
18 board determines is relevant under the circumstances.

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

24 (5) The governing board shall apply the procedures adopted by the  
25 department to verify the emissions of greenhouse gases from baseload  
26 electric generation under section 5 of this act, and may request  
27 assistance from the department in doing so.

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

32 NEW SECTION. **Sec. 10.** For the purposes of sections 5 through 10  
33 of this act and RCW 80.70.020, the department, in consultation with the  
34 department of community, trade, and economic development energy policy  
35 division, the energy facility site evaluation council, the commission,  
36 and the governing boards of consumer-owned utilities, shall review the  
37 greenhouse gases emissions performance standard established in this

1 chapter to determine need, applicability, and effectiveness no less  
2 than every five years following the effective date of this section, or  
3 upon implementation of a federal or state law or rule regulating carbon  
4 dioxide emissions of electric utilities, and report to the legislature.

5 NEW SECTION. **Sec. 11.** By December 31, 2007, the governor shall  
6 report to the legislature regarding the potential benefits of creating  
7 tax incentives to encourage baseload electric facilities to upgrade  
8 their equipment to reduce carbon dioxide emissions, the nature and  
9 level of tax incentives likely to produce the greatest benefits, and  
10 the cost of providing such incentives.

11 NEW SECTION. **Sec. 12.** Sections 1 through 5 and 7 through 10 of  
12 this act constitute a new chapter in Title 80 RCW.

Passed by the Senate April 17, 2007.

Passed by the House April 12, 2007.

Approved by the Governor May 3, 2007, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State May 7, 2007.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 6, Engrossed  
Substitute Senate Bill 6001 entitled:

"AN ACT Relating to mitigating the impacts of climate change."

Section 6 of this bill is unnecessary. It was inserted when the bill  
contemplated minor adjustments to the Energy Facility Site Evaluation  
Council's permit process. But those adjustments were ultimately  
removed from the bill. The Governor currently has ample existing  
authority without Section 6.

For these reasons, I have vetoed Section 6 of Engrossed Substitute  
Senate Bill 6001.

With the exception of Section 6, Engrossed Substitute Senate Bill  
6001 is approved."