

2SSB 5735 - S AMD TO S AMD S2431.7 180

By Senator Honeyford

1 On page 1, line 22, after "Policy Declaration." strike everything
2 through line 9 on page 2 and insert the following language:

3 "(1) The Department of Ecology is authorized to continue its
4 participation in the western climate initiative as initiated by the
5 western regional climate action initiative signed by the governor on
6 February 26, 2007, subject to conditions set forth in subsection (2)
7 of this section.

8 (2) The state's participation in the development of a regional cap
9 and trade program, and its efforts to inform congress of the state's
10 position regarding elements of a national cap and trade program, will
11 be directed by the following policies:

12 (a) No allowances may be auctioned by the state while Washington
13 participates in a regional cap and trade program;

14 (b) Biomass combustion for electricity or process steam production
15 is carbon neutral;

16 (c) The point of regulation for the electricity sector in
17 Washington may only be imposed upon the source of emissions located
18 within the state;

19 (d) New entrants must be encouraged, but not to the detriment of
20 existing covered entities and sectors;

21 (e) Combustion of residential and commercial fuel must be
22 regulated outside a cap and trade program through complementary
23 policies that promote energy efficiency;

24 (f) A mechanism must be developed to protect the financial
25 integrity of the state's electric utilities that derive more than ten
26 percent of their supply from hydropower facilities by mitigating their
27 cost of compliance as a result of low water conditions, but not by

1 setting aside allowances in a manner that reduces the allocation of
2 allowances to other covered entities or sectors;

3 (g) Early actions taken by regulated and potentially regulated
4 entities to reduce their greenhouse gas emissions prior to the
5 implementation of a national or regional cap and trade system must be
6 recognized;

7 (h) Offset criteria must recognize the vital contribution that the
8 sequestration of greenhouse gases by forestry, forest products and
9 agricultural sectors in the state can make to sustaining an effective
10 means for regulated entities to comply with greenhouse gas reduction
11 requirements in a cost effective manner;

12 (i) Cost containment and market design mechanisms must be included
13 in a cap and trade system to protect the state's economy from volatile
14 and escalating costs of allowances or offsets; and

15 (j) A national cap and trade system must take precedence over a
16 regional cap and trade program."

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18 On page 7, line 23, strike all of section 8 through line 25 and
19 renumber the remaining sections of the bill accordingly.

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EFFECT: Clarifies that the Department of Ecology is authorized to
continue participation in the western climate initiative but sets
forth the state's position on certain aspects of any cap and trade
program.

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