

# HOUSE BILL REPORT

## E2SSB 5802

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### As Reported by House Committee On: Environment

**Title:** An act relating to developing recommendations to achieve the state's greenhouse gas emissions targets.

**Brief Description:** Developing recommendations to achieve the state's greenhouse gas emissions targets.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Ranker, Litzow, Frockt, Cleveland, Billig, Kohl-Welles, Murray and McAuliffe; by request of Governor Inslee).

#### **Brief History:**

##### **Committee Activity:**

Environment: 3/20/13, 3/21/13 [DP].

#### **Brief Summary of Engrossed Second Substitute Bill**

- Creates the Climate Legislative and Executive Work Group.
- Commissions a report to evaluate approaches to reduce greenhouse gas emissions.

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### HOUSE COMMITTEE ON ENVIRONMENT

**Majority Report:** Do pass. Signed by 9 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Short, Ranking Minority Member; Farrell, Fey, Kagi, Liias, Morris and Tharinger.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Pike, Assistant Ranking Minority Member; Nealey and Overstreet.

**Staff:** Scott Richards (786-7156).

#### **Background:**

##### Greenhouse Gas Emissions.

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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.*

Since the Industrial Revolution, human activities have released large amounts of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHGs) into the atmosphere. The primary GHGs from human activities are CO<sub>2</sub>, methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O). In addition to these primary GHGs, more potent GHGs are emitted from industrial processes, but in smaller amounts than the primary GHGs. These GHGs are hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

*Greenhouse Gas Emissions in the United States.*

According to the United States Environmental Protection Agency (EPA), in 2010 the primary sources of the GHG emissions in the United States are as follows:

- electricity production at 34 percent;
- transportation at 27 percent;
- industrial processes (usually for energy) at 21 percent;
- commercial and residential (primarily for space heating) at 11 percent; and
- agriculture at 7 percent.

Land use and forestry provide an offset of 15 percent of the GHG emissions.

Greenhouse Gas Emissions in Washington.

*Greenhouse Gas Emissions Limits.*

In 2008 the Legislature established the GHG emission reductions for Washington which include the following:

- by 2020, reduce the GHG emissions to 1990 levels;
- by 2035, reduce the GHG emissions to 25 percent below 1990 levels; and
- by 2050, the state will do its part to reach global climate stabilization levels by reducing overall GHG emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

*Greenhouse Gas Emissions Inventory.*

In 2008 the Legislature directed the Department of Ecology to report to the Governor and the Legislature, by December 31 of each even-numbered year beginning in 2010, the total GHG emissions for the preceding two years, and totals in each major source sector.

According to the Department of Ecology, in 2010 the total state annual GHG emissions were 95.6 million metric tons of the CO<sub>2</sub>equivalent (MMtCO<sub>2</sub>e), a 2 percent increase in the GHG emissions since 1990. The CO<sub>2</sub> equivalent (CO<sub>2</sub>e) is the unit for comparing emissions of different GHGs expressed in terms of the global warming potential of one unit of CO<sub>2</sub>.

The GHG emissions by major source in Washington in 2010 are as follows:

- transportation at 44.1 percent;
- electricity at 21.7 percent;
- residential, commercial, and industrial (space and process heating) at 20.6 percent;
- agriculture at 5.6 percent;
- industrial processes at 4.6 percent;
- waste management at 2.6 percent; and
- fossil fuel industry at 0.7 percent of total state GHG emissions.

*Recent Legislative Actions to Address the GHG Emissions.*

In recent years, the Legislature has enacted a range of legislation that seeks to track and reduce the GHG emissions in Washington. This legislation includes, but is not limited to, the following:

- the GHG emissions annual reporting for facilities that emit at least 10,000 metric tons of the GHGs annually;
- the GHG emissions performance standard for baseload electric generation for which electric utilities enter into long-term financial commitments;
- mitigation for 20 percent of the GHG emissions from new fossil-fueled thermal generating facilities and existing facilities proposing to increase their capacity;
- long-term resource planning by electric utilities that takes into account the cost of risks associated with emissions of the GHGs;
- the GHG emissions standards for new vehicles sold in Washington;
- adoption of statewide goals to reduce annual per capita vehicle miles traveled; and
- state agency GHG emission reduction targets.

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**Summary of Bill:**

Evaluation of Approaches to Reduce Greenhouse Gas Emissions.

The evaluation must include a review of comprehensive greenhouse gas (GHG) emission reduction programs being implemented in other states, countries, and in other regions of the country. For each program, the evaluation must include available information on the following:

- the effectiveness in achieving the jurisdiction's GHG emission reduction objectives;
- the relative impact upon different sectors of the jurisdiction's economy, including power rates, agriculture, manufacturing, and transportation fuel costs;
- the impacts upon household consumption and spending;
- displacement of emission sources from the jurisdiction due to the program;
- any significant co-benefits to the jurisdiction, such as reduction of potential adverse effects to public health;
- opportunities for new manufacturing infrastructure, investments in cleaner energy, and greater energy efficiency and jobs;
- achievements in greater independence from fossil fuels and the costs and benefits to their economy of doing so; and
- the most effective strategy and the trade-offs made to implement that strategy.

The evaluation must analyze Washington's GHG emissions and related energy consumption profile, including total expenditures for energy by fuel category, and the sources of the fuels. Also, the evaluation must analyze:

- options for an approach to the GHG emissions reductions that would increase expenditures upon energy sources produced in state relative to expenditures upon imported energy sources, and how that increase would affect job growth and economic performance;
- opportunities for new manufacturing infrastructure and other job producing investments in Washington relating to cleaner energy and greater energy efficiency; and

- existing studies of the potential costs to Washington consumers and businesses of the GHG emissions reduction programs or strategies being implemented in other jurisdictions.

The evaluation must analyze Washington's policies to stabilize or reduce the GHG emissions that will contribute to meeting the GHG emission reduction targets, including:

- the Renewable Fuels Standard;
- energy codes adopted by the Washington State Building Code Council;
- the Emissions Performance Standard;
- appliance standards;
- the Energy Independence Act;
- energy efficiency and energy consumption requirement programs for public buildings;
- conversion of public vehicles to clean fuels; and
- public purchasing requirements of vehicles that use clean fuels.

The evaluation must also examine and summarize federal policies that will contribute to meeting the state GHG emissions targets, including:

- the Renewable Fuels Standard;
- tax incentives for renewable energy;
- tailpipe emissions standards for vehicles;
- Corporate Average Fuel Economy standards for cars and light trucks; and
- the Clean Air Act requirements for emissions from stationary sources and fossil-fueled electric generating units.

Additionally, the evaluation must analyze the overall effect on global GHG levels if Washington meets its GHG emissions targets.

#### Climate Legislative and Executive Work Group.

The Climate Legislative and Executive Work Group (Work Group) is created consisting of the Governor as a nonvoting member, one member from each majority caucus, and an alternate from each of the House of Representatives and the Senate. The Work Group must be appointed by May 1, 2013, and hold its first meeting by May 15, 2013. The Work Group must recommend a state program to reduce the GHGs, that if implemented would achieve the state's GHG emission limits.

The recommendations must be prioritized to ensure the greatest amount of environmental benefit for each dollar spent and based on measures of: environmental effectiveness, including consideration of current best science; the effectiveness of the program and policies in terms of costs, benefits, and results; and how best to administer the program and policies. The Work Group recommendations must include a timeline for actions and funding needed to implement the recommendations. In order for a recommendation to be included in the report, it must be supported by a majority of the Work Group's voting members. Minority reports or comments must be included in the report.

The Work Group must use the evaluation provided by the consultant to inform its recommendations. The Work Group must schedule at least one meeting where the public

may provide input. By December 31, 2013, the Work Group must provide a report to the Legislature.

The Work Group is responsible for selecting a nonpartisan and objective consultant or consultants to produce the evaluation of approaches to reduce GHG emissions. The Work Group may not select a consultant whose employer has retained a lobbyist in Washington during the past five years or has personally contributed to the campaign of a statewide elected official in the previous four years.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This bill prompts a bold, bipartisan discussion on the impacts of greenhouse gas (GHG) emissions in the state. Something must be done to address climate change and get to the point of action to address the GHG emissions. It is the hope that through the Climate Legislative and Executive Work Group process common ground is found on the policies to address the GHG emissions.

The bill does not contain the intent section as originally introduced. Rather than negotiate the intent section, it is better to work on the matter. The bill has a new timeline that begins the work in May rather than waiting until July.

The impacts of climate change are real in relation to public health. There will be more heat strokes and heat-related hospitalizations. Reduced stream flows due to decreased snowpack will impact public drinking water supplies. Increased wildfires will result in more breathing problems. Increased marine water temperatures will result in a longer season where toxins are present in shellfish. Rising sea levels will impact drinking water supplies in coastal areas due to the intrusion of saltwater in groundwater.

While the current bill addresses a number of concerns, there are two areas where more consideration needs to be given: (1) when reviewing the approaches of other jurisdictions the evaluation needs to be mindful of industry specific impacts that could occur in Washington; and (2) the process for selecting the consultant to produce the evaluation needs to be a more robust competitive selection process.

Ocean acidification is real. While Washington only represents a small portion of global GHG emissions, we have the first industry in the world, the shellfish industry, impacted by the GHGs. The shellfish industry is the canary in the coal mine for ocean acidification.

This bill is one of the environmental community's top priorities this session. It does not change any regulatory authority. It simply looks at whether the right policies are in place to address the GHG reductions.

(With concerns) This bill falls short in that it is focused on energy production rather than energy conservation. Conservation is the most effective method to address climate change. Conservation does not appear in the bill.

(Other) There are concerns about how much the state is spending to achieve the GHG reductions. Washington is currently spending about \$35 per ton of carbon reduced, while California spends about \$13 per ton of carbon reduced. Policymakers should be looking for policies which get the most bang for the buck.

(Opposed) None.

**Persons Testifying:** (In support) Senator Ranker, prime sponsor; Keith Phillips, Office of the Governor; Jerrod Davis, Department of Health; Brandon Housekeeper, Association of Washington Business; Bill Dewey, Taylor Shellfish Farms; Miguel Perez-Gibson, Climate Solutions; and Clifford Traisman, Washington Environmental Council and Washington Conservation Voters.

(With concerns) Randy Ray, Washington Power.

(Other) Todd Myers, Washington Policy Center.

**Persons Signed In To Testify But Not Testifying:** None.