
HOUSE BILL 2376

State of Washington

68th Legislature

2024 Regular Session

By Representatives Robertson, Stokesbary, Dent, Ybarra, and Caldier

Read first time 01/15/24. Referred to Committee on Environment & Energy.

1 AN ACT Relating to the regulatory obligations of certain public
2 entities, including municipal gas utilities, under the climate
3 commitment act; amending RCW 70A.65.130; and reenacting and amending
4 RCW 42.30.110.

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

6 **Sec. 1.** RCW 70A.65.130 and 2021 c 316 s 15 are each amended to
7 read as follows:

8 (1) For the benefit of ratepayers, allowances must be allocated
9 at no cost to covered entities that are natural gas utilities.

10 (a) (i) By October 1, 2022, the department shall adopt rules, in
11 consultation with the utilities and transportation commission,
12 establishing the methods and procedures for allocating allowances to
13 natural gas utilities. ~~((Rules))~~ Except as provided in (a)(ii) of
14 this subsection, rules adopted under this subsection must allow for a
15 natural gas utility to be provided allowances at no cost to cover
16 their emissions and decline proportionally with the cap, consistent
17 with RCW 70A.65.070. Allowances allocated at no cost to natural gas
18 utilities must be consigned to auction for the benefit of ratepayers
19 consistent with subsection (2) of this section, deposited for
20 compliance, or a combination of both. The rules adopted by the

1 department pursuant to this section must include provisions directing
2 revenues generated under this subsection to the applicable utilities.

3 (ii) For municipal gas utilities subject to the provisions of
4 chapter 35.92 RCW, the department shall adopt rules, beginning in
5 2025, that include an annual decline in the provision of allowances
6 at no cost by two percent each year relative to the utility's
7 allocation baseline.

8 (b)(i) By October 1, 2022, the department shall adopt an
9 allocation schedule by rule, in consultation with the utilities and
10 transportation commission, for the first two compliance periods for
11 the provision of allowances for the benefit of ratepayers at no cost
12 to natural gas utilities.

13 (ii) By October 1, 2024, the department shall adopt an updated
14 allocation schedule to implement the provisions of (a)(ii) of this
15 subsection and subsection (2)(a)(ii) of this section.

16 (c) By October 1, 2028, the department shall adopt an allocation
17 schedule by rule, in consultation with the utilities and
18 transportation commission, for the provision of allowances for the
19 benefit of ratepayers at no cost to natural gas utilities for the
20 compliance periods contained within calendar years 2031 through 2040.

21 (2)(a) ~~((Beginning))~~ (i) Except as provided in (a)(ii) of this
22 subsection, beginning in 2023, 65 percent of the no cost allowances
23 must be consigned to auction for the benefit of customers, including
24 at a minimum eliminating any additional cost burden to low-income
25 customers from the implementation of this chapter. Rules adopted
26 under this subsection must increase the percentage of allowances
27 consigned to auction by five percent each year until a total of 100
28 percent is reached.

29 (ii) For allowances allocated to municipal gas utilities subject
30 to the provisions of chapter 35.92 RCW, rules adopted under this
31 subsection must increase the percentage of allowances consigned to
32 auction by two percent each year, beginning in 2025, until a total of
33 100 percent is reached.

34 (b) Revenues from allowances sold at auction must be returned by
35 providing nonvolumetric credits on ratepayer utility bills,
36 prioritizing low-income customers, or used to minimize cost impacts
37 on low-income, residential, and small business customers through
38 actions that include, but are not limited to, weatherization,
39 decarbonization, conservation and efficiency services, and bill
40 assistance. The customer benefits provided from allowances consigned

1 to auction under this section must be in addition to existing
2 requirements in statute, rule, or other legal requirements.

3 (c) Except for low-income customers, the customer bill credits
4 under this subsection are reserved exclusively for customers at
5 locations connected to a natural gas utility's system on July 25,
6 2021. Bill credits may not be provided to customers of the gas
7 utility at a location connected to the system after July 25, 2021.

8 (3) In order to qualify for no cost allowances, covered entities
9 that are natural gas utilities must provide copies of their
10 greenhouse gas emissions reports filed with the United States
11 environmental protection agency under 40 C.F.R. Part 98 subpart NN -
12 suppliers of natural gas and natural gas liquids for calendar years
13 2015 through 2021 to the department on or before March 31, 2022. The
14 copies of the reports must be provided in electronic form to the
15 department, in a manner prescribed by the department. The reports
16 must be complete and contain all information required by 40 C.F.R.
17 Sec. 98.406 including, but not limited to, information on large end
18 users served by the natural gas utility. For any year where a natural
19 gas utility was not required to file this report with the United
20 States environmental protection agency, a report may be submitted in
21 a manner prescribed by the department containing all of the
22 information required in the subpart NN report.

23 (4) To continue receiving no cost allowances, a natural gas
24 utility must provide to the department the United States
25 environmental protection agency subpart NN greenhouse gas emissions
26 report for each reporting year in the manner and by the dates
27 provided by RCW 70A.15.2200(5) as part of the greenhouse gas
28 reporting requirements of this chapter.

29 **Sec. 2.** RCW 42.30.110 and 2022 c 153 s 13 and 2022 c 115 s 12
30 are each reenacted and amended to read as follows:

31 (1) Nothing contained in this chapter may be construed to prevent
32 a governing body from holding an executive session during a regular
33 or special meeting:

- 34 (a) (i) To consider matters affecting national security;
- 35 (ii) To consider, if in compliance with any required data
36 security breach disclosure under RCW 19.255.010 and 42.56.590, and
37 with legal counsel available, information regarding the
38 infrastructure and security of computer and telecommunications
39 networks, security and service recovery plans, security risk

1 assessments and security test results to the extent that they
2 identify specific system vulnerabilities, and other information that
3 if made public may increase the risk to the confidentiality,
4 integrity, or availability of agency security or to information
5 technology infrastructure or assets;

6 (b) To consider the selection of a site or the acquisition of
7 real estate by lease or purchase when public knowledge regarding such
8 consideration would cause a likelihood of increased price;

9 (c) To consider the minimum price at which real estate will be
10 offered for sale or lease when public knowledge regarding such
11 consideration would cause a likelihood of decreased price. However,
12 final action selling or leasing public property shall be taken in a
13 meeting open to the public;

14 (d) To review negotiations on the performance of publicly bid
15 contracts when public knowledge regarding such consideration would
16 cause a likelihood of increased costs;

17 (e) To consider, in the case of an export trading company,
18 financial and commercial information supplied by private persons to
19 the export trading company;

20 (f) To receive and evaluate complaints or charges brought against
21 a public officer or employee. However, upon the request of such
22 officer or employee, a public hearing or a meeting open to the public
23 shall be conducted upon such complaint or charge;

24 (g) To evaluate the qualifications of an applicant for public
25 employment or to review the performance of a public employee.
26 However, subject to RCW 42.30.140(4), discussion by a governing body
27 of salaries, wages, and other conditions of employment to be
28 generally applied within the agency shall occur in a meeting open to
29 the public, and when a governing body elects to take final action
30 hiring, setting the salary of an individual employee or class of
31 employees, or discharging or disciplining an employee, that action
32 shall be taken in a meeting open to the public;

33 (h) To evaluate the qualifications of a candidate for appointment
34 to elective office. However, any interview of such candidate and
35 final action appointing a candidate to elective office shall be in a
36 meeting open to the public;

37 (i) To discuss with legal counsel representing the agency matters
38 relating to agency enforcement actions, or to discuss with legal
39 counsel representing the agency litigation or potential litigation to
40 which the agency, the governing body, or a member acting in an

1 official capacity is, or is likely to become, a party, when public
2 knowledge regarding the discussion is likely to result in an adverse
3 legal or financial consequence to the agency.

4 This subsection (1)(i) does not permit a governing body to hold
5 an executive session solely because an attorney representing the
6 agency is present. For purposes of this subsection (1)(i), "potential
7 litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a)
8 concerning:

9 (i) Litigation that has been specifically threatened to which the
10 agency, the governing body, or a member acting in an official
11 capacity is, or is likely to become, a party;

12 (ii) Litigation that the agency reasonably believes may be
13 commenced by or against the agency, the governing body, or a member
14 acting in an official capacity; or

15 (iii) Litigation or legal risks of a proposed action or current
16 practice that the agency has identified when public discussion of the
17 litigation or legal risks is likely to result in an adverse legal or
18 financial consequence to the agency;

19 (j) To consider, in the case of the state library commission or
20 its advisory bodies, western library network prices, products,
21 equipment, and services, when such discussion would be likely to
22 adversely affect the network's ability to conduct business in a
23 competitive economic climate. However, final action on these matters
24 shall be taken in a meeting open to the public;

25 (k) To consider, in the case of the state investment board,
26 financial and commercial information when the information relates to
27 the investment of public trust or retirement funds and when public
28 knowledge regarding the discussion would result in loss to such funds
29 or in private loss to the providers of this information;

30 (l) To consider proprietary or confidential nonpublished
31 information related to the development, acquisition, or
32 implementation of state purchased health care services as provided in
33 RCW 41.05.026;

34 (m) To consider in the case of the life sciences discovery fund
35 authority, the substance of grant applications and grant awards when
36 public knowledge regarding the discussion would reasonably be
37 expected to result in private loss to the providers of this
38 information;

39 (n) To consider in the case of a health sciences and services
40 authority, the substance of grant applications and grant awards when

1 public knowledge regarding the discussion would reasonably be
2 expected to result in private loss to the providers of this
3 information;

4 (o) To consider information regarding staff privileges or quality
5 improvement committees under RCW 70.41.205;

6 (p) To consider proprietary or confidential data collected or
7 analyzed pursuant to chapter 70.405 RCW;

8 (q) To consider, for public entities regulated under chapter
9 70A.65 RCW, financial, proprietary, or other market sensitive
10 information subject to the provisions of RCW 70A.65.100(9).

11 (2) Before convening in executive session, the presiding officer
12 of a governing body shall publicly announce the purpose for excluding
13 the public from the meeting place, and the time when the executive
14 session will be concluded. The executive session may be extended to a
15 stated later time by announcement of the presiding officer. The
16 announced purpose of excluding the public must be entered into the
17 minutes of the meeting required by RCW 42.30.035.

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