

2SHB 2416 - H AMD 2015

By Representative Hill

ADOPTED 02/17/2026

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature intends to treat all
4 municipal solid waste management systems fairly and equivalently
5 throughout the state under the Washington cap and invest program.
6 This act achieves more equal treatment of all communities with
7 municipal solid waste management systems under state policy.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 70A.65
9 RCW to read as follows:

10 (1) Beginning January 1, 2027, until the end of the second
11 compliance period, the department must allocate no cost allowances to
12 a waste to energy facility specified in RCW 70A.65.080(2) that was
13 constructed prior to 1992, if the facility is operated in compliance
14 with federal laws and regulations and meets state air quality
15 standards. Except as provided in subsection (2) of this section, no
16 cost allowances are allocated for the benefit of solid waste
17 ratepayers. No cost allowances must be allocated in an amount equal
18 to the following percentages of the facility's baseline greenhouse
19 gas emissions during the calendar years 2021 through 2025:

20 (a) For emissions year 2027, 93 percent of baseline greenhouse
21 gas emissions; and

22 (b) Beginning with emissions year 2028 and for each emissions
23 year through the end of the second compliance period, the amount of
24 no cost allowances awarded to the facility must decline by an
25 additional seven percent for each emissions year, relative to the
26 amount awarded under (a) of this subsection.

27 (2) 50 percent of the allowances allocated under subsection (1)
28 of this section must be consigned to auction. Proceeds from the
29 consigned allowances may only be used with the approval of the
30 department by the owner or operator of the waste to energy facility
31 for investments in projects or programs that reduce greenhouse gas
32 emissions associated with the waste to energy facility.

1 (3) For purposes of this section, "emissions year" means the
2 calendar year in which greenhouse gas emissions occur.

3 **Sec. 3.** RCW 70A.65.120 and 2021 c 316 s 14 are each amended to
4 read as follows:

5 (1) The legislature intends by this section to allow all
6 consumer-owned electric utilities and investor-owned electric
7 utilities subject to the requirements of chapter 19.405 RCW, the
8 Washington clean energy transformation act, to be eligible for
9 allowance allocation as provided in this section in order to mitigate
10 the cost burden of the program on electricity customers.

11 (2)(a) By October 1, 2022, the department shall adopt rules, in
12 consultation with the department of commerce and the utilities and
13 transportation commission, establishing the methods and procedures
14 for allocating allowances for consumer-owned and investor-owned
15 electric utilities. The rules must take into account the cost burden
16 of the program on electricity customers.

17 (b) By October 1, 2022, the department shall adopt an allocation
18 schedule by rule, in consultation with the department of commerce and
19 the utilities and transportation commission, for the first compliance
20 period for the provision of allowances at no cost to consumer-owned
21 and investor-owned electric utilities. This allocation must be
22 consistent with a forecast, that is approved by the appropriate
23 governing board or the utilities and transportation commission, of
24 each utility's supply and demand, and the cost burden resulting from
25 the inclusion of the covered entities in the first compliance period.

26 (c) By October 1, 2026, the department shall adopt an allocation
27 schedule by rule, in consultation with the department of commerce and
28 the utilities and transportation commission, for the provision of
29 allowances for the second compliance period at no cost to consumer-
30 owned and investor-owned electric utilities. This allocation must be
31 consistent with a forecast, that is approved by the appropriate
32 governing board or the utilities and transportation commission, of
33 each utility's supply and demand, and the cost burden resulting from
34 the inclusion of covered entities in the second compliance period.
35 The allowances included in this schedule must reflect the increased
36 scope of coverage in the electricity sector relative to the program
37 budget of allowances established in 2022.

38 (d) By October 1, 2028, the department shall adopt an allocation
39 schedule by rule, in consultation with the department of commerce and

1 the utilities and transportation commission, for the provision of
2 allowances at no cost to consumer-owned and investor-owned electric
3 utilities for the compliance periods contained within calendar years
4 2031 through 2045. This allocation must be consistent with a
5 forecast, that is approved by the appropriate governing board or the
6 utilities and transportation commission, of each utility's supply and
7 demand, and the cost burden resulting from the inclusion of the
8 covered entities in the compliance periods. The rule developed under
9 this subsection (2)(d) may prescribe an amount of allowances
10 allocated at no cost that must be consigned to auction by consumer-
11 owned and investor-owned electric utilities. However, utilities may
12 use allowances for compliance equal to their covered emissions in any
13 calendar year they were not subject to potential penalty under RCW
14 19.405.090. Under no circumstances may utilities receive any free
15 allowances after 2045.

16 (3)(a) During the first compliance period, allowances allocated
17 at no cost to consumer-owned and investor-owned electric utilities
18 may be consigned to auction for the benefit of ratepayers, deposited
19 for compliance, or a combination of both. The rules adopted by the
20 department under subsection (2) of this section must include
21 provisions for directing revenues generated under this subsection to
22 the applicable utilities.

23 (b) By October 1, 2026, the department, in consultation with the
24 department of commerce and the utilities and transportation
25 commission, must adopt rules governing the amount of allowances
26 allocated at no cost under subsection (2)(c) of this section that
27 must be consigned to auction. For calendar year 2030, electric
28 utilities may use allowances for compliance equal to their covered
29 emissions if not subject to potential penalty under RCW 19.405.090.

30 (4) The benefits of all allowances consigned to auction under
31 this section must be used by consumer-owned and investor-owned
32 electric utilities for the benefit of ratepayers, with the first
33 priority the mitigation of any rate impacts to low-income customers.

34 (5) If an entity is identified by the department as an emissions-
35 intensive, trade-exposed industry under RCW 70A.65.110, unless
36 allowances have been otherwise allocated for electricity-related
37 emissions to the entity under RCW 70A.65.110 or to a consumer-owned
38 utility under this section, the department shall allocate allowances
39 at no cost to the electric utility or power marketing administration
40 that is providing electricity to the entity in an amount equal to the

1 forecasted emissions for electricity consumption for the entity for
2 the compliance period.

3 (6) The department shall allow for allowances to be transferred
4 between a power marketing administration and electric utilities and
5 used for direct compliance.

6 (7) Rules establishing the allocation of allowances to consumer-
7 owned utilities and investor-owned utilities must consider the impact
8 of electrification of buildings, transportation, and industry on the
9 electricity sector.

10 (8) Nothing in this section affects the requirements of chapter
11 19.405 RCW.

12 (9) A consumer-owned utility that is party to a contract that
13 meets the following conditions must be issued allowances under this
14 section for emissions associated with imported electricity, in order
15 to prevent impairment of the value of the contract to either party:

16 (a) The contract does not address compliance costs imposed upon
17 the consumer-owned utility by the program created in this chapter;
18 and

19 (b) The contract was in effect as of July 25, 2021, and expires
20 no later than the end of the first compliance period.

21 (10) The department may not allocate allowances to an electric
22 utility under this section for greenhouse gas emissions associated
23 with electricity produced by a waste to energy facility that receives
24 no cost allowances under section 2 of this act.

25 NEW SECTION. **Sec. 4.** A new section is added to chapter 70A.65
26 RCW to read as follows:

27 (1) By December 1, 2030, the owner or operator of a waste to
28 energy facility constructed prior to 1992 must provide a two-part
29 plan to the department and the department of commerce. The plan must
30 include a proposed greenhouse gas emissions reduction plan and a
31 waste reduction and material recovery plan. The greenhouse gas
32 emissions reduction portion of the plan must outline how the facility
33 will achieve emissions reductions consistent with the state emissions
34 limits for 2040 and 2050 under chapter 70A.45 RCW. The waste
35 reduction and material recovery portion of the plan must be
36 consistent with the state's waste management hierarchy established in
37 RCW 70A.205.005, take into consideration the organic material
38 management policies in RCW 70A.205.540 and 70A.205.545 and the

1 expected impacts of chapter 70A.208 RCW, and align with the county's
2 local solid waste plan under chapter 70A.205 RCW.

3 (2) In the plan, emissions reductions may be proposed to be
4 achieved by any combination of carbon capture, sequestration or other
5 captured carbon use adopted by rule or policy by the department,
6 waste reduction activities, recycling and reuse activities, energy
7 conservation, industrial symbiosis, or other greenhouse gas emissions
8 reduction strategies identified by the owners or operators of the
9 waste to energy facility.

10 (3) In developing the plan, the owner or operator of the waste to
11 energy facility must consult with local municipally created
12 stakeholder and community advisory bodies formed with the purpose of
13 advising on climate or sustainability decisions.

14 (4) Within 90 days of receipt, the department, in consultation
15 with the department of commerce, must complete its review of the
16 plan. The owner or operator of the waste to energy facility must
17 address the department's comments and finalize the plan within 90
18 days of receipt of the department's comments. The owner or operator
19 of a waste to energy facility must take reasonable
20 steps towards implementation of the plan and operate the facility and
21 take other actions, as appropriate, consistent with the goals of the
22 plan."

23 Correct the title.

EFFECT: • Restores the compliance obligation of a Waste to Energy (WTE) facility constructed prior to 1992 under the Climate Commitment Act.

- Provides no cost allowances to the WTE facility for the second compliance period for the benefit of solid waste ratepayers, in an amount that declines by seven percent each year relative to baseline greenhouse gas emissions from the facility.

- Consigns fifty percent of the allowances allocated, with proceeds to be used by the owner or operator of the WTE facility with approval from the Department of Ecology, for projects or programs that reduce greenhouse gas emissions associated with the WTE facility.

- Eliminates the impact analysis portion of the 2030 report by the WTE facility due to the Department of Ecology and Commerce, and makes the greenhouse gas emissions reduction plan and waste reduction and material recovery plan a requirement for the WTE facility under the Climate Commitment Act.

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