

**E2SHB 2416** - S AMD TO WM COMM AMD (S-5810.1/26) **879**

By Senator Riccelli

**ADOPTED 03/04/2026**

1 On page 2, line 21, after "(3)" insert "If the actual emissions  
2 of the waste to energy facility exceed the facility's no cost  
3 allowances allocated for emissions years 2027 through 2030, an owner  
4 or operator of the waste to energy facility must acquire additional  
5 compliance instruments such that the total compliance instruments  
6 transferred to its compliance account consistent with this chapter  
7 equal emissions during emissions years 2027 through 2030. The waste  
8 to energy facility must be allowed to bank unused allowances. The  
9 department must limit the use of offset credits for compliance by the  
10 waste to energy facility such that the quantity of no cost allowances  
11 plus the provision of offset credits does not exceed 100 percent of  
12 the facility's total compliance obligation for emissions years 2027  
13 through 2030.

14 (4) The department must withhold or withdraw the relevant share  
15 of allowances allocated to the waste to energy facility under this  
16 section if the facility ceases production in the state and becomes a  
17 closed facility. If an entity curtails all production and becomes a  
18 curtailed facility, the allowances are retained but cannot be traded,  
19 sold, or transferred and are still subject to the emissions reduction  
20 requirements specified in this chapter. If the curtailed facility  
21 becomes a closed facility, then all unused allowances must be  
22 transferred to the emissions containment reserve established in RCW  
23 70A.65.140. A curtailed facility is not eligible to receive no cost  
24 allowances during a period of curtailment. Any allowances withheld or  
25 withdrawn under this subsection must be transferred to the emissions  
26 containment reserve established in RCW 70A.65.140.

27 (5) "

28 Correct any internal references accordingly.

29 On page 2, after line 22, insert the following:

30 "**Sec. 3.** RCW 70A.65.140 and 2022 c 181 s 11 are each amended to  
31 read as follows:

1 (1) To help ensure that the price of allowances remains  
2 sufficient to incentivize reductions in greenhouse gas emissions, the  
3 department must establish an emissions containment reserve and set an  
4 emissions containment reserve trigger price by rule. The price must  
5 be set at a reasonable amount above the auction floor price and equal  
6 to the level established in jurisdictions with which the department  
7 has entered into a linkage agreement. If a jurisdiction with which  
8 the department might enter into a linkage agreement has no emissions  
9 containment trigger price, the department may suspend the trigger  
10 price under this subsection. The purpose of withholding allowances in  
11 the emissions containment reserve is to secure additional emissions  
12 reductions.

13 (2) In the event that the emissions containment reserve trigger  
14 price is met during an auction, the department must automatically  
15 withhold allowances as needed. The department must convert and  
16 transfer any allowances that have been withheld from auction into the  
17 emissions containment reserve account.

18 (3) Emissions containment reserve allowances may only be withheld  
19 from an auction if the demand for allowances would result in an  
20 auction clearing price that is less than the emissions containment  
21 reserve trigger price prior to the withholding from the auction of  
22 any emissions containment reserve allowances.

23 (4) The department shall transfer allowances to the emissions  
24 containment reserve in the following situations:

25 (a) No less than two percent of the total number of allowances  
26 available from the allowance budgets for calendar years 2023 through  
27 2026;

28 (b) When allowances are unsold in auctions under RCW 70A.65.100;

29 (c) When facilities curtail or close consistent with RCW  
30 70A.65.110(6) or section 2 of this act; or

31 (d) When facilities fall below the emissions threshold. The  
32 amount of allowances withdrawn from the program budget must be  
33 proportionate to the amount of emissions such a facility was  
34 previously using.

35 (5)(a) Allowances must be distributed from the emissions  
36 containment reserve by auction when new covered and opt-in entities  
37 enter the program.

38 (b) Allowances equal to the greenhouse gas emissions resulting  
39 from a new or expanded emissions-intensive, trade-exposed facility  
40 with emissions in excess of 25,000 metric tons per year during the

1 first applicable compliance period will be provided to the facility  
2 from the reserve created in this section and must be retired by the  
3 facility. In subsequent compliance periods, the facility will be  
4 subject to the regulatory cap and related requirements under this  
5 chapter."

6 Renumber the remaining sections consecutively and correct any  
7 internal references accordingly.

8 On page 3, line 19, after "October 1," strike "2028" and insert  
9 "2030"

10 On page 6, line 14, after "RCW" insert "70A.65.140 and"

EFFECT: (1) Incorporates provisions contained in other sections of the Cap-and-Invest Program regarding: (a) Acquiring additional compliance instruments when the WTE Facility's actual emissions exceed the amount of allocated no-cost allowances for emissions years 2027-2030; (b) authorizing the WTE Facility to bank unused allowances; (c) ensuring compliance instruments do not exceed 100 percent of the WTE Facility's total compliance obligation for emissions years 2027-2030; and (d) withholding or withdrawing allocated no-cost allowances if the WTE Facility suspends or stops operations, and requiring the Department of Ecology (Ecology) to transfer withheld or withdrawn allowances to the emissions containment reserve.

(2) Extends the date, from October 1, 2028, to October 1, 2030, by which Ecology must adopt an allocation schedule for no-cost allowances provided to consumer-owned and investor-owned utilities between 2031-2045.

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