
Environment & Energy Committee

HB 2416

Brief Description: Concerning fair treatment of waste to energy facilities under the climate commitment act.

Sponsors: Representatives Hill, Ormsby, Parshley, Schmidt, Scott, Peterson, Obras, Shavers, Engell and Graham.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Allocates no-cost allowances to a waste-to-energy facility under the Climate Commitment Act.
--

Hearing Date: 1/20/26

Staff: Jacob Lipson (786-7196).

Background:

The global warming potential of a greenhouse gas (GHG) as classified by the Department of Ecology (Ecology) is measured in terms of the equivalence to the emission of an identical volume of carbon dioxide over a 100-year timeframe (carbon dioxide equivalent or CO₂e). The state Clean Air Act requires facilities and fuel suppliers whose annual emissions exceed 10,000 metric tons of CO₂e, and all electricity suppliers, to report their emissions to Ecology annually.

The Climate Commitment Act (CCA) establishes a Cap-and-Invest Program. The CCA defines those entities covered by the Cap-and-Invest Program (covered entities), those entities that may voluntarily opt-in to coverage, and other persons that participate in auctions or allowance markets by purchasing, holding, selling, or voluntarily retiring compliance instruments.

Except for no-cost allowances allocated to emissions-intensive trade-exposed facilities, electric

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

utilities, and natural gas utilities, CCA allowances are distributed via periodic allowance auctions.

Compliance obligations under the CCA are currently phased in over the following 4-year compliance periods:

- The first compliance period is 2023 through 2026.
- The second compliance period is 2027 through 2030.
- There will be subsequent four-year compliance periods beginning in 2031.

However, if Ecology enters into a linkage agreement with another jurisdiction with a similar GHG emission cap program, Ecology may amend the CCA rules to synchronize Washington's compliance periods with the other jurisdiction.

The compliance obligation for most covered entities under the CCA began at the beginning of the first compliance period, in 2023. However, the owner or operator of a waste to energy (WTE) facility utilized by a county and city solid waste management program and with GHG emissions above 25,000 metric tons begins to be a covered entity under the CCA at the beginning of the second compliance period.

Summary of Bill:

Ecology must allocate no-cost allowances to a WTE facility that becomes a CCA covered entity at the beginning of the second compliance period, if the facility is operated in compliance with federal laws and regulations and meets state air quality standards. The no-cost allowance allocations to the WTE facility must be:

- equal to 100 percent of the facility's GHG emissions, beginning January 1, 2027, until the end of the second compliance period;
- equal to 97 percent of the facility's GHG emissions for the third compliance period; and
- an amount that declines by an additional three percent for each subsequent compliance period, beginning with the fourth compliance period.

Ecology must make initial allocations of no-cost allowances to the WTE facility by the end of a calendar year, based on an amount equal to the GHG emissions reported by the facility in the year preceding the calendar year. The following year, Ecology must either allocate additional no-cost allowances to the facility if the amount allocated exceeded the GHG emissions reported by the facility for the calendar year, or must subtract the difference in no-cost allowances allocated for the next year if the facility originally received a greater number of no-cost allowances from Ecology than to its reported GHG emissions from the facility.

Ecology may not allocate no-cost allowances to electric utilities for GHG emissions associated with electricity produced by a WTE facility that receives no-cost allowances.

Appropriation: None.

Fiscal Note: Requested on January 13, 2026.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.