

HOUSE BILL REPORT

HB 2416

As Reported by House Committee On:
Environment & Energy

Title: An act relating to fair treatment of waste to energy facilities under the climate commitment act.

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.

Brief History:

Committee Activity:

Environment & Energy: 1/20/26, 2/3/26 [DPS].

Brief Summary of Substitute Bill

- Exempts waste-to-energy (WTE) facilities from a compliance obligation under the Climate Commitment Act.
- Establishes greenhouse gas emission (GHG) reduction standards applicable to a WTE facility and establishes GHG reduction and solid waste management planning requirements for a WTE facility.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Doglio, Chair; Hall, Vice Chair; Berry, Duerr, Fey, Hackney, Kloba, Mena, Ramel, Stearns, Street and Wylie.

Minority Report: Do not pass. Signed by 3 members: Representatives Dye, Ranking Minority Member; Klicker, Assistant Ranking Member; Abell.

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.

Minority Report: Without recommendation. Signed by 6 members: Representatives Abbarno, Barnard, Ley, Mendoza, Stuebe and Ybarra.

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 (CO₂e), and is also known as a carbon dioxide equivalent. The Washington 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 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 four-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 Substitute Bill:

All WTE facilities are exempt from a compliance obligation under the CCA.

All WTE facilities must achieve the following GHG emission reductions associated with WTE facility operations:

- 20 percent by 2030 and each year through 2039;
- 70 percent by 2040 and each year through 2049; and
- 95 percent by 2050 and each year thereafter.

The GHG emissions from solid waste diverted to a municipal solid waste landfill count towards the GHG emissions associated with the WTE facility.

By December, 1, 2030, the owner or operator of a WTE facility must submit a report to Ecology and the Department of Commerce. The report must contain a cost-benefit analysis of various options associated with future WTE plant management, including refurbishment, closure, or diversion of additional solid waste materials. The report must be carried out by an independent third party, and consider qualitative and quantitative costs and benefits, including impacts to overburdened communities and vulnerable populations. The report must also contain a GHG reduction, waste reduction, and material recovery plan for the facility to achieve the 2040 and 2050 GHG emission reduction standards, which may be achieved by any combination of GHG emission reduction strategies, and which incorporates zero-waste principles.

The owner or operator of the WTE facility must consult with local municipally created sustainability advisory groups and make the draft independent third-party contract scope and draft plan available for public comment prior to finalization. The facility owner or operator must submit the plan for Ecology approval and must implement the plan once approved. Ecology may adopt rules pertaining to WTE facility requirements, and may impose the following penalties:

- a penalty equal to the average price of one CCA allowance for each ton of GHG emissions above the 2030 through 2039 GHG emission standard applicable to the WTE facility;
- a penalty equal to the average price of two CCA allowances for each ton of GHG emissions above the 2040 and 2050 GHG emission standards applicable to the WTE facility; and
- penalties of up to \$5,000 for initial violations of other requirements, and up to \$10,000 for repeat violations of other requirements.

Penalties are appealable to the Pollution Control Hearings Board and are deposited in the Climate Commitment Act's Price Ceiling Unit Emission Reduction Investment Account, to be used for GHG emission reduction activities that are real, permanent, quantifiable, verifiable, enforceable by the state, and additional to other GHG regulatory requirements.

Substitute Bill Compared to Original Bill:

Compared to the original bill, the substitute bill:

- exempts emissions from WTE facilities used by county and city solid waste management programs from a CCA compliance obligation and does not provide no-cost allowances to WTE facilities;
- requires the owner or operator of a WTE facility to achieve, relative to a 2014 through 2016 baseline, the following GHG emission reductions for the facility:
 - 20 percent by 2030, and each year through 2039;
 - 70 percent by 2040, and each year through 2049; and
 - 95 percent by 2050, and each year thereafter;
- counts emissions associated with solid waste diverted to a municipal solid waste landfill towards the GHG emission standard, following a methodology approved by Ecology;
- requires the owner or operator of a WTE facility to provide a report to Ecology and the Department of Commerce by December 1, 2030, that includes:
 - a proposed waste reduction, material recovery, and GHG reduction plan that incorporates zero waste principles, and will achieve the 2040 and 2050 GHG emission standards; and
 - a cost-benefit analysis that considers alternatives of closing, replacing or refurbishing the WTE facility, or diverting additional types of waste from the facility;
- requires the WTE owner or operator to hire an independent third party to carry out the cost-benefit analysis contained in the report;
- authorizes the GHG emission standards to be achieved under the plan through any combination of carbon capture and sequestration, waste reduction, recycling and reuse, energy conservation, industrial symbiosis, or other strategies;
- requires the WTE facility owner or operator consult with local municipally created advisory bodies formed with the purpose of advising on climate or sustainability decisions, and requires the proposed scope of the contract with the independent third party, and the draft report and plan to be presented to such bodies;
- establishes a process for Ecology to review and approve the report and plan, including providing for resubmission or conditional approval of the plan, as appropriate;
- requires the WTE facility owner or operator to implement the Ecology-approved plan;
- authorizes Ecology to adopt rules and to enforce WTE facility requirements, including issuing penalties and corrective action orders;
- provides for civil penalties of \$5,000 for initial violations and \$10,000 for repeat violations, except for a failure to achieve the 2030 GHG emission standard, which is subject to a penalty equal to the price of one CCA allowance, and for a failure to achieve the 2040 and 2050 GHG emission standards, which is subject to a penalty equal to the price of two CCA allowances; and
- makes penalties appealable to the Pollution Control Hearings Board, and deposits penalties in the Price Ceiling Unit Emission Reduction Investment Account.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 3, 2026.

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

Staff Summary of Public Testimony:

(In support) This Spokane WTE is a unique facility in a unique and exceptional situation. By next year, the facility would need to meet GHG reductions or pay allowances that would have a 20 percent impact on rates, which Spokane ratepayers cannot afford, especially as the median household income in the area is less than the statewide average. If the facility has to comply with this cost, it will lead to the closure of the plant. Without the bill, half of the waste would be trucked to landfills outside of the county. This bill would allow time for the facility to develop options for a solution and provide a pathway for compliance. There is a desire to find parity between this WTE facility and landfills, which are not covered by the CCA. The CCA should incentivize capturing and destroying methane, as methane is an incredibly potent GHG. Some version of this bill should advance to save the WTE facility.

(Opposed) This is an unfortunate situation and there is sympathy for the situation Spokane is in, but other WTE plants have closed for the same reasons. There are environmental justice issues with toxic chemicals. This WTE facility is a significant source of GHG emissions, and the bill gives the Spokane incinerator preferential treatment under the CCA with no guarantee that the facility will reduce pollution. An alternative approach would allow for compliance but ensure pollution declines, with zero-waste methods in the future. This bill is not aligned with the state's climate policies; it allows for free allowances without reducing GHG emissions and sets different targets. Even though the facility is unique it must reduce emissions and should do so on a similar trajectory as required by the Clean Energy Transformation Act. The alternative for the facility's waste would be worse for the environment, and it is critical that the good union jobs at this facility are protected.

(Other) There is recognition that this facility is unique, but the proposed GHG reductions are inconsistent with the state's emissions reductions targets, there is no requirement the facility pursue emissions reductions, the state is subsidizing the majority of the facilities reductions, and the facility could emit at 85 percent at no cost, which is not something any other CCA covered entity could do. By providing a WTE facility with no-cost allowances, which are only provided to emissions-intensive, trade-exposed industries and utilities, it sets a difficult precedent. The bill should not impact allowances on the market, which could exacerbate further scarcity and strain the Cap-and-Invest Program; Ecology should be directed to create additional allowances if the bill moves forward. There is support for the bill, with amendments. There should be environmental compliance and enforceable requirements on material recovery and waste diversion, and assistance with transitioning the region away from reliance on this WTE facility.

Persons Testifying: (In support) Representative Natasha Hill, prime sponsor; Lisa Brown,

Mayor, City of Spokane; Chris Averyt, City of Spokane; Paul Dillon, Spokane City Councilmember District 2, Position 1; James Tieken, Vice President, AFSCME Council 2 County and City Employees; Carly Michiels, Washington Public Ports Association; Chris Jordan, Spokane County Commissioner, District 1; Logan Camporeale; Kelly Wright; and Schade Maghan.

(Opposed) Darcy Nonemacher, Washington Conservation Action; Leah Missik, Climate Solutions; and Heather Trim, Zero Waste Washington.

(Other) Joel Creswell, Washington Department of Ecology; Peter Godlewski, Association of Washington Business; and Katy Sheehan.

Persons Signed In To Testify But Not Testifying: None.