

SENATE BILL REPORT

HB 2367

As Passed Senate, February 28, 2026

Title: An act relating to eliminating preferential treatment related to a coal-fired electric generating plant.

Brief Description: Eliminating preferential treatment related to a coal-fired electric generating plant.

Sponsors: Representatives Fitzgibbon, Doglio, Berry, Mena, Ramel, Parshley, Kloba, Duerr, Ormsby, Hill and Pollet.

Brief History: Passed House: 2/12/26, 63-33.

Committee Activity: Environment, Energy & Technology: 2/20/26 [DP, DNP].

Floor Activity: Passed Senate: 2/28/26, 29-19.

Brief Summary of Bill

- Exempts, from the Cap-and-Invest Program, emissions occurring before January 1, 2026, from a coal-fired electric generating facility subject to a memorandum of agreement (coal facility), rather than all emissions from the coal facility.
- Expires the limitation on state agencies or political subdivisions imposing additional emission performance standards and certain other standards on a coal facility as of December 31, 2025.
- Repeals the sales and use tax exemptions applying to coal purchased or used to generate electricity at a coal facility.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

Signed by Senators Shewmake, Chair; Hunt, Vice Chair; Slatter, Vice Chair; Dhingra, Lias, Lovelett and Wellman.

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: Do not pass.

Signed by Senators Boehnke, Ranking Member; Harris and MacEwen.

Staff: Matt Shepard-Koningsor (786-7627)

Background: Greenhouse Gas Emissions Performance Standards for Electric Generation Plants. Electric utilities may not enter into a long-term financial commitment—five or more years—for baseload electric generation, unless the generating plant's emissions are the lower of: 1100 pounds of greenhouse gas (GHG) per megawatt hour; or the average GHG emissions output as updated by the Department of Commerce (emission performance standard). Baseload electric generation means electric generation from a power plant designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent.

A coal-fired baseload electric generation facility in Washington that emitted more than 1 million tons of GHGs in any calendar year before 2008 (coal facility) must comply with the emission performance standard such that one generating boiler complies by December 31, 2020, and any other complies by December 31, 2025.

Memorandum of Agreement. Legislation passed in 2011 directed the Governor to enter into a memorandum of agreement (MOA) with the owners of a coal facility. The MOA took effect on April 1, 2012, and includes several provisions including, in part, provisions relating to installing pollution control technology and providing financial assistance for energy efficiency, weatherization, training displaced workers, and other economic development purposes.

Additional Emission Performance Standards. No state agency or political subdivision may adopt or impose a GHG emission performance standard, or other operating or financial requirement or limitation relating to GHG emissions, on a coal facility in operation on or before July 22, 2011, or upon an electric utility's long-term purchase of coal transition power, that is inconsistent with or in addition to the emission performance standard or the MOA.

Cap-and-Invest Program. In 2021, as part of the Climate Commitment Act, the Legislature directed the Department of Ecology to implement a Cap-and-Invest Program (Program), which is a market-based system designed to achieve the GHG limits set in state law. Covered entities must obtain compliance instruments—allowances or offset credits—equal to their covered emissions.

The Program covers approximately 75 percent of statewide GHG emissions. Emissions exempt from coverage include, in part, emissions from:

- the combustion of aviation fuels and certain watercraft fuels;
- the combustion of biomass or biofuels; and
- a coal-fired electric generation facility exempted from additional emission

performance standards applying to baseload electric generation plants.

Sales and Use Tax Exemptions. State retail sales and use taxes do not apply to coal purchased or used to generate electricity at a coal-fired thermal electric generation facility placed in operation after December 3, 1969, and before July 1, 1975, if the following conditions are met:

- the owners apply to the Department of Revenue for the tax exemption;
- the owners demonstrate progress has been made to install pollution control technology; and
- the generation facility emits no more than 10,000 tons of sulfur dioxide during a previous consecutive 12 month period.

Summary of Bill: Cap-and-Invest Program. Emissions from a coal facility occurring before January 1, 2026, are exempted from Program coverage, but emissions occurring after that date are not exempted.

Additional Emission Performance Standards. The limitation on state agencies or political subdivisions imposing additional emission performance standards or other specified standards on a coal facility in operation on or before July 22, 2011, does not apply after December 31, 2025, to a coal-fired electric generation facility subject to the MOA.

Sales and Use Tax Exemptions. The sales and use tax exemptions applying to coal purchased or used to generate electricity at a coal-fired thermal electric generation facility in operation after December 3, 1969, and before July 1, 1975, are repealed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A

Persons Signed In To Testify But Not Testifying: N/A