

# SENATE BILL REPORT

## E2SHB 2416

---

---

As Passed Senate - Amended, March 4, 2026

**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:** House Committee on Appropriations (originally sponsored by Representatives Hill, Ormsby, Parshley, Schmidt, Scott, Peterson, Obras, Shavers, Engell and Graham).

**Brief History:** Passed House: 2/17/26, 67-30.

**Committee Activity:** Environment, Energy & Technology: 2/20/26, 2/24/26 [DPA-WM].  
Ways & Means: 2/27/26, 3/02/26 [DPA, DNP, w/oRec].

**Floor Activity:** Passed Senate - Amended: 3/4/26, 39-10.

### Brief Summary of Bill (As Amended by Senate)

- Establishes a process by which the Department of Ecology (Ecology) must allocate no-cost allowances in the Cap-and-Invest Program (Program) between 2027-2030 to a waste-to-energy facility constructed before 1992 that is in compliance with applicable laws and standards (WTE Facility).
- Prohibits Ecology from allocating no-cost allowances to an electric utility for greenhouse gas emissions associated with electricity produced by a WTE Facility for which the facility has a compliance obligation in the Program.
- Requires the owner or operator of a WTE Facility, by December 1, 2030, to provide a two-part plan to Ecology and the Department of Commerce, including a greenhouse gas emissions reduction component and a waste reduction and material recovery component.

---

*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.*

---

## SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

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

**Staff:** Matt Shepard-Koningsor (786-7627)

---

## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Braun, Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Wellman and Wilson, C..

**Minority Report:** Do not pass.

Signed by Senators Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Wagoner.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Boehnke and Warnick.

**Staff:** Matt Shepard-Koningsor (786-7627) and Jed Herman (786-7346)

**Background:** Cap-and-Invest Program. *Generally.* The Cap-and-Invest Program (Program) requires the Department of Ecology (Ecology) to set a limit—or cap—on statewide greenhouse gas (GHG) emissions, which declines over time consistent with statutory GHG emissions limits. Covered entities must obtain compliance instruments—allowances or offset credits—equal to its covered emissions during each Program compliance period. The Program currently operates within compliance periods that span four-years. The first compliance period is 2023-2026; the second is 2027-2030; and so on, until 2050. Compliance periods may change if Washington enters into a linkage agreement with other jurisdictions operating a joint carbon market. Ecology anticipates entering into a linkage agreement in late 2026.

*Covered Entities in the Second Compliance Period.* Beginning in 2027, the second compliance period, an owner or operator of a waste-to-energy facility (WTE Facility) utilized by a county and city solid waste management program whose facility emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent is a covered entity in the Program and as such, has a compliance obligation.

*No-Cost Allowances and the Emissions Containment Reserve.* In addition to natural gas utilities and emissions-intensive, trade-exposed (EITE) facilities, certain electric utilities

receive no-cost allowances in the Program. Ecology determines the amount of no-cost allowances allocated to each electric utility based on forecasts of the utility's retail electric load and resource supply to estimate the Program's cost burden associated with serving Washington's retail electric load. Ecology adopts an allocation schedule of these no-cost allowances by rule, in consultation with the Department of Commerce and the Utilities and Transportation Commission. By October 1, 2026, Ecology must adopt an allocation schedule for the second compliance period, and by October 1, 2028, Ecology must adopt an allocation schedule for the compliance periods occurring in calendar years 2031-2045.

The Program contains provisions to prevent double-allocation of no-cost allowances to electric utilities, for example, when an electric utility is supplying electricity to an EITE facility and no-cost allowances for the electricity-related emissions have already been allocated to the EITE facility.

Electric utilities may not sell no-cost allowances to other Program entities, but they may, among other actions, consign no-cost allowances to auction, the proceeds of which must be used to benefit the utility's ratepayers.

The Emissions Containment Reserve (ECR) is a reserve account containing allowances that may be sold when new covered or opt-in entities enter the Program. In addition to containing at least 2 percent of the total number of allowances from the first compliance period's annual allowance budgets, Ecology must transfer certain withheld or withdrawn allowances from curtailed or closed facilities to the ECR.

**Summary of Amended Bill:** No-Cost Allowances. Beginning January 1, 2027, until December 31, 2030, Ecology must allocate no-cost allowances to a WTE Facility that was constructed before 1992 and is in compliance with applicable laws and standards. Ecology must allocate no-cost allowances in an amount equal to the following percentages relative to the WTE Facility's baseline GHG emissions, defined as its average annual emissions during the calendar years 2021-2025:

- for emissions years 2027 and 2028, 100 percent of baseline GHG emissions;
- for emissions year 2029, 93 percent of baseline GHG emissions; and
- for emissions year 2030, 86 percent of baseline GHG emissions.

The WTE Facility must acquire additional compliance instruments if the facility's emissions exceed the amount of no-cost allowances allocated for emissions years 2027-2030. The WTE Facility may bank unused allowances. Ecology must withhold or withdraw the relevant share of allowances allocated to the WTE Facility if the facility curtails production or closes. In the case of curtailment, the WTE Facility may retain the no-cost allowances but may not trade, sell, or transfer them. In the case of closure, Ecology must transfer the withdrawn or withheld no-cost allowances to the ECR.

Emissions year means the calendar year in which GHG emissions occur.

Forty percent of the allocated no-cost allowances must be consigned to auction. The WTE Facility may only use proceeds from the consigned allowances for investments in projects or programs that reduce GHG emissions associated with the facility, subject to approval by Ecology.

Before spending proceeds from consigned allowances, the WTE Facility must submit a written proposal to Ecology regarding how investments in GHG reduction projects or programs will reduce GHG emissions associated with the facility. The WTE Facility may consult with Ecology and the Department of Commerce to understand information needed to review the proposal. Within 90 days of receiving the proposal, Ecology must complete its review. The WTE facility must address Ecology's comments and receive final approval by Ecology. The WTE must take reasonable steps toward implementation of the proposal. A proposal may include a GHG reduction project or program included in the two-part plan below.

Ecology may not allocate no-cost allowances to an electric utility for GHG emissions associated with electricity produced by a WTE Facility that receives no-cost allowances for its GHG emissions. Ecology must adopt an allocation schedule for no-cost allowances provided to consumer-owned and investor-owned utilities between 2031-2045 by October 1, 2030, instead of October 1, 2028.

Decarbonization, Waste Reduction, and Material Recovery Plan. By December 1, 2030, the WTE Facility must provide a two-part plan to Ecology and the Department of Commerce, including a proposed GHG emissions reduction component and a waste reduction and material recovery component.

The GHG emissions reduction component of the plan must outline how the WTE Facility will achieve emissions reductions consistent with the statewide GHG emissions limits in 2040 and 2050.

The waste reduction and material recovery component of the plan must be consistent with the state's waste management hierarchy, consider state policies regarding organic materials management and extended producer responsibility for packaging and paper products, and consider the local solid waste management plan.

In the plan, the WTE Facility may propose emissions reductions be achieved through various methods, and may include the projected costs and funding options to implement those methods.

In developing the plan, the WTE Facility must:

- consider social, environmental, and health factors in overburdened communities and vulnerable populations; and
- consult with local municipally created stakeholder and community advisory bodies formed to advise on climate and sustainability decisions.

Ecology, in consultation with the Department of Commerce, must complete a review of the plan within 180 days of receiving it. Then, within 120 days of receiving Ecology's comments, the WTE Facility, in consultation with the advisory groups specified above, must address any comments and finalize the plan. The WTE Facility must take reasonable steps toward implementation of the plan and operate the facility consistent with the plan.

Other. The bill provides legislative intent language.

**Appropriation:** None.

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

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Second Substitute House Bill (Environment, Energy & Technology):** *The committee recommended a different version of the bill than what was heard.* PRO: We are not asking for an exemption from the CCA, just for some time and flexibility so we can make the right long-term investments, reduce our GHG emissions, and do so in a way that is fair and equitable to our ratepayers. Please keep the bill moving so we can continue working on it. The WTE Facility is the best option for Spokane, and it emits fewer GHGs than trucking waste to landfills. Workers at the WTE Facility are 100 percent affected by the outcome of this bill. The community faces a substantial financial impact. This a unique facility that warrants a unique approach to mitigate costs for city solid waste customers. Any further amendments should be grounded in clear dollar amounts.

OTHER: Ecology understands the benefit of providing no-cost allowances for the second compliance period as the facility pursues decarbonization efforts. We support the 50 percent consignment requirement.

**Persons Testifying (Environment, Energy & Technology):** PRO: Chris Averyt, City of Spokane; James Tieken, AFSCME Council 2 County and City Employees Vice President; Lisa Brown, Mayor, City of Spokane; John Rothlin, Avista Corp; Taylor Birdtail, The Lands Council; Darcy Nonemacher, Washington Conservation Action.

OTHER: Joel Creswell, Washington Department of Ecology.

**Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology):** No one.

**Staff Summary of Public Testimony on Engrossed Second Substitute House Bill as**

**Amended by Environment, Energy & Technology (Ways & Means):** *The committee recommended a different version of the bill than what was heard.* PRO: City of Spokane worked in partnership with the state to build a waste energy plant to provide aquifer protection, waste disposal, and local energy production. The city has worked with Ecology and a coalition of local and statewide environmental groups to find a path to mitigate impacts on rate payers while providing time to reduce greenhouse gases. There is a compromise in the works to address these issues. This a unique plant and warrants unique regulatory treatment. The approach in the bill acknowledges the potential cost impacts the plant would face under the CCA and it also recognizes the environmental benefit the facility provides in avoided emissions. There is a need for some clarifying language in Section 3. The facility is not looking for an exemption to CCA, rather the time, flexibility, and fairness so we can make the right investment that would divert waste, lower emissions, and not place an unfair burden on our rate payers. This is a well-balanced compromise between the City of Spokane, regional groups, and the Department of Ecology. It is also a good balance between immediate cost reduction for rate payers alongside investing in decarbonization projects.

**Persons Testifying (Ways & Means):** PRO: Lisa Brown, Mayor, City of Spokane; Rob Duff, City of Spokane; John Rothlin, Avista; Jim Tieken, AFSCME Council 2; Katy Sheehan; Darcy Nonemacher, Washington Conservation Action.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.