

SENATE BILL REPORT

E2SHB 2416

As of February 27, 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.

Brief Summary of Amended Bill

- 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 to mitigate the cost burden associated with electricity produced by a WTE Facility receiving no-cost allowances 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.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

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.

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

Staff: 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. 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.

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.

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 of the WTE Facility's baseline GHG emissions, defined as its average annual emissions during the calendar years 2021-2025:

- for emissions year 2027, 93 percent of baseline GHG emissions; and
- beginning with emissions year 2028, continuing through 2030, an amount equal to an additional 7 percent annual reduction from the 93 percent of baseline GHG emissions.

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

Fifty 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.

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.

Decarbonization 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 developing the plan, a WTE Facility must 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, a WTE Facility must address any comments and finalize the plan. A 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.

EFFECT OF ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE AMENDMENT(S):

- Specifies that Ecology must allocate no-cost allowances to a WTE Facility until December 31, 2030, instead of until the end of the second compliance period.
- Clarifies that a WTE Facility's baseline GHG emissions are defined as the facility's average annual emissions during the calendar years 2021-2025.
- Provides that Ecology may not allocate no-cost allowances to an electric utility to mitigate the cost burden, rather than for GHG emissions, associated with electricity produced by a WTE Facility that receives no-cost allowances.
- Directs the waste reduction and material recovery component of the two-part plan submitted to Ecology and the Department of Commerce to consider the local solid waste management plan, rather than align with the county's solid waste management plan.
- Extends the amount of time Ecology has to review a facility plan, from 90 to 100 days, and the amount of time a WTE Facility has to address Ecology's comments and finalize the facility plan, from 90 to 120 days.

Appropriation: None.

Fiscal Note: Requested on February 18, 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 Bill as Amended by Environment, Energy & Technology (Ways & Means): 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.