
SUBSTITUTE HOUSE BILL 2215

State of Washington

69th Legislature

2026 Regular Session

By House Environment & Energy (originally sponsored by Representatives Fitzgibbon, Doglio, Ryu, Parshley, Peterson, Berry, Reed, Street, Duerr, Thomas, Ormsby, Goodman, Hill, and Pollet)

READ FIRST TIME 01/30/26.

1 AN ACT Relating to climate commitment act compliance obligations
2 for fuels supplied or otherwise sold into Washington; amending RCW
3 70A.65.080, 70A.15.2200, and 70A.65.090; creating a new section; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that the climate
7 commitment act currently exempts from a compliance obligation fuels
8 supplied in an amount below 25,000 metric tons of associated carbon
9 dioxide equivalent annually. In establishing this exemption, it was
10 never the intent of the legislature to put large fuel suppliers at a
11 competitive disadvantage in the fuel supply marketplace relative to
12 other fuel suppliers. However, the legislature finds that current
13 trends in the fuel supply market indicate that the existing structure
14 for assigning compliance obligations may establish incentives that
15 lead to actions being taken by market participants that undercut
16 principles of fair competition in the fuel supply market.

17 (2) So that the program created by this act does not create
18 uneven economic conditions for businesses in Washington, it is the
19 intent of the legislature that:

20 (a) The climate commitment act's assignment of compliance
21 obligations associated with fuels ensure that there is a covered

1 entity associated with all fuel supplied or otherwise produced,
2 imported, or delivered in Washington, except in de minimis volumes;
3 and

4 (b) The department of ecology should seek to enforce the
5 requirements of the climate commitment act as they pertain to fuel
6 suppliers equally and even-handedly throughout Washington, including
7 with respect to different types of covered entities and in all
8 geographic regions of the state, including in overburdened
9 communities.

10 **Sec. 2.** RCW 70A.65.080 and 2025 c 282 s 2 are each amended to
11 read as follows:

12 (1) A person is a covered entity as of the beginning of the first
13 compliance period and all subsequent compliance periods if the person
14 reported emissions under RCW 70A.15.2200 for any calendar year from
15 2015 through 2019, or if additional data provided as required by this
16 chapter indicates that emissions for any calendar year from 2015
17 through 2019 equaled or exceeded any of the following thresholds, or
18 if the person is a first jurisdictional deliverer and imports
19 electricity into the state during the compliance period:

20 (a) Where the person owns or operates a facility and the
21 facility's emissions equal or exceed 25,000 metric tons of carbon
22 dioxide equivalent;

23 (b) Where the person is a first jurisdictional deliverer and
24 generates electricity in the state and emissions associated with this
25 generation equals or exceeds 25,000 metric tons of carbon dioxide
26 equivalent;

27 (c)(i) Where the person is a first jurisdictional deliverer
28 importing electricity into the state and:

29 (A) For specified sources, the cumulative annual total of
30 emissions associated with the imported electricity exceeds 25,000
31 metric tons of carbon dioxide equivalent;

32 (B) For unspecified sources, the cumulative annual total of
33 emissions associated with the imported electricity exceeds 0 metric
34 tons of carbon dioxide equivalent; or

35 (C) For electricity purchased from a federal power marketing
36 administration pursuant to section 5(b) of the Pacific Northwest
37 electric power planning and conservation act of 1980, P.L. 96-501, if
38 the department determines such electricity is not from a specified
39 source, the cumulative annual total of emissions associated with the

1 imported electricity exceeds 25,000 metric tons of carbon dioxide
2 equivalent.

3 (ii) In consultation with any linked jurisdiction to the program
4 created by this chapter, by October 1, 2026, the department, in
5 consultation with the department of commerce and the utilities and
6 transportation commission, shall adopt by rule a methodology for
7 addressing imported electricity associated with a centralized
8 electricity market;

9 (d) Where the person is a supplier of fossil fuel other than
10 natural gas and from that fuel 25,000 metric tons or more of carbon
11 dioxide equivalent emissions would result from the full combustion or
12 oxidation, excluding the amounts for fuel products that are produced
13 or imported with a documented final point of delivery outside of
14 Washington and combusted outside of Washington; and

15 (e)(i) Where the person supplies natural gas in amounts that
16 would result in exceeding 25,000 metric tons of carbon dioxide
17 equivalent emissions if fully combusted or oxidized, excluding the
18 amounts for fuel products that are produced or imported with a
19 documented final point of delivery outside of Washington and
20 combusted outside of Washington, and excluding the amounts: (A)
21 Supplied to covered entities under (a) through (d) of this
22 subsection; and (B) delivered to opt-in entities;

23 (ii) Where the person who is not a natural gas company and has a
24 tariff with a natural gas company to deliver to an end-use customer
25 in the state in amounts that would result in exceeding 25,000 metric
26 tons of carbon dioxide equivalent emissions if fully combusted or
27 oxidized, excluding the amounts: (A) Supplied to covered entities
28 under (a) through (d) of this subsection; and (B) the amounts
29 delivered to opt-in entities;

30 (iii) Where the person is an end-use customer in the state who
31 directly purchases natural gas from a person that is not a natural
32 gas company and has the natural gas delivered through an interstate
33 pipeline to a distribution system owned by the purchaser in amounts
34 that would result in exceeding 25,000 metric tons of carbon dioxide
35 equivalent emissions if fully combusted or oxidized, excluding the
36 amounts: (A) Supplied to covered entities under (a) through (d) of
37 this subsection; and (B) delivered to opt-in entities.

38 (2) (a) A person is a covered entity as of the beginning of the
39 second compliance period and all subsequent compliance periods if
40 ~~((the))~~;

1 (i) The person reported emissions under RCW 70A.15.2200 or
2 provided emissions data as required by this chapter for any calendar
3 year from 2023 through 2025, where the person owns or operates a
4 waste to energy facility utilized by a county and city solid waste
5 management program and the facility's emissions equal or exceed
6 25,000 metric tons of carbon dioxide equivalent;

7 (ii) Except as provided in (b) of this subsection, the person is
8 a supplier of any combination of gasoline, diesel, biodiesel, or
9 propane, and the person:

10 (A) Can demonstrate that it began producing, importing,
11 delivering, or selling any combination of gas, diesel, biodiesel, or
12 propane before January 1, 2023, and from that fuel 10,000 metric tons
13 or more of carbon dioxide equivalent emissions would result from the
14 full combustion or oxidation of that fuel in a calendar year,
15 excluding the amounts for fuel products that are produced or imported
16 with a documented final point of delivery outside of Washington and
17 combusted outside of Washington; or

18 (B) Began producing, importing, delivering, or selling any
19 combination of gas, diesel, biodiesel, or propane on or after January
20 1, 2023, and from that fuel 500 metric tons or more of carbon dioxide
21 equivalent emissions would result from the full combustion or
22 oxidation of that fuel in a calendar year, excluding the amounts for
23 fuel products that are produced or imported with a documented final
24 point of delivery outside of Washington and combusted outside of
25 Washington; or

26 (iii) The person is a purchaser of fuel sold to the person by a
27 seller that produces, imports, or delivers in Washington any
28 combination of gasoline, diesel, biodiesel, or propane, or any
29 combination thereof, and the seller of fuel is a business that is not
30 registered as a supplier or other covered entity with the department,
31 and from the fuel purchased by the person in a single calendar year
32 500 metric tons or more of carbon dioxide equivalent emissions would
33 result from the full combustion or oxidation of the purchased fuel.

34 (b) The department may, by rule, lower any of the thresholds
35 specified in (a) of this subsection if practicable and if necessary
36 to ensure the achievement of the goals of this chapter or eliminate
37 significant distortions in the fuel supply marketplace.

38 (3) A person is a covered entity as of the beginning of the third
39 compliance period, and all subsequent compliance periods if the
40 person reported emissions under RCW 70A.15.2200 or provided emissions

1 data as required by this chapter for 2027 or 2028, where the person
2 owns or operates a railroad company, as that term is defined in RCW
3 81.04.010, and the railroad company's emissions equal or exceed
4 25,000 metric tons of carbon dioxide equivalent.

5 (4) When a covered entity reports, during a compliance period,
6 emissions from a facility under RCW 70A.15.2200 that are below the
7 thresholds specified in subsection (1) or (2) of this section, the
8 covered entity continues to have a compliance obligation through the
9 current compliance period. When a covered entity reports emissions
10 below the threshold for each year during an entire compliance period,
11 or has ceased all processes at the facility requiring reporting under
12 RCW 70A.15.2200, the entity is no longer a covered entity as of the
13 beginning of the subsequent compliance period unless the department
14 provides notice at least 12 months before the end of the compliance
15 period that the facility's emissions were within 10 percent of the
16 threshold and that the person will continue to be designated as a
17 covered entity in order to ensure equity among all covered entities.
18 Whenever a covered entity ceases to be a covered entity, the
19 department shall notify the appropriate policy and fiscal committees
20 of the legislature of the name of the entity and the reason the
21 entity is no longer a covered entity.

22 (5) For types of emission sources described in subsection (1) of
23 this section that begin or modify operation after January 1, 2023,
24 and types of emission sources described in subsection (2) of this
25 section that begin or modify operation after 2027, coverage under the
26 program starts in the calendar year in which emissions from the
27 source exceed the applicable thresholds in subsection (1) or (2) of
28 this section, or upon formal notice from the department that the
29 source is expected to exceed the applicable emissions threshold,
30 whichever happens first. Sources meeting these conditions are
31 required to transfer their first allowances on the first transfer
32 deadline of the year following the year in which their emissions were
33 equal to or exceeded the emissions threshold.

34 (6) For emission sources described in subsection (1) of this
35 section that are in operation or otherwise active between 2015 and
36 2019 but were not required to report emissions for those years under
37 RCW 70A.15.2200 for the reporting periods between 2015 and 2019,
38 coverage under the program starts in the calendar year following the
39 year in which emissions from the source exceed the applicable
40 thresholds in subsection (1) of this section as reported pursuant to

1 RCW 70A.15.2200 or provided as required by this chapter, or upon
2 formal notice from the department that the source is expected to
3 exceed the applicable emissions threshold for the first year that
4 source is required to report emissions, whichever happens first.
5 Sources meeting these criteria are required to transfer their first
6 allowances on the first transfer deadline of the year following the
7 year in which their emissions, as reported under RCW 70A.15.2200 or
8 provided as required by this chapter, were equal to or exceeded the
9 emissions threshold.

10 (7) The following emissions are exempt from coverage in the
11 program, regardless of the emissions reported under RCW 70A.15.2200
12 or provided as required by this chapter:

13 (a) Emissions from the combustion of aviation fuels;

14 (b) Emissions from watercraft fuels supplied in Washington that
15 are combusted outside of Washington;

16 (c) Emissions from a coal-fired electric generation facility
17 exempted from additional greenhouse gas limitations, requirements, or
18 performance standards under RCW 80.80.110;

19 (d) Carbon dioxide emissions from the combustion of biomass or
20 biofuels;

21 (e)(i) Motor vehicle fuel or special fuel that is used
22 exclusively for agricultural purposes by a farm fuel user. This
23 exemption is available only if a buyer of motor vehicle fuel or
24 special fuel provides the seller with an exemption certificate in a
25 form and manner prescribed by the department. Prior to January 1,
26 2030, this exemption is available whether motor vehicle fuel or
27 special fuel is used to propel a motor vehicle or not, but beginning
28 January 1, 2030, this exemption only applies to motor vehicle fuel or
29 special fuel that the farm fuel user uses to propel a motor vehicle.

30 (ii) The department must determine a method for expanding the
31 exemption provided under (e)(i) of this subsection to include fuels
32 used for the purpose of transporting agricultural products on public
33 highways. The department must maintain this expanded exemption until
34 December 31, 2029, in order to provide the agricultural sector with a
35 feasible transition period.

36 (iii) For the purposes of this subsection:

37 (A) "Agricultural purposes" and "farm fuel user" have the same
38 meanings as provided in RCW 82.08.865;

39 (B) "Motor vehicle fuel" means gasoline, the chief use of which
40 is as a fuel for the propulsion of motor vehicles or vessels; and

1 (C) "Special fuel" means diesel, liquefied petroleum gas (also
2 called propane), and biodiesel;

3 (f) Emissions from facilities with North American industry
4 classification system code 92811 (national security); and

5 (g) Emissions from municipal solid waste landfills that are
6 subject to, and in compliance with, chapter 70A.540 RCW.

7 (8) The department shall not require multiple covered entities to
8 have a compliance obligation for the same emissions. The department
9 may by rule authorize refineries, fuel suppliers, facilities using
10 natural gas, and natural gas utilities to provide by agreement for
11 the assumption of the compliance obligation for fuel or natural gas
12 supplied and combusted in the state. The department must be notified
13 of such an agreement at least 12 months prior to the compliance
14 obligation period for which the agreement is applicable.

15 (9) (a) The legislature intends to promote a growing and
16 sustainable economy and to avoid leakage of emissions from
17 manufacturing to other locations. The legislature further intends to
18 see innovative new businesses locate and grow in Washington that
19 contribute to Washington's prosperity and environmental objectives.

20 (b) Consistent with the intent of the legislature to avoid the
21 leakage of emissions to other jurisdictions, in achieving the state's
22 greenhouse gas limits in RCW 70A.45.020, the state, including lead
23 agencies under chapter 43.21C RCW, shall pursue the limits in a
24 manner that recognizes that the siting and placement of new or
25 expanded best-in-class facilities with lower carbon emitting
26 processes is in the economic and environmental interests of the state
27 of Washington.

28 (c) In conducting a life-cycle analysis, if required, for new or
29 expanded facilities that require review under chapter 43.21C RCW, a
30 lead agency must evaluate and attribute any potential net cumulative
31 greenhouse gas emissions resulting from the project as compared to
32 other existing facilities or best available technology including
33 best-in-class facilities and emerging lower carbon processes that
34 supply the same product or end use. The department may adopt rules to
35 determine the appropriate threshold for applying this analysis.

36 (d) Covered emissions from an entity that is or will be a covered
37 entity under this chapter may not be the basis for denial of a permit
38 for a new or expanded facility. Covered emissions must be included in
39 the analysis undertaken pursuant to (c) of this subsection. Nothing
40 in this subsection requires a lead agency or a permitting agency to

1 approve or issue a permit to a permit applicant, including to a new
2 or expanded fossil fuel project.

3 (e) A lead agency under chapter 43.21C RCW or a permitting agency
4 shall allow a new or expanded facility that is a covered entity or
5 opt-in entity to satisfy a mitigation requirement for its covered
6 emissions under this chapter and under any greenhouse gas emission
7 mitigation requirements for covered emissions under chapter 43.21C
8 RCW by submitting to the department the number of compliance
9 instruments equivalent to its covered emissions during a compliance
10 period.

11 **Sec. 3.** RCW 70A.15.2200 and 2025 c 320 s 3 are each amended to
12 read as follows:

13 (1) The board of any activated authority or the department, may
14 classify air contaminant sources, by ordinance, resolution, rule or
15 regulation, which in its judgment may cause or contribute to air
16 pollution, according to levels and types of emissions and other
17 characteristics which cause or contribute to air pollution, and may
18 require registration or reporting or both for any such class or
19 classes. Classifications made pursuant to this section may be for
20 application to the area of jurisdiction of such authority, or the
21 state as a whole or to any designated area within the jurisdiction,
22 and shall be made with special reference to effects on health,
23 economic and social factors, and physical effects on property.

24 (2) Except as provided in subsection (3) of this section, any
25 person operating or responsible for the operation of air contaminant
26 sources of any class for which the ordinances, resolutions, rules or
27 regulations of the department or board of the authority, require
28 registration or reporting shall register therewith and make reports
29 containing information as may be required by such department or board
30 concerning location, size and height of contaminant outlets,
31 processes employed, nature of the contaminant emission and such other
32 information as is relevant to air pollution and available or
33 reasonably capable of being assembled. In the case of emissions of
34 greenhouse gases as defined in RCW 70A.45.010 the department shall
35 adopt rules requiring reporting of those emissions. The department or
36 board may require that such registration or reporting be accompanied
37 by a fee, and may determine the amount of such fee for such class or
38 classes: PROVIDED, That the amount of the fee shall only be to
39 compensate for the costs of administering such registration or

1 reporting program which shall be defined as initial registration and
2 annual or other periodic reports from the source owner providing
3 information directly related to air pollution registration, on-site
4 inspections necessary to verify compliance with registration
5 requirements, data storage and retrieval systems necessary for
6 support of the registration program, emission inventory reports and
7 emission reduction credits computed from information provided by
8 sources pursuant to registration program requirements, staff review,
9 including engineering or other reliable analysis for accuracy and
10 currentness, of information provided by sources pursuant to
11 registration program requirements, clerical and other office support
12 provided in direct furtherance of the registration program, and
13 administrative support provided in directly carrying out the
14 registration program: PROVIDED FURTHER, That any such registration
15 made with either the board or the department shall preclude a further
16 registration and reporting with any other board or the department,
17 except that emissions of greenhouse gases as defined in RCW
18 70A.45.010 must be reported as required under subsection (5) of this
19 section.

20 All registration program and reporting fees collected by the
21 department shall be deposited in the air pollution control account.
22 All registration program fees collected by the local air authorities
23 shall be deposited in their respective treasuries.

24 (3) If a registration or report has been filed for a grain
25 warehouse or grain elevator as required under this section,
26 registration, reporting, or a registration program fee shall not,
27 after January 1, 1997, again be required under this section for the
28 warehouse or elevator unless the capacity of the warehouse or
29 elevator as listed as part of the license issued for the facility has
30 been increased since the date the registration or reporting was last
31 made. If the capacity of the warehouse or elevator listed as part of
32 the license is increased, any registration or reporting required for
33 the warehouse or elevator under this section must be made by the date
34 the warehouse or elevator receives grain from the first harvest
35 season that occurs after the increase in its capacity is listed in
36 the license.

37 This subsection does not apply to a grain warehouse or grain
38 elevator if the warehouse or elevator handles more than 10,000,000
39 bushels of grain annually.

40 (4) For the purposes of subsection (3) of this section:

1 (a) A "grain warehouse" or "grain elevator" is an establishment
2 classified in standard industrial classification (SIC) code 5153 for
3 wholesale trade for which a license is required and includes, but is
4 not limited to, such a licensed facility that also conducts cleaning
5 operations for grain;

6 (b) A "license" is a license issued by the department of
7 agriculture licensing a facility as a grain warehouse or grain
8 elevator under chapter 22.09 RCW or a license issued by the federal
9 government licensing a facility as a grain warehouse or grain
10 elevator for purposes similar to those of licensure for the facility
11 under chapter 22.09 RCW; and

12 (c) "Grain" means a grain or a pulse.

13 (5)(a) The department shall adopt rules requiring persons to
14 report emissions of greenhouse gases as defined in RCW 70A.45.010
15 where those emissions from a single facility, or from fossil fuels
16 other than those specified in RCW 70A.65.080(2)(a) that are sold in
17 Washington by a single supplier or local distribution company, meet
18 or exceed 10,000 metric tons of carbon dioxide equivalent annually,
19 or from fossil fuels specified in RCW 70A.65.080(2)(a) sold in
20 Washington by a single person specified in RCW 70A.65.080(2)(a)(ii)
21 or purchased in Washington by a single person specified in RCW
22 70A.65.080(2)(a)(iii), where those emissions meet or exceed the
23 threshold specified in RCW 70A.65.080(2)(a) for such persons. The
24 department's rules may also require electric power entities to report
25 emissions of greenhouse gases from all electricity that is purchased,
26 sold, imported, exported, or exchanged in Washington. To the extent
27 practicable, the department's rules must seek to minimize reporting
28 burdens through the utilization of existing reports and disclosures
29 for electric power entities who report greenhouse gas emissions that
30 equal 10,000 metric tons of carbon dioxide equivalent or less
31 annually from all electricity that is purchased, sold, imported,
32 exported, or exchanged in Washington. The rules adopted by the
33 department must support implementation of the program created in RCW
34 70A.65.060. In addition, the rules must require that:

35 (i) Emissions of greenhouse gases resulting from the combustion
36 of fossil fuels be reported separately from emissions of greenhouse
37 gases resulting from the combustion of biomass; and

38 (ii)(A) Except as provided in (a)(ii)(B) of this subsection, each
39 annual report must include emissions data for the preceding calendar
40 year and must be submitted to the department by March 31st of the

1 year in which the report is due, except for an electric power entity,
2 which must submit its report by June 1st of the year in which the
3 report is due;

4 (B) To ensure that the program created in chapter 70A.65 RCW
5 remains implementable and capable of fulfilling a linkage agreement
6 under RCW 70A.65.210, if the department determines that timely
7 reporting under this section is infeasible due to actions
8 attributable to a third party upon whom the agency relies to collect
9 emissions data from entities required to report including, but not
10 limited to, the United States environmental protection agency, the
11 department may, by rule, including emergency rule, require any
12 greenhouse gas emissions reports for emissions in any combination of
13 the years 2024 through 2030 to be submitted at an alternate date of
14 no later than June 1, 2031.

15 (b) (i) The department may by rule include additional gases to the
16 definition of "greenhouse gas" in RCW 70A.45.010 only if the gas has
17 been designated as a greenhouse gas by the United States congress, by
18 the United States environmental protection agency, or included in
19 external greenhouse gas emission trading programs with which
20 Washington has linked pursuant to RCW 70A.65.210. Prior to including
21 additional gases to the definition of "greenhouse gas" in RCW
22 70A.45.010, the department shall notify the appropriate committees of
23 the legislature.

24 (ii) The department may by rule exempt persons who are required
25 to report greenhouse gas emissions to the United States environmental
26 protection agency and who emit less than 10,000 metric tons carbon
27 dioxide equivalent annually.

28 (iii) The department must establish greenhouse gas emission
29 reporting methodologies for persons who are required to report under
30 this section. The department's reporting methodologies must be
31 designed to address the needs of ensuring accuracy of reported
32 emissions and maintaining consistency over time, and may, to the
33 extent practicable, be similar to reporting methodologies of
34 jurisdictions with which Washington has entered into a linkage
35 agreement.

36 (iv) The department must establish a methodology for persons who
37 are not required to report under this section to voluntarily report
38 their greenhouse gas emissions.

1 (c) The department shall share any reporting information reported
2 to it with the local air authority in which the person reporting
3 under the rules adopted by the department operates.

4 (d) The fee provisions in subsection (2) of this section apply to
5 reporting of emissions of greenhouse gases. Persons required to
6 report under (a) of this subsection who fail to report or pay the fee
7 required in subsection (2) of this section are subject to enforcement
8 penalties under this chapter. The department shall enforce the
9 reporting rule requirements. When a person that holds a compliance
10 obligation under RCW 70A.65.080 fails to submit an emissions data
11 report or fails to obtain a positive emissions data verification
12 statement in accordance with (f)(ii) of this subsection, the
13 department may assign an emissions level for that person.

14 (e) The energy facility site evaluation council shall,
15 simultaneously with the department, adopt rules that impose
16 greenhouse gas reporting requirements in site certifications on
17 owners or operators of a facility permitted by the energy facility
18 site evaluation council. The greenhouse gas reporting requirements
19 imposed by the energy facility site evaluation council must be the
20 same as the greenhouse gas reporting requirements imposed by the
21 department. The department shall share any information reported to it
22 from facilities permitted by the energy facility site evaluation
23 council with the council, including notice of a facility that has
24 failed to report as required. The energy facility site evaluation
25 council shall contract with the department to monitor the reporting
26 requirements adopted under this section.

27 (f)(i) The department must establish by rule the methods of
28 verifying the accuracy of emissions reports.

29 (ii) Verification requirements apply at a minimum to persons
30 required to report under (a) of this subsection with emissions that
31 equal or exceed 25,000 metric tons of carbon dioxide equivalent
32 emissions, including carbon dioxide from biomass-derived fuels, or to
33 persons who have a compliance obligation under RCW 70A.65.080 in any
34 year of the current compliance period. The department may adopt rules
35 to accept verification reports from another jurisdiction with a
36 linkage agreement pursuant to RCW 70A.65.180 in cases where the
37 department deems that the methods or procedures are substantively
38 similar.

39 (g)(i) The definitions in RCW 70A.45.010 apply throughout this
40 subsection (5) unless the context clearly requires otherwise.

1 (ii) For the purpose of this subsection (5), the term "supplier"
2 includes: (A) Suppliers that produce, import, or deliver, or any
3 combination of producing, importing, or delivering, a quantity of
4 fuel products in Washington that, if completely combusted, oxidized,
5 or used in other processes, would result in the release of greenhouse
6 gases in Washington equivalent to or higher than the threshold
7 established under (a) of this subsection; and (B) suppliers of carbon
8 dioxide that produce, import, or deliver a quantity of carbon dioxide
9 in Washington that, if released, would result in emissions equivalent
10 to or higher than the threshold established under (a) of this
11 subsection.

12 (iii) For the purpose of this subsection (5), the term "person"
13 includes: (A) An owner or operator of a facility; (B) a supplier; or
14 (C) an electric power entity.

15 (iv) For the purpose of this subsection (5), the term "facility"
16 includes facilities that directly emit greenhouse gases in Washington
17 equivalent to the threshold established under (a) of this subsection
18 with at least one source category listed in the United States
19 environmental protection agency's mandatory greenhouse gas reporting
20 regulation, 40 C.F.R. Part 98 Subparts C through II and RR through
21 UU, as adopted on April 25, 2011.

22 (v) For the purpose of this subsection (5), the term "electric
23 power entity" includes any of the following that supply electric
24 power in Washington with associated emissions of greenhouse gases
25 equal to or above the threshold established under (a) of this
26 subsection: (A) Electricity importers and exporters; (B) retail
27 providers, including multijurisdictional retail providers; and (C)
28 first jurisdictional deliverers, as defined in RCW 70A.65.010, not
29 otherwise included here.

30 **Sec. 4.** RCW 70A.65.090 and 2021 c 316 s 11 are each amended to
31 read as follows:

32 (1) All covered entities must register to participate in the
33 program, following procedures adopted by the department by rule.

34 (2) Entities registering to participate in the program must
35 describe any direct or indirect affiliation with other registered
36 entities.

37 (3) A person responsible for greenhouse gas emissions that is not
38 a covered entity may voluntarily participate in the program by
39 registering as an opt-in entity. An opt-in entity must satisfy the

1 same registration requirements as covered entities. Once registered,
2 an opt-in entity is allowed to participate as a covered entity in
3 auctions and must assume the same compliance obligation to transfer
4 compliance instruments equal to their emissions at the appointed
5 transfer dates. An opt-in entity may opt out of the program at the
6 end of any compliance period by providing written notice to the
7 department at least six months prior to the end of the compliance
8 period. The opt-in entity continues to have a compliance obligation
9 through the current compliance period. An opt-in entity is not
10 eligible to receive allowances directly distributed under RCW
11 70A.65.110, 70A.65.120, or 70A.65.130.

12 (4) A person that is not covered by the program and is not a
13 covered entity or opt-in entity may voluntarily participate in the
14 program as a general market participant. General market participants
15 must meet all applicable registration requirements specified by rule.

16 (5) Federally recognized tribes and federal agencies may elect to
17 participate in the program as opt-in entities or general market
18 participants.

19 (6) The department shall use a secure, online electronic tracking
20 system to: Register entities in the state program; issue compliance
21 instruments; track ownership of compliance instruments; enable and
22 record compliance instrument transfers; facilitate program
23 compliance; and support market oversight.

24 (7) The department must use an electronic tracking system that
25 allows two accounts to each covered or opt-in entity:

26 (a) A compliance account where the compliance instruments are
27 transferred to the department for retirement. Compliance instruments
28 in compliance accounts may not be sold, traded, or otherwise provided
29 to another account or person.

30 (b) A holding account that is used when a registered entity is
31 interested in trading allowances. Allowances in holding accounts may
32 be bought, sold, transferred to another registered entity, or traded.
33 The amount of allowances a registered entity may have in its holding
34 account is constrained by the holding limit as determined by the
35 department by rule. Information about the contents of each holding
36 account, including but not limited to the number of allowances in the
37 account, must be displayed on a regularly maintained and searchable
38 public website established and updated by the department.

39 (8) Registered general market participants are each allowed an
40 account, to hold, trade, sell, or transfer allowances.

1 (9) The department shall maintain an account for the purpose of
2 retiring allowances transferred by registered entities and from the
3 voluntary renewable reserve account.

4 (10) The department shall maintain a public roster of all covered
5 entities, opt-in entities, and general market participants on the
6 department's public website. The roster must specify the provision of
7 RCW 70A.65.080 (1), (2), or (3) under which each covered entity is
8 determined to be a covered entity.

9 (11) The department shall include a voluntary renewable reserve
10 account.

11 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
12 preservation of the public peace, health, or safety, or support of
13 the state government and its existing public institutions, and takes
14 effect immediately.

15 NEW SECTION. **Sec. 6.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

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