
HOUSE BILL 2215

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By Representatives Fitzgibbon, Doglio, Ryu, Parshley, Peterson, Berry, Reed, Street, Duerr, Thomas, Ormsby, Goodman, Hill, and Pollet

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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 of
3 below 500 metric tons of carbon dioxide equivalent annually; 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 gasoline, diesel, biodiesel, or propane or any
9 combination thereof, and from that fuel 500 metric tons or more of
10 carbon dioxide equivalent emissions would result from the full
11 combustion or oxidation of that fuel in a calendar year, excluding
12 the amounts for fuel products that are produced or imported with a
13 documented final point of delivery outside of Washington and
14 combusted outside of Washington; or

15 (iii) The person is a purchaser of fuel sold to the person by a
16 seller that produces, imports, or delivers in Washington any
17 combination of gasoline, diesel, biodiesel, or propane, or any
18 combination thereof, and the seller of fuel is a business that is not
19 registered as a supplier or other covered entity with the department,
20 and from the fuel purchased by the person in a single calendar year
21 500 metric tons or more of carbon dioxide equivalent emissions would
22 result from the full combustion or oxidation of the purchased fuel.

23 (b) The department may, by rule, lower the 500 metric ton
24 threshold specified in (a)(ii) and (iii) of this subsection if
25 practicable and if necessary to ensure the achievement of the goals
26 of this chapter or eliminate significant distortions in the fuel
27 supply marketplace.

28 (3) A person is a covered entity as of the beginning of the third
29 compliance period, and all subsequent compliance periods if the
30 person reported emissions under RCW 70A.15.2200 or provided emissions
31 data as required by this chapter for 2027 or 2028, where the person
32 owns or operates a railroad company, as that term is defined in RCW
33 81.04.010, and the railroad company's emissions equal or exceed
34 25,000 metric tons of carbon dioxide equivalent.

35 (4) When a covered entity reports, during a compliance period,
36 emissions from a facility under RCW 70A.15.2200 that are below the
37 thresholds specified in subsection (1) or (2) of this section, the
38 covered entity continues to have a compliance obligation through the
39 current compliance period. When a covered entity reports emissions
40 below the threshold for each year during an entire compliance period,

1 or has ceased all processes at the facility requiring reporting under
2 RCW 70A.15.2200, the entity is no longer a covered entity as of the
3 beginning of the subsequent compliance period unless the department
4 provides notice at least 12 months before the end of the compliance
5 period that the facility's emissions were within 10 percent of the
6 threshold and that the person will continue to be designated as a
7 covered entity in order to ensure equity among all covered entities.
8 Whenever a covered entity ceases to be a covered entity, the
9 department shall notify the appropriate policy and fiscal committees
10 of the legislature of the name of the entity and the reason the
11 entity is no longer a covered entity.

12 (5) For types of emission sources described in subsection (1) of
13 this section that begin or modify operation after January 1, 2023,
14 and types of emission sources described in subsection (2) of this
15 section that begin or modify operation after 2027, coverage under the
16 program starts in the calendar year in which emissions from the
17 source exceed the applicable thresholds in subsection (1) or (2) of
18 this section, or upon formal notice from the department that the
19 source is expected to exceed the applicable emissions threshold,
20 whichever happens first. Sources meeting these conditions are
21 required to transfer their first allowances on the first transfer
22 deadline of the year following the year in which their emissions were
23 equal to or exceeded the emissions threshold.

24 (6) For emission sources described in subsection (1) of this
25 section that are in operation or otherwise active between 2015 and
26 2019 but were not required to report emissions for those years under
27 RCW 70A.15.2200 for the reporting periods between 2015 and 2019,
28 coverage under the program starts in the calendar year following the
29 year in which emissions from the source exceed the applicable
30 thresholds in subsection (1) of this section as reported pursuant to
31 RCW 70A.15.2200 or provided as required by this chapter, or upon
32 formal notice from the department that the source is expected to
33 exceed the applicable emissions threshold for the first year that
34 source is required to report emissions, whichever happens first.
35 Sources meeting these criteria are required to transfer their first
36 allowances on the first transfer deadline of the year following the
37 year in which their emissions, as reported under RCW 70A.15.2200 or
38 provided as required by this chapter, were equal to or exceeded the
39 emissions threshold.

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

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

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

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

10 (d) Carbon dioxide emissions from the combustion of biomass or
11 biofuels;

12 (e)(i) Motor vehicle fuel or special fuel that is used
13 exclusively for agricultural purposes by a farm fuel user. This
14 exemption is available only if a buyer of motor vehicle fuel or
15 special fuel provides the seller with an exemption certificate in a
16 form and manner prescribed by the department. Prior to January 1,
17 2030, this exemption is available whether motor vehicle fuel or
18 special fuel is used to propel a motor vehicle or not, but beginning
19 January 1, 2030, this exemption only applies to motor vehicle fuel or
20 special fuel that the farm fuel user uses to propel a motor vehicle.

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

27 (iii) For the purposes of this subsection:

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

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

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

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

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

38 (8) The department shall not require multiple covered entities to
39 have a compliance obligation for the same emissions. The department
40 may by rule authorize refineries, fuel suppliers, facilities using

1 natural gas, and natural gas utilities to provide by agreement for
2 the assumption of the compliance obligation for fuel or natural gas
3 supplied and combusted in the state. The department must be notified
4 of such an agreement at least 12 months prior to the compliance
5 obligation period for which the agreement is applicable.

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

11 (b) Consistent with the intent of the legislature to avoid the
12 leakage of emissions to other jurisdictions, in achieving the state's
13 greenhouse gas limits in RCW 70A.45.020, the state, including lead
14 agencies under chapter 43.21C RCW, shall pursue the limits in a
15 manner that recognizes that the siting and placement of new or
16 expanded best-in-class facilities with lower carbon emitting
17 processes is in the economic and environmental interests of the state
18 of Washington.

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

27 (d) Covered emissions from an entity that is or will be a covered
28 entity under this chapter may not be the basis for denial of a permit
29 for a new or expanded facility. Covered emissions must be included in
30 the analysis undertaken pursuant to (c) of this subsection. Nothing
31 in this subsection requires a lead agency or a permitting agency to
32 approve or issue a permit to a permit applicant, including to a new
33 or expanded fossil fuel project.

34 (e) A lead agency under chapter 43.21C RCW or a permitting agency
35 shall allow a new or expanded facility that is a covered entity or
36 opt-in entity to satisfy a mitigation requirement for its covered
37 emissions under this chapter and under any greenhouse gas emission
38 mitigation requirements for covered emissions under chapter 43.21C
39 RCW by submitting to the department the number of compliance

1 instruments equivalent to its covered emissions during a compliance
2 period.

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

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

16 (2) Except as provided in subsection (3) of this section, any
17 person operating or responsible for the operation of air contaminant
18 sources of any class for which the ordinances, resolutions, rules or
19 regulations of the department or board of the authority, require
20 registration or reporting shall register therewith and make reports
21 containing information as may be required by such department or board
22 concerning location, size and height of contaminant outlets,
23 processes employed, nature of the contaminant emission and such other
24 information as is relevant to air pollution and available or
25 reasonably capable of being assembled. In the case of emissions of
26 greenhouse gases as defined in RCW 70A.45.010 the department shall
27 adopt rules requiring reporting of those emissions. The department or
28 board may require that such registration or reporting be accompanied
29 by a fee, and may determine the amount of such fee for such class or
30 classes: PROVIDED, That the amount of the fee shall only be to
31 compensate for the costs of administering such registration or
32 reporting program which shall be defined as initial registration and
33 annual or other periodic reports from the source owner providing
34 information directly related to air pollution registration, on-site
35 inspections necessary to verify compliance with registration
36 requirements, data storage and retrieval systems necessary for
37 support of the registration program, emission inventory reports and
38 emission reduction credits computed from information provided by
39 sources pursuant to registration program requirements, staff review,

1 including engineering or other reliable analysis for accuracy and
2 currentness, of information provided by sources pursuant to
3 registration program requirements, clerical and other office support
4 provided in direct furtherance of the registration program, and
5 administrative support provided in directly carrying out the
6 registration program: PROVIDED FURTHER, That any such registration
7 made with either the board or the department shall preclude a further
8 registration and reporting with any other board or the department,
9 except that emissions of greenhouse gases as defined in RCW
10 70A.45.010 must be reported as required under subsection (5) of this
11 section.

12 All registration program and reporting fees collected by the
13 department shall be deposited in the air pollution control account.
14 All registration program fees collected by the local air authorities
15 shall be deposited in their respective treasuries.

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

29 This subsection does not apply to a grain warehouse or grain
30 elevator if the warehouse or elevator handles more than 10,000,000
31 bushels of grain annually.

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

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

38 (b) A "license" is a license issued by the department of
39 agriculture licensing a facility as a grain warehouse or grain
40 elevator under chapter 22.09 RCW or a license issued by the federal

1 government licensing a facility as a grain warehouse or grain
2 elevator for purposes similar to those of licensure for the facility
3 under chapter 22.09 RCW; and

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

5 (5) (a) The department shall adopt rules requiring persons to
6 report emissions of greenhouse gases as defined in RCW 70A.45.010
7 where those emissions from a single facility, (~~or from fossil fuels~~
8 ~~sold in Washington by a single supplier or local distribution~~
9 ~~company,~~) meet or exceed 10,000 metric tons of carbon dioxide
10 equivalent annually, or from fossil fuels specified in RCW
11 70A.65.080(2)(a) sold in Washington by a single person specified in
12 RCW 70A.65.080(2)(a)(ii) or purchased in Washington by a single
13 person specified in RCW 70A.65.080(2)(a)(iii), where those emissions
14 meet or exceed the threshold specified in RCW 70A.65.080(2)(a) for
15 such persons. The department's rules may also require electric power
16 entities to report emissions of greenhouse gases from all electricity
17 that is purchased, sold, imported, exported, or exchanged in
18 Washington. To the extent practicable, the department's rules must
19 seek to minimize reporting burdens through the utilization of
20 existing reports and disclosures for electric power entities who
21 report greenhouse gas emissions that equal 10,000 metric tons of
22 carbon dioxide equivalent or less annually from all electricity that
23 is purchased, sold, imported, exported, or exchanged in Washington.
24 The rules adopted by the department must support implementation of
25 the program created in RCW 70A.65.060. In addition, the rules must
26 require that:

27 (i) Emissions of greenhouse gases resulting from the combustion
28 of fossil fuels be reported separately from emissions of greenhouse
29 gases resulting from the combustion of biomass; and

30 (ii) (A) Except as provided in (a) (ii) (B) of this subsection, each
31 annual report must include emissions data for the preceding calendar
32 year and must be submitted to the department by March 31st of the
33 year in which the report is due, except for an electric power entity,
34 which must submit its report by June 1st of the year in which the
35 report is due;

36 (B) To ensure that the program created in chapter 70A.65 RCW
37 remains implementable and capable of fulfilling a linkage agreement
38 under RCW 70A.65.210, if the department determines that timely
39 reporting under this section is infeasible due to actions
40 attributable to a third party upon whom the agency relies to collect

1 emissions data from entities required to report including, but not
2 limited to, the United States environmental protection agency, the
3 department may, by rule, including emergency rule, require any
4 greenhouse gas emissions reports for emissions in any combination of
5 the years 2024 through 2030 to be submitted at an alternate date of
6 no later than June 1, 2031.

7 (b) (i) The department may by rule include additional gases to the
8 definition of "greenhouse gas" in RCW 70A.45.010 only if the gas has
9 been designated as a greenhouse gas by the United States congress, by
10 the United States environmental protection agency, or included in
11 external greenhouse gas emission trading programs with which
12 Washington has linked pursuant to RCW 70A.65.210. Prior to including
13 additional gases to the definition of "greenhouse gas" in RCW
14 70A.45.010, the department shall notify the appropriate committees of
15 the legislature.

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

20 (iii) The department must establish greenhouse gas emission
21 reporting methodologies for persons who are required to report under
22 this section. The department's reporting methodologies must be
23 designed to address the needs of ensuring accuracy of reported
24 emissions and maintaining consistency over time, and may, to the
25 extent practicable, be similar to reporting methodologies of
26 jurisdictions with which Washington has entered into a linkage
27 agreement.

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

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

34 (d) The fee provisions in subsection (2) of this section apply to
35 reporting of emissions of greenhouse gases. Persons required to
36 report under (a) of this subsection who fail to report or pay the fee
37 required in subsection (2) of this section are subject to enforcement
38 penalties under this chapter. The department shall enforce the
39 reporting rule requirements. When a person that holds a compliance
40 obligation under RCW 70A.65.080 fails to submit an emissions data

1 report or fails to obtain a positive emissions data verification
2 statement in accordance with (f)(ii) of this subsection, the
3 department may assign an emissions level for that person.

4 (e) The energy facility site evaluation council shall,
5 simultaneously with the department, adopt rules that impose
6 greenhouse gas reporting requirements in site certifications on
7 owners or operators of a facility permitted by the energy facility
8 site evaluation council. The greenhouse gas reporting requirements
9 imposed by the energy facility site evaluation council must be the
10 same as the greenhouse gas reporting requirements imposed by the
11 department. The department shall share any information reported to it
12 from facilities permitted by the energy facility site evaluation
13 council with the council, including notice of a facility that has
14 failed to report as required. The energy facility site evaluation
15 council shall contract with the department to monitor the reporting
16 requirements adopted under this section.

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

19 (ii) Verification requirements apply at a minimum to persons
20 required to report under (a) of this subsection with emissions that
21 equal or exceed 25,000 metric tons of carbon dioxide equivalent
22 emissions, including carbon dioxide from biomass-derived fuels, or to
23 persons who have a compliance obligation under RCW 70A.65.080 in any
24 year of the current compliance period. The department may adopt rules
25 to accept verification reports from another jurisdiction with a
26 linkage agreement pursuant to RCW 70A.65.180 in cases where the
27 department deems that the methods or procedures are substantively
28 similar.

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

31 (ii) For the purpose of this subsection (5), the term "supplier"
32 includes: (A) Suppliers that produce, import, or deliver, or any
33 combination of producing, importing, or delivering, a quantity of
34 fuel products in Washington that, if completely combusted, oxidized,
35 or used in other processes, would result in the release of greenhouse
36 gases in Washington equivalent to or higher than the threshold
37 established under (a) of this subsection; and (B) suppliers of carbon
38 dioxide that produce, import, or deliver a quantity of carbon dioxide
39 in Washington that, if released, would result in emissions equivalent

1 to or higher than the threshold established under (a) of this
2 subsection.

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

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

13 (v) For the purpose of this subsection (5), the term "electric
14 power entity" includes any of the following that supply electric
15 power in Washington with associated emissions of greenhouse gases
16 equal to or above the threshold established under (a) of this
17 subsection: (A) Electricity importers and exporters; (B) retail
18 providers, including multijurisdictional retail providers; and (C)
19 first jurisdictional deliverers, as defined in RCW 70A.65.010, not
20 otherwise included here.

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

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

25 (2) Entities registering to participate in the program must
26 describe any direct or indirect affiliation with other registered
27 entities.

28 (3) A person responsible for greenhouse gas emissions that is not
29 a covered entity may voluntarily participate in the program by
30 registering as an opt-in entity. An opt-in entity must satisfy the
31 same registration requirements as covered entities. Once registered,
32 an opt-in entity is allowed to participate as a covered entity in
33 auctions and must assume the same compliance obligation to transfer
34 compliance instruments equal to their emissions at the appointed
35 transfer dates. An opt-in entity may opt out of the program at the
36 end of any compliance period by providing written notice to the
37 department at least six months prior to the end of the compliance
38 period. The opt-in entity continues to have a compliance obligation
39 through the current compliance period. An opt-in entity is not

1 eligible to receive allowances directly distributed under RCW
2 70A.65.110, 70A.65.120, or 70A.65.130.

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

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

10 (6) The department shall use a secure, online electronic tracking
11 system to: Register entities in the state program; issue compliance
12 instruments; track ownership of compliance instruments; enable and
13 record compliance instrument transfers; facilitate program
14 compliance; and support market oversight.

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

17 (a) A compliance account where the compliance instruments are
18 transferred to the department for retirement. Compliance instruments
19 in compliance accounts may not be sold, traded, or otherwise provided
20 to another account or person.

21 (b) A holding account that is used when a registered entity is
22 interested in trading allowances. Allowances in holding accounts may
23 be bought, sold, transferred to another registered entity, or traded.
24 The amount of allowances a registered entity may have in its holding
25 account is constrained by the holding limit as determined by the
26 department by rule. Information about the contents of each holding
27 account, including but not limited to the number of allowances in the
28 account, must be displayed on a regularly maintained and searchable
29 public website established and updated by the department.

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

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

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

1 (11) The department shall include a voluntary renewable reserve
2 account.

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

7 NEW SECTION. **Sec. 6.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected.

--- END ---