

CERTIFICATION OF ENROLLMENT
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2215

69th Legislature
2026 Regular Session

Passed by the House March 12, 2026
Yeas 57 Nays 38

**Speaker of the House of
Representatives**

Passed by the Senate March 12, 2026
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2215** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE HOUSE BILL 2215

AS AMENDED BY THE SENATE

Passed Legislature - 2026 Regular Session

State of Washington

69th Legislature

2026 Regular Session

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

READ FIRST TIME 02/09/26.

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, 70A.65.090, and 70A.65.200; adding a new
4 section to chapter 39.26 RCW; creating a new section; and declaring
5 an emergency.

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

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

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

1 (a) The climate commitment act's assignment of compliance
2 obligations associated with fuels ensure that there is a covered
3 entity associated with all fuel supplied or otherwise produced,
4 imported, or delivered in Washington, except in de minimis volumes;
5 and

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

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

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

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

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

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

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

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

37 (C) For electricity purchased from a federal power marketing
38 administration pursuant to section 5(b) of the Pacific Northwest
39 electric power planning and conservation act of 1980, P.L. 96-501, if

1 the department determines such electricity is not from a specified
2 source, the cumulative annual total of emissions associated with the
3 imported electricity exceeds 25,000 metric tons of carbon dioxide
4 equivalent.

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

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

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

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

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

1 (2)(a) A person is a covered entity as of the beginning of the
2 second compliance period and all subsequent compliance periods if
3 (~~the~~):

4 (i) The person reported emissions under RCW 70A.15.2200 or
5 provided emissions data as required by this chapter for any calendar
6 year from 2023 through 2025, where the person owns or operates a
7 waste to energy facility utilized by a county and city solid waste
8 management program and the facility's emissions equal or exceed
9 25,000 metric tons of carbon dioxide equivalent; or

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

13 (A) Began producing, importing, delivering, or selling gasoline,
14 diesel, biodiesel, or propane in any jurisdiction before January 1,
15 2023, and the person reported emissions under RCW 70A.15.2200 for any
16 calendar year beginning in 2027 or any year thereafter for any
17 combination of gasoline, diesel, biodiesel, or propane supplied in
18 Washington, the full combustion or oxidation of which would result in
19 25,000 metric tons or more of carbon dioxide equivalent emissions in
20 a calendar year, excluding the amounts for fuel products that are
21 produced or imported with a documented final point of delivery
22 outside of Washington and combusted outside of Washington; or

23 (B)(I) Except as provided in (a)(ii)(B)(II) of this subsection,
24 began producing, importing, delivering, or selling gasoline, diesel,
25 biodiesel, or propane in any jurisdiction on or after January 1,
26 2023, and the person reported emissions under RCW 70A.15.2200 for any
27 calendar year beginning in 2027 or any year thereafter for any
28 combination of gasoline, diesel, biodiesel, or propane, the full
29 combustion or oxidation of which would result in 500 metric tons or
30 more of carbon dioxide equivalent emissions in a calendar year,
31 excluding the amounts for fuel products that are produced or imported
32 with a documented final point of delivery outside of Washington and
33 combusted outside of Washington.

34 (II) If a person who is otherwise covered under (a)(ii)(B)(I) of
35 this subsection demonstrates to the department that the person
36 transports 100 percent of any combination of gasoline, diesel,
37 biodiesel, or propane in a company-owned vehicle with a valid United
38 States department of transportation number and international fuel tax
39 agreement number issued by the department of licensing and that the
40 person began producing, importing, delivering, or selling gasoline,

1 diesel, biodiesel, or propane in any jurisdiction before January 1,
2 2024, the threshold specified in (a)(ii)(A) of this subsection
3 applies to that person.

4 (b) The department may, by rule, lower or increase any of the
5 thresholds specified in (a)(ii)(A) or (B) of this subsection if
6 practicable and if necessary to ensure the achievement of the goals
7 of this chapter or eliminate significant distortions in the fuel
8 supply marketplace. A rule adopted under this subsection (2)(b) must
9 take effect at least one year after the initiation of the rule
10 making, and no earlier than January 1st of the following calendar
11 year of program implementation.

12 (3) A person is a covered entity as of the beginning of the third
13 compliance period, and all subsequent compliance periods if the
14 person reported emissions under RCW 70A.15.2200 or provided emissions
15 data as required by this chapter for 2027 or 2028, where the person
16 owns or operates a railroad company, as that term is defined in RCW
17 81.04.010, and the railroad company's emissions equal or exceed
18 25,000 metric tons of carbon dioxide equivalent.

19 (4) When a covered entity reports, during a compliance period,
20 emissions from a facility under RCW 70A.15.2200 that are below the
21 thresholds specified in subsection (1) or (2) of this section, the
22 covered entity continues to have a compliance obligation through the
23 current compliance period. When a covered entity reports emissions
24 below the threshold for each year during an entire compliance period,
25 or has ceased all processes at the facility requiring reporting under
26 RCW 70A.15.2200, the entity is no longer a covered entity as of the
27 beginning of the subsequent compliance period unless the department
28 provides notice at least 12 months before the end of the compliance
29 period that the facility's emissions were within 10 percent of the
30 threshold and that the person will continue to be designated as a
31 covered entity in order to ensure equity among all covered entities.
32 Whenever a covered entity ceases to be a covered entity, the
33 department shall notify the appropriate policy and fiscal committees
34 of the legislature of the name of the entity and the reason the
35 entity is no longer a covered entity.

36 (5) For types of emission sources described in subsection (1) of
37 this section that begin or modify operation after January 1, 2023,
38 and types of emission sources described in subsection (2) of this
39 section that begin or modify operation after 2027, coverage under the
40 program starts in the calendar year in which emissions from the

1 source exceed the applicable thresholds in subsection (1) or (2) of
2 this section, or upon formal notice from the department that the
3 source is expected to exceed the applicable emissions threshold,
4 whichever happens first. Sources meeting these conditions are
5 required to transfer their first allowances on the first transfer
6 deadline of the year following the year in which their emissions were
7 equal to or exceeded the emissions threshold.

8 (6) For emission sources described in subsection (1) of this
9 section that are in operation or otherwise active between 2015 and
10 2019 but were not required to report emissions for those years under
11 RCW 70A.15.2200 for the reporting periods between 2015 and 2019,
12 coverage under the program starts in the calendar year following the
13 year in which emissions from the source exceed the applicable
14 thresholds in subsection (1) of this section as reported pursuant to
15 RCW 70A.15.2200 or provided as required by this chapter, or upon
16 formal notice from the department that the source is expected to
17 exceed the applicable emissions threshold for the first year that
18 source is required to report emissions, whichever happens first.
19 Sources meeting these criteria are required to transfer their first
20 allowances on the first transfer deadline of the year following the
21 year in which their emissions, as reported under RCW 70A.15.2200 or
22 provided as required by this chapter, were equal to or exceeded the
23 emissions threshold.

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

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

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

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

33 (d) Carbon dioxide emissions from the combustion of biomass or
34 biofuels;

35 (e) (i) Motor vehicle fuel or special fuel that is used
36 exclusively for agricultural purposes by a farm fuel user. This
37 exemption is available only if a buyer of motor vehicle fuel or
38 special fuel provides the seller with an exemption certificate in a
39 form and manner prescribed by the department. Prior to January 1,
40 2030, this exemption is available whether motor vehicle fuel or

1 special fuel is used to propel a motor vehicle or not, but beginning
2 January 1, 2030, this exemption only applies to motor vehicle fuel or
3 special fuel that the farm fuel user uses to propel a motor vehicle.

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

10 (iii) For the purposes of this subsection:

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

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

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

17 (f) Emissions from facilities with North American industry
18 classification system code 92811 (national security); ~~((and))~~

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

21 (h) Beginning January 1, 2027, emissions from the combustion,
22 oxidation, other process, or end use of a lubricant, as that term is
23 defined as of January 1, 2026 in 40 C.F.R. Sec. 98.6. This exemption
24 applies regardless of whether a supplier demonstrates to the
25 department that a lubricant is not combusted or oxidized.

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

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

39 (b) Consistent with the intent of the legislature to avoid the
40 leakage of emissions to other jurisdictions, in achieving the state's

1 greenhouse gas limits in RCW 70A.45.020, the state, including lead
2 agencies under chapter 43.21C RCW, shall pursue the limits in a
3 manner that recognizes that the siting and placement of new or
4 expanded best-in-class facilities with lower carbon emitting
5 processes is in the economic and environmental interests of the state
6 of Washington.

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

15 (d) Covered emissions from an entity that is or will be a covered
16 entity under this chapter may not be the basis for denial of a permit
17 for a new or expanded facility. Covered emissions must be included in
18 the analysis undertaken pursuant to (c) of this subsection. Nothing
19 in this subsection requires a lead agency or a permitting agency to
20 approve or issue a permit to a permit applicant, including to a new
21 or expanded fossil fuel project.

22 (e) A lead agency under chapter 43.21C RCW or a permitting agency
23 shall allow a new or expanded facility that is a covered entity or
24 opt-in entity to satisfy a mitigation requirement for its covered
25 emissions under this chapter and under any greenhouse gas emission
26 mitigation requirements for covered emissions under chapter 43.21C
27 RCW by submitting to the department the number of compliance
28 instruments equivalent to its covered emissions during a compliance
29 period.

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

32 (1) The board of any activated authority or the department, may
33 classify air contaminant sources, by ordinance, resolution, rule or
34 regulation, which in its judgment may cause or contribute to air
35 pollution, according to levels and types of emissions and other
36 characteristics which cause or contribute to air pollution, and may
37 require registration or reporting or both for any such class or
38 classes. Classifications made pursuant to this section may be for
39 application to the area of jurisdiction of such authority, or the

1 state as a whole or to any designated area within the jurisdiction,
2 and shall be made with special reference to effects on health,
3 economic and social factors, and physical effects on property.

4 (2) Except as provided in subsection (3) of this section, any
5 person operating or responsible for the operation of air contaminant
6 sources of any class for which the ordinances, resolutions, rules or
7 regulations of the department or board of the authority, require
8 registration or reporting shall register therewith and make reports
9 containing information as may be required by such department or board
10 concerning location, size and height of contaminant outlets,
11 processes employed, nature of the contaminant emission and such other
12 information as is relevant to air pollution and available or
13 reasonably capable of being assembled. In the case of emissions of
14 greenhouse gases as defined in RCW 70A.45.010 the department shall
15 adopt rules requiring reporting of those emissions. The department or
16 board may require that such registration or reporting be accompanied
17 by a fee, and may determine the amount of such fee for such class or
18 classes: PROVIDED, That the amount of the fee shall only be to
19 compensate for the costs of administering such registration or
20 reporting program which shall be defined as initial registration and
21 annual or other periodic reports from the source owner providing
22 information directly related to air pollution registration, on-site
23 inspections necessary to verify compliance with registration
24 requirements, data storage and retrieval systems necessary for
25 support of the registration program, emission inventory reports and
26 emission reduction credits computed from information provided by
27 sources pursuant to registration program requirements, staff review,
28 including engineering or other reliable analysis for accuracy and
29 currentness, of information provided by sources pursuant to
30 registration program requirements, clerical and other office support
31 provided in direct furtherance of the registration program, and
32 administrative support provided in directly carrying out the
33 registration program: PROVIDED FURTHER, That any such registration
34 made with either the board or the department shall preclude a further
35 registration and reporting with any other board or the department,
36 except that emissions of greenhouse gases as defined in RCW
37 70A.45.010 must be reported as required under subsection (5) of this
38 section.

39 All registration program and reporting fees collected by the
40 department shall be deposited in the air pollution control account.

1 All registration program fees collected by the local air authorities
2 shall be deposited in their respective treasuries.

3 (3) If a registration or report has been filed for a grain
4 warehouse or grain elevator as required under this section,
5 registration, reporting, or a registration program fee shall not,
6 after January 1, 1997, again be required under this section for the
7 warehouse or elevator unless the capacity of the warehouse or
8 elevator as listed as part of the license issued for the facility has
9 been increased since the date the registration or reporting was last
10 made. If the capacity of the warehouse or elevator listed as part of
11 the license is increased, any registration or reporting required for
12 the warehouse or elevator under this section must be made by the date
13 the warehouse or elevator receives grain from the first harvest
14 season that occurs after the increase in its capacity is listed in
15 the license.

16 This subsection does not apply to a grain warehouse or grain
17 elevator if the warehouse or elevator handles more than 10,000,000
18 bushels of grain annually.

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

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

25 (b) A "license" is a license issued by the department of
26 agriculture licensing a facility as a grain warehouse or grain
27 elevator under chapter 22.09 RCW or a license issued by the federal
28 government licensing a facility as a grain warehouse or grain
29 elevator for purposes similar to those of licensure for the facility
30 under chapter 22.09 RCW; and

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

32 (5)(a) The department shall adopt rules requiring persons to
33 report emissions of greenhouse gases as defined in RCW 70A.45.010
34 where those emissions from a single facility, or from fossil fuels
35 sold in Washington by a single supplier or local distribution
36 company, meet or exceed 10,000 metric tons of carbon dioxide
37 equivalent annually, or from fossil fuels specified in RCW
38 70A.65.080(2)(a) sold in Washington by a single person specified in
39 RCW 70A.65.080(2)(a)(ii), where those emissions meet or exceed the
40 lesser of 10,000 metric tons of carbon dioxide equivalent or the

1 threshold specified in RCW 70A.65.080(2)(a), or set by the department
2 by rule in accordance with its authority under RCW 70A.65.080(2)(b),
3 for such persons. The department's rules may also require electric
4 power entities to report emissions of greenhouse gases from all
5 electricity that is purchased, sold, imported, exported, or exchanged
6 in Washington. To the extent practicable, the department's rules must
7 seek to minimize reporting burdens through the utilization of
8 existing reports and disclosures for electric power entities who
9 report greenhouse gas emissions that equal 10,000 metric tons of
10 carbon dioxide equivalent or less annually from all electricity that
11 is purchased, sold, imported, exported, or exchanged in Washington.
12 The rules adopted by the department must support implementation of
13 the program created in RCW 70A.65.060. In addition, the rules must
14 require that:

15 (i) Emissions of greenhouse gases resulting from the combustion
16 of fossil fuels be reported separately from emissions of greenhouse
17 gases resulting from the combustion of biomass; and

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

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

35 (b) (i) The department may by rule include additional gases to the
36 definition of "greenhouse gas" in RCW 70A.45.010 only if the gas has
37 been designated as a greenhouse gas by the United States congress, by
38 the United States environmental protection agency, or included in
39 external greenhouse gas emission trading programs with which
40 Washington has linked pursuant to RCW 70A.65.210. Prior to including

1 additional gases to the definition of "greenhouse gas" in RCW
2 70A.45.010, the department shall notify the appropriate committees of
3 the legislature.

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

8 (iii) The department must establish greenhouse gas emission
9 reporting methodologies for persons who are required to report under
10 this section. The department's reporting methodologies must be
11 designed to address the needs of ensuring accuracy of reported
12 emissions and maintaining consistency over time, and may, to the
13 extent practicable, be similar to reporting methodologies of
14 jurisdictions with which Washington has entered into a linkage
15 agreement.

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

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

22 (d) The fee provisions in subsection (2) of this section apply to
23 reporting of emissions of greenhouse gases. Persons required to
24 report under (a) of this subsection who fail to report or pay the fee
25 required in subsection (2) of this section are subject to enforcement
26 penalties under this chapter. The department shall enforce the
27 reporting rule requirements. When a person that holds a compliance
28 obligation under RCW 70A.65.080 fails to submit an emissions data
29 report or fails to obtain a positive emissions data verification
30 statement in accordance with (f)(ii) of this subsection, the
31 department may assign an emissions level for that person.

32 (e) The energy facility site evaluation council shall,
33 simultaneously with the department, adopt rules that impose
34 greenhouse gas reporting requirements in site certifications on
35 owners or operators of a facility permitted by the energy facility
36 site evaluation council. The greenhouse gas reporting requirements
37 imposed by the energy facility site evaluation council must be the
38 same as the greenhouse gas reporting requirements imposed by the
39 department. The department shall share any information reported to it
40 from facilities permitted by the energy facility site evaluation

1 council with the council, including notice of a facility that has
2 failed to report as required. The energy facility site evaluation
3 council shall contract with the department to monitor the reporting
4 requirements adopted under this section.

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

7 (ii) Verification requirements apply at a minimum to persons
8 required to report under (a) of this subsection with emissions that
9 equal or exceed 25,000 metric tons of carbon dioxide equivalent
10 emissions, including carbon dioxide from biomass-derived fuels, or to
11 persons who have a compliance obligation under RCW 70A.65.080 in any
12 year of the current compliance period. The department may adopt rules
13 to accept verification reports from another jurisdiction with a
14 linkage agreement pursuant to RCW 70A.65.180 in cases where the
15 department deems that the methods or procedures are substantively
16 similar.

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

19 (ii) For the purpose of this subsection (5), the term "supplier"
20 includes: (A) Suppliers that produce, import, or deliver, or any
21 combination of producing, importing, or delivering, a quantity of
22 fuel products in Washington that, if completely combusted, oxidized,
23 or used in other processes, would result in the release of greenhouse
24 gases in Washington equivalent to or higher than the threshold
25 established under (a) of this subsection; and (B) suppliers of carbon
26 dioxide that produce, import, or deliver a quantity of carbon dioxide
27 in Washington that, if released, would result in emissions equivalent
28 to or higher than the threshold established under (a) of this
29 subsection.

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

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

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

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

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

13 (2) Entities registering to participate in the program must
14 describe any direct or indirect affiliation with other registered
15 entities.

16 (3) A person responsible for greenhouse gas emissions that is not
17 a covered entity may voluntarily participate in the program by
18 registering as an opt-in entity. An opt-in entity must satisfy the
19 same registration requirements as covered entities. Once registered,
20 an opt-in entity is allowed to participate as a covered entity in
21 auctions and must assume the same compliance obligation to transfer
22 compliance instruments equal to their emissions at the appointed
23 transfer dates. An opt-in entity may opt out of the program at the
24 end of any compliance period by providing written notice to the
25 department at least six months prior to the end of the compliance
26 period. The opt-in entity continues to have a compliance obligation
27 through the current compliance period. An opt-in entity is not
28 eligible to receive allowances directly distributed under RCW
29 70A.65.110, 70A.65.120, or 70A.65.130.

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

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

37 (6) The department shall use a secure, online electronic tracking
38 system to: Register entities in the state program; issue compliance
39 instruments; track ownership of compliance instruments; enable and

1 record compliance instrument transfers; facilitate program
2 compliance; and support market oversight.

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

5 (a) A compliance account where the compliance instruments are
6 transferred to the department for retirement. Compliance instruments
7 in compliance accounts may not be sold, traded, or otherwise provided
8 to another account or person.

9 (b) A holding account that is used when a registered entity is
10 interested in trading allowances. Allowances in holding accounts may
11 be bought, sold, transferred to another registered entity, or traded.
12 The amount of allowances a registered entity may have in its holding
13 account is constrained by the holding limit as determined by the
14 department by rule. Information about the contents of each holding
15 account, including but not limited to the number of allowances in the
16 account, must be displayed on a regularly maintained and searchable
17 public website established and updated by the department.

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

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

23 (10) The department shall maintain a public roster of all covered
24 entities, opt-in entities, and general market participants on the
25 department's public website. The roster must specify the provision of
26 RCW 70A.65.080 (1), (2), or (3) under which each covered entity is
27 determined to be a covered entity, and must identify any fuel sellers
28 described in RCW 70A.65.200(1)(b).

29 (11) The department shall include a voluntary renewable reserve
30 account.

31 **Sec. 5.** RCW 70A.65.200 and 2024 c 352 s 8 are each amended to
32 read as follows:

33 (1) (a) All covered and opt-in entities are required to submit
34 compliance instruments in a timely manner to meet the entities'
35 compliance obligations and shall comply with all requirements for
36 monitoring, reporting, holding, and transferring emission allowances
37 and other provisions of this chapter.

38 (b) In addition to the penalty provisions of this section, a
39 seller of any combination of gasoline, diesel, biodiesel, or propane

1 fuel must meet the requirements of section 6 of this act in order to
2 be eligible to receive any contract awarded by the state, any state
3 agency, or any municipality.

4 (2) If a covered or opt-in entity does not submit sufficient
5 compliance instruments to meet its compliance obligation by the
6 specified transfer dates, a penalty of four allowances for every one
7 compliance instrument that is missing must be submitted to the
8 department within six months. When a covered entity or opt-in entity
9 reasonably believes that it will be unable to meet a compliance
10 obligation, the entity shall immediately notify the department. Upon
11 receiving notification, the department shall issue an order requiring
12 the entity to submit the penalty allowances.

13 (3) If a covered entity or opt-in entity fails to submit penalty
14 allowances as required by subsection (2) of this section, the
15 department must issue an order or issue a penalty of up to \$10,000
16 per day per violation, or both, for failure to submit penalty
17 allowances as required by subsection (2) of the section. The order
18 may include a plan and schedule for coming into compliance.

19 (4) The department may issue a penalty of up to \$50,000 per day
20 per violation for violations of RCW 70A.65.100(8) (a) through (e).

21 (5) Except as provided in subsections (3) and (4) of this
22 section, any person that violates the terms of this chapter or an
23 order issued under this chapter incurs a penalty of up to \$10,000 per
24 day per violation for each day that the person does not comply. All
25 penalties under subsections (3) and (4) of this section and this
26 subsection must be deposited into the climate investment account
27 created in RCW 70A.65.250.

28 (6) Orders and penalties issued under this chapter are appealable
29 to the pollution control hearings board under chapter 43.21B RCW.

30 (7) Until the department enters into a linkage agreement or until
31 the end of the first compliance period, whichever is sooner, the
32 department may reduce the amount of the penalty by adjusting the
33 monetary amount or the number of penalty allowances described in
34 subsections (2) and (3) of this section.

35 (8) An electric utility or natural gas utility must notify its
36 retail customers and the environmental justice council in published
37 form within three months of paying a monetary penalty under this
38 section.

1 (9) (a) No city, town, county, township, or other subdivision or
2 municipal corporation of the state may implement a charge or tax
3 based exclusively upon the quantity of greenhouse gas emissions.

4 (b) No state agency may adopt or enforce a greenhouse gas pricing
5 or market-based emissions cap and reduce program for stationary
6 sources, or adopt or enforce emission limitations on greenhouse gas
7 emissions from stationary sources except as:

8 (i) Provided in this chapter;

9 (ii) Authorized or directed by a state statute in effect as of
10 July 1, 2022; or

11 (iii) Required to implement a federal statute, rule, or program.

12 (c) This chapter preempts the provisions of chapter 173-442 WAC,
13 and the department shall repeal chapter 173-442 WAC.

14 ~~((10) (a) By December 1, 2023, the office of financial management~~
15 ~~must submit a report to the appropriate committees of the legislature~~
16 ~~that summarizes two categories of state laws other than this chapter:~~

17 ~~(i) Laws that regulate greenhouse gas emissions from stationary~~
18 ~~sources, and the greenhouse gas emission reductions attributable to~~
19 ~~each chapter, relative to a baseline in which this chapter and all~~
20 ~~other state laws that regulate greenhouse gas emissions are presumed~~
21 ~~to remain in effect; and~~

22 ~~(ii) Laws whose implementation may effectuate reductions in~~
23 ~~greenhouse gas emissions from stationary sources.~~

24 ~~(b) The state laws that the office of financial management may~~
25 ~~address in completing the report required in this subsection include,~~
26 ~~but are not limited to:~~

27 ~~(i) Chapter 19.27A RCW;~~

28 ~~(ii) Chapter 19.280 RCW;~~

29 ~~(iii) Chapter 19.405 RCW;~~

30 ~~(iv) Chapter 36.165 RCW;~~

31 ~~(v) Chapter 43.21F RCW;~~

32 ~~(vi) Chapter 70.30 RCW;~~

33 ~~(vii) Chapter 70A.15 RCW;~~

34 ~~(viii) Chapter 70A.45 RCW;~~

35 ~~(ix) Chapter 70A.60 RCW;~~

36 ~~(x) Chapter 70A.535 RCW;~~

37 ~~(xi) Chapter 80.04 RCW;~~

38 ~~(xii) Chapter 80.28 RCW;~~

39 ~~(xiii) Chapter 80.70 RCW;~~

40 ~~(xiv) Chapter 80.80 RCW; and~~

1 ~~(xv) Chapter 81.88 RCW.~~

2 ~~(c) The office of financial management may contract for all or~~
3 ~~part of the work product required under this subsection.))~~

4 NEW SECTION. **Sec. 6.** A new section is added to chapter 39.26
5 RCW to read as follows:

6 (1) Beginning January 1, 2027, a seller of any combination of
7 gasoline, diesel, biodiesel, or propane fuel is only eligible to
8 receive a contract awarded by the state, any state agency, or any
9 municipality, if the seller:

10 (a) Is registered with the department of ecology as a covered or
11 opt-in entity under chapter 70A.65 RCW; or

12 (b) Can provide documentation, including but not limited to
13 invoices, demonstrating that the fuel being sold was purchased from a
14 covered or opt-in entity registered with the department under chapter
15 70A.65 RCW and the emissions from the fuel are covered emissions for
16 the covered or opt-in entity.

17 (2) For purposes of this section, "municipality" means every
18 city, county, town, special purpose district, political subdivision,
19 or instrumentality of the state.

20 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
21 preservation of the public peace, health, or safety, or support of
22 the state government and its existing public institutions, and takes
23 effect immediately.

24 NEW SECTION. **Sec. 8.** If any provision of this act or its
25 application to any person or circumstance is held invalid, the
26 remainder of the act or the application of the provision to other
27 persons or circumstances is not affected.

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