
SENATE BILL 5630

State of Washington

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By Senators Dozier, Boehnke, Braun, Christian, Fortunato, Goehner, Lovick, MacEwen, McCune, Muzzall, Schoesler, Short, Torres, Trudeau, Wagoner, and J. Wilson

Read first time 02/03/25. Referred to Committee on Environment, Energy & Technology.

1 AN ACT Relating to continuing to provide payments to support farm
2 fuel users and transporters for exempt fuel under the Washington
3 climate commitment act; and amending RCW 70A.65.080.

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

5 **Sec. 1.** RCW 70A.65.080 and 2024 c 352 s 4 are each amended to
6 read as follows:

7 (1) A person is a covered entity as of the beginning of the first
8 compliance period and all subsequent compliance periods if the person
9 reported emissions under RCW 70A.15.2200 for any calendar year from
10 2015 through 2019, or if additional data provided as required by this
11 chapter indicates that emissions for any calendar year from 2015
12 through 2019 equaled or exceeded any of the following thresholds, or
13 if the person is a first jurisdictional deliverer and imports
14 electricity into the state during the compliance period:

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

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

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

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

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

9 (C) For electricity purchased from a federal power marketing
10 administration pursuant to section 5(b) of the Pacific Northwest
11 electric power planning and conservation act of 1980, P.L. 96-501, if
12 the department determines such electricity is not from a specified
13 source, the cumulative annual total of emissions associated with the
14 imported electricity exceeds 25,000 metric tons of carbon dioxide
15 equivalent.

16 (ii) In consultation with any linked jurisdiction to the program
17 created by this chapter, by October 1, 2026, the department, in
18 consultation with the department of commerce and the utilities and
19 transportation commission, shall adopt by rule a methodology for
20 addressing imported electricity associated with a centralized
21 electricity market;

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

28 (e)(i) Where the person supplies natural gas in amounts that
29 would result in exceeding 25,000 metric tons of carbon dioxide
30 equivalent emissions if fully combusted or oxidized, excluding the
31 amounts for fuel products that are produced or imported with a
32 documented final point of delivery outside of Washington and
33 combusted outside of Washington, and excluding the amounts: (A)
34 Supplied to covered entities under (a) through (d) of this
35 subsection; and (B) delivered to opt-in entities;

36 (ii) Where the person who is not a natural gas company and has a
37 tariff with a natural gas company to deliver to an end-use customer
38 in the state in amounts that would result in exceeding 25,000 metric
39 tons of carbon dioxide equivalent emissions if fully combusted or
40 oxidized, excluding the amounts: (A) Supplied to covered entities

1 under (a) through (d) of this subsection; and (B) the amounts
2 delivered to opt-in entities;

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

11 (2) A person is a covered entity as of the beginning of the
12 second compliance period and all subsequent compliance periods if the
13 person reported emissions under RCW 70A.15.2200 or provided emissions
14 data as required by this chapter for any calendar year from 2023
15 through 2025, where the person owns or operates a waste to energy
16 facility utilized by a county and city solid waste management program
17 and the facility's emissions equal or exceed 25,000 metric tons of
18 carbon dioxide equivalent.

19 (3) A person is a covered entity as of the beginning of the third
20 compliance period, and all subsequent compliance periods if the
21 person reported emissions under RCW 70A.15.2200 or provided emissions
22 data as required by this chapter for 2027 or 2028, where the person
23 owns or operates a railroad company, as that term is defined in RCW
24 81.04.010, and the railroad company's emissions equal or exceed
25 25,000 metric tons of carbon dioxide equivalent.

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

1 of the legislature of the name of the entity and the reason the
2 entity is no longer a covered entity.

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

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

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

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

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

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

1 (d) Carbon dioxide emissions from the combustion of biomass or
2 biofuels;

3 (e) (i) Motor vehicle fuel or special fuel that is used
4 exclusively for agricultural purposes by a farm fuel user. This
5 exemption is available only if a buyer of motor vehicle fuel or
6 special fuel provides the seller with an exemption certificate in a
7 form and manner prescribed by the department. For the purposes of
8 this subsection, "agricultural purposes" and "farm fuel user" have
9 the same meanings as provided in RCW 82.08.865.

10 (ii) The department must determine a method for expanding the
11 exemption provided under (e) (i) of this subsection to include fuels
12 used for the purpose of transporting agricultural products on public
13 highways. The department must maintain this expanded exemption (~~for~~
14 ~~a period of five years, in order to provide the agricultural sector~~
15 ~~with a feasible transition period~~);

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

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

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

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

33 (b) Consistent with the intent of the legislature to avoid the
34 leakage of emissions to other jurisdictions, in achieving the state's
35 greenhouse gas limits in RCW 70A.45.020, the state, including lead
36 agencies under chapter 43.21C RCW, shall pursue the limits in a
37 manner that recognizes that the siting and placement of new or
38 expanded best-in-class facilities with lower carbon emitting
39 processes is in the economic and environmental interests of the state
40 of Washington.

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

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

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

24 (10) The legislature intends to provide payments to support farm
25 fuel users and transporters who have purchased fuel for agricultural
26 purposes that is exempt under subsection (7)(e) of this section.

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