

CERTIFICATION OF ENROLLMENT

ENGROSSED SENATE BILL 6246

69th Legislature
2026 Regular Session

Passed by the Senate March 10, 2026
Yeas 29 Nays 20

President of the Senate

Passed by the House March 6, 2026
Yeas 57 Nays 38

**Speaker of the House of
Representatives**

Approved

Governor of the State of Washington

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SENATE BILL 6246** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SENATE BILL 6246

AS AMENDED BY THE HOUSE

Passed Legislature - 2026 Regular Session

State of Washington 69th Legislature 2026 Regular Session

By Senators Slatter, Shewmake, and Saldaña

Read first time 01/20/26. Referred to Committee on Environment,
Energy & Technology.

1 AN ACT Relating to emissions from emissions-intensive, trade-
2 exposed facilities under the climate commitment act; amending RCW
3 70A.65.110; adding a new section to chapter 70A.65 RCW; creating a
4 new section; and providing expiration dates.

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

6 **Sec. 1.** RCW 70A.65.110 and 2024 c 352 s 6 are each amended to
7 read as follows:

8 (1) Facilities owned or operated by a covered entity must receive
9 an allocation of allowances for the covered emissions at those
10 facilities under this subsection at no cost if the operations of the
11 facility are classified as emissions-intensive and trade-exposed, as
12 determined by being engaged in one or more of the processes described
13 by the following industry descriptions and codes in the North
14 American industry classification system as those classifications
15 existed on January 1, 2026:

16 (a) Metals manufacturing, including iron and steel making,
17 ferroalloy and primary metals manufacturing, secondary aluminum
18 smelting and alloying, aluminum sheet, plate, and foil manufacturing,
19 and smelting, refining, and alloying of other nonferrous metals,
20 North American industry classification system codes beginning with
21 331;

1 (b) Paper manufacturing, including pulp mills, paper mills, and
2 paperboard milling, North American industry classification system
3 codes beginning with 322;

4 (c) Aerospace product and parts manufacturing, North American
5 industry classification system codes beginning with 3364;

6 (d) Wood products manufacturing, North American industry
7 classification system codes beginning with 321;

8 (e) Nonmetallic mineral manufacturing, including glass container
9 manufacturing, North American industry classification system codes
10 beginning with 327;

11 (f) Chemical manufacturing, North American industry
12 classification system codes beginning with 325;

13 (g) Computer and electronic product manufacturing, including
14 semiconductor and related device manufacturing, North American
15 industry classification system codes beginning with 334;

16 (h) Food manufacturing, North American industry classification
17 system codes beginning with 311;

18 (i) Cement manufacturing, North American industry classification
19 system code 327310;

20 (j) Petroleum refining, North American industry classification
21 system code 324110;

22 (k) Asphalt paving mixtures and block manufacturing from refined
23 petroleum, North American industry classification system code 324121;

24 (l) Asphalt shingle and coating manufacturing from refined
25 petroleum, North American industry classification system code 324122;
26 and

27 (m) All other petroleum and coal products manufacturing from
28 refined petroleum, North American industry classification system code
29 324199.

30 (2) By July 1, 2022, the department must adopt by rule objective
31 criteria for both emissions' intensity and trade exposure for the
32 purpose of identifying emissions-intensive, trade-exposed
33 (~~manufacturing businesses~~) facilities during the second compliance
34 period of the program and subsequent compliance periods. A
35 manufacturing facility covered by subsection (1)(a) through (m) of
36 this section is considered an emissions-intensive, trade-exposed
37 facility and is eligible for allocation of no cost allowances as
38 described in this section. In addition, any covered party that (~~is a~~
39 ~~manufacturing business~~) owns or operates a manufacturing facility
40 that can demonstrate to the department that it meets the objective

1 criteria adopted by rule is also eligible for treatment as emissions-
2 intensive, trade-exposed and is eligible for allocation of no cost
3 allowances as described in this section. In developing the objective
4 criteria under this subsection, the department must consider the
5 locations of facilities potentially identified as emissions-
6 intensive, trade-exposed (~~manufacturing—businesses~~) facilities
7 relative to overburdened communities.

8 (3) (a) For the years 2023 through 2026, the annual allocation of
9 no cost allowances for direct distribution to a facility identified
10 as emissions-intensive and trade-exposed must be equal to the
11 facility's baseline carbon intensity established using data from 2015
12 through 2019, or other data as allowed under this section, multiplied
13 by the facility's actual production for each calendar year during the
14 compliance period. For facilities using the mass-based approach, the
15 allocation of no cost allowances shall be equal to the facility's
16 mass-based baseline using data from 2015 through 2019, or other data
17 as allowed under this section.

18 (b) For the four years beginning January 2027 and in each
19 subsequent four-year period, the annual allocation of no cost
20 allowances established in (a) of this subsection shall be adjusted
21 according to the benchmark reduction schedules established in (b) (ii)
22 and (iii) and (e) of this subsection multiplied by the facility's
23 actual production during the period. The department shall adjust the
24 no cost allocation of allowances and credits to an emissions-
25 intensive and trade-exposed facility to avoid duplication with any no
26 cost allowances transferred pursuant to RCW 70A.65.120 and
27 70A.65.130, if applicable.

28 (i) For the purpose of this section, "carbon intensity" means the
29 amount of carbon dioxide equivalent emissions from a facility in
30 metric tons divided by the facility specific measure of production
31 including, but not limited to, units of product manufactured or sold,
32 over the same time interval.

33 (ii) If an emissions-intensive and trade-exposed facility is not
34 able to feasibly determine a carbon intensity benchmark based on its
35 unique circumstances, the entity may elect to use a mass-based
36 baseline that does not vary based on changes in production volumes.
37 The mass-based baseline must be based upon data from 2015 through
38 2019, unless the emissions-intensive, trade-exposed facility can
39 demonstrate that there have been abnormal periods of operation that
40 materially impacted the facility and the baseline period should be

1 expanded to include years prior to 2015. For the years 2023 through
2 2026, these facilities must be awarded no cost allowances equal to
3 100 percent of the facility's mass-based baseline. For each year
4 during the years 2027 through 2030, these facilities must be awarded
5 no cost allowances equal to 97 percent of the facility's mass-based
6 baseline. For each year during the years 2031 through 2034, these
7 facilities must be awarded no cost allowances equal to 94 percent of
8 the facility's mass-based baseline. Except as provided in (b)(iii) of
9 this subsection, if a facility elects to use a mass-based baseline,
10 it may not later convert to a carbon intensity benchmark during the
11 years 2023 through 2034.

12 (iii) A facility with a North American industry classification
13 system code beginning with 3364 that is utilizing a mass-based
14 baseline in (b)(ii) of this subsection must receive an additional no
15 cost allowance allocation under this section in order to accommodate
16 an increase in production that increases its emissions above the
17 baseline on a basis equivalent in principle to those awarded to
18 entities utilizing a carbon intensity benchmark pursuant to this
19 subsection (3)(b). The department shall establish methods to award,
20 for any annual period, additional no cost allowance allocations under
21 this section and, if appropriate based on projected production, to
22 achieve a similar ongoing result through the adjustment of the
23 facility's mass-based baseline. An eligible facility under this
24 subsection that has elected to use a mass-based baseline may not
25 convert to a carbon intensity benchmark until the next compliance
26 period.

27 (c)(i) By September 15, 2022, each emissions-intensive, trade-
28 exposed facility shall submit its carbon intensity baseline for the
29 first compliance period to the department. The carbon intensity
30 baseline for the first compliance period must use data from
31 2015-2019, unless the emissions-intensive, trade-exposed facility can
32 demonstrate that there have been abnormal periods of operation that
33 materially impacted the facility and the baseline period should be
34 expanded to include years prior to 2015.

35 (ii) By November 15, 2022, the department shall review and
36 approve each emissions-intensive, trade-exposed facility's baseline
37 carbon intensity for the years 2023 through 2026.

38 (d) During the years 2023 through 2026, each emissions-intensive,
39 trade-exposed facility must record its facility-specific carbon
40 intensity baseline based on its actual production.

1 (e)(i) For the years 2027 through 2030, the second period
2 benchmark for each emissions-intensive, trade-exposed facility is
3 three percent below the first period baseline specified in (a), (b),
4 and (c) of this subsection.

5 (ii) For the years 2031 through 2034, the third period benchmark
6 for each emissions-intensive, trade-exposed facility is three percent
7 lower than the years 2027 through 2030.

8 (f) Prior to the beginning of 2027, 2031, or subsequent four-year
9 periods, the department may make an upward adjustment in the next
10 four-year period's benchmark for an emissions-intensive, trade-
11 exposed facility based on the facility's demonstration to the
12 department that additional reductions in carbon intensity or mass
13 emissions are not technically or economically feasible. The
14 department may base the upward adjustment applicable to an emissions-
15 intensive, trade-exposed facility in the next four-year period on the
16 facility's best available technology analysis, and may consider
17 information submitted to the department under subsection (9) of this
18 section. The department shall by rule provide for an emissions-
19 intensive, trade-exposed ((facilities)) facility to apply to the
20 department for an upward adjustment to the allocation for direct
21 distribution of no cost allowances based on its facility-specific
22 carbon intensity benchmark or mass emissions baseline. The department
23 shall make adjustments based on:

24 (i) A significant change in the emissions use or emissions
25 attributable to the manufacture of an individual good or goods in
26 this state by an emissions-intensive, trade-exposed facility based on
27 a finding by the department that an adjustment is necessary to
28 accommodate for changes in the manufacturing process that have a
29 material impact on emissions;

30 (ii) Significant changes to an emissions-intensive, trade-exposed
31 facility's external competitive environment that result in a
32 significant increase in leakage risk; or

33 (iii) Abnormal operating periods when an emissions-intensive,
34 trade-exposed facility's carbon intensity has been materially
35 affected so that these abnormal operating periods are either excluded
36 or otherwise considered in the establishment of the carbon intensity
37 benchmarks.

38 ~~(4) ((a) By December 1, 2026, the department shall provide a~~
39 ~~report to the appropriate committees of the senate and house of~~
40 ~~representatives that describes alternative methods for determining~~

1 ~~the amount and a schedule of allowances to be provided to facilities~~
2 ~~owned or operated by each covered entity designated as an emissions-~~
3 ~~intensive, trade-exposed facility from January 1, 2035, through~~
4 ~~January 1, 2050. The report must include a review of global best~~
5 ~~practices in ensuring against emissions leakage and economic harm to~~
6 ~~businesses in carbon pricing programs and describe alternative~~
7 ~~methods of emissions performance benchmarking and mass-based~~
8 ~~allocation of no cost allowances. At a minimum, the department must~~
9 ~~evaluate benchmarks based on both carbon intensity and mass, as well~~
10 ~~as the use of best available technology as a method for compliance.~~
11 ~~In developing the report, the department shall form an advisory group~~
12 ~~that includes representatives of the manufacturers listed in~~
13 ~~subsection (1) of this section.~~

14 ~~(b))~~ If the legislature does not adopt a ~~((compliance obligation~~
15 ~~for))~~ schedule of allowances to be provided to facilities owned or
16 operated by each covered entity designated as emissions-intensive,
17 trade-exposed facilities ((by December 1, 2027)) from January 1,
18 2035, through January 1, 2050, those facilities must continue to
19 receive allowances as provided in the years 2031 through 2034 until a
20 schedule is adopted by the legislature.

21 (5) If the actual emissions of an emissions-intensive, trade-
22 exposed facility exceed the facility's no cost allowances assigned
23 for that compliance period, it must acquire additional compliance
24 instruments such that the total compliance instruments transferred to
25 its compliance account consistent with this chapter equals emissions
26 during the compliance period. An emissions-intensive, trade-exposed
27 facility must be allowed to bank unused allowances, including for
28 future sale and investment in best available technology when
29 economically feasible. The department shall limit the use of offset
30 credits for compliance by an emissions-intensive, trade-exposed
31 facility, such that the quantity of no cost allowances plus the
32 provision of offset credits does not exceed 100 percent of the
33 facility's total compliance obligation over a compliance period.

34 (6) The department must withhold or withdraw the relevant share
35 of allowances allocated to a covered entity under this section in the
36 event that the covered entity ceases production in the state and
37 becomes a closed facility. In the event an entity curtails all
38 production and becomes a curtailed facility, the allowances are
39 retained but cannot be traded, sold, or transferred and are still
40 subject to the emissions reduction requirements specified in this

1 section. An owner or operator of a curtailed facility may transfer
2 the allowances to a new operator of the facility that will be
3 operated under the same North American industry classification system
4 codes. If the curtailed facility becomes a closed facility, then all
5 unused allowances will be transferred to the emissions containment
6 reserve. A curtailed facility is not eligible to receive free
7 allowances during a period of curtailment. Any allowances withheld or
8 withdrawn under this subsection must be transferred to the emissions
9 containment reserve.

10 (7) An owner or operator of more than one facility receiving no
11 cost allowances under this section may transfer allowances among the
12 eligible facilities.

13 (8) Rules adopted by the department under this section must
14 include protocols for allocating allowances at no cost to an eligible
15 facility built after July 25, 2021. The protocols must include
16 consideration of the products and criteria pollutants being produced
17 by the facility, as well as the local environmental and health
18 impacts associated with the facility. For a facility that is built on
19 tribal lands or is determined by the department to impact tribal
20 lands and resources, the protocols must be developed in consultation
21 with the affected tribal nations.

22 (9) (a) The purpose of the reporting requirements of this
23 subsection (9) is to establish a framework under which measures for
24 reducing greenhouse gas emissions by emissions-intensive, trade-
25 exposed facilities in support of statewide emissions limits,
26 including implementation barriers, can be identified, evaluated, and
27 progressed. It is not, however, the intent of the legislature that
28 the reporting framework established in this section require
29 implementation of any specific emissions reduction measures
30 identified, but to collect information that will inform the
31 development and implementation of state policies and programs that
32 directly support or enable emissions reduction activities by
33 emissions-intensive, trade-exposed facilities. The legislature
34 intends, using the provisions of this subsection (9), for a future
35 legislature to establish a framework that will:

36 (i) Achieve emissions reductions by emissions-intensive, trade-
37 exposed facilities in a manner that does not conflict with the
38 overall allowance budgets established under this chapter and that
39 does not prohibit the state from achieving the statewide emissions
40 limits of chapter 70A.45 RCW; and

1 (ii) Inform the development and implementation of policies and
2 programs, including financial incentives, to support and enable
3 emissions reductions by owners and operators of emissions-intensive,
4 trade-exposed facilities, including when the department and other
5 state agencies consider grant applications or award other funds
6 deriving from revenues under this chapter.

7 (b) By December 1, 2028, and every four years thereafter, the
8 owner or operator of an emissions-intensive, trade-exposed facility
9 must provide the following to the department in a form and manner
10 prescribed by the department through guidance or rule:

11 (i) Information about the greenhouse gas emissions of each
12 emissions-intensive facility, including industrial processes
13 resulting in greenhouse gas emissions; and

14 (ii) An assessment of technically and economically feasible
15 measures to reduce greenhouse gas emissions at the facility. The
16 assessment must:

17 (A) Identify technically feasible emissions reduction projects in
18 each facility that could be implemented within the next five to 10
19 years, based on a comprehensive review of current scientific and
20 technical sources along with their estimated implementation costs and
21 an assessment of economic feasibility, including justification for
22 the conclusions reached. For each applicable emissions reduction
23 project, the following information must be provided:

24 (I) A description of the project;

25 (II) The project's ability to meet process specifications,
26 permitting requirements, and low, medium, and high heat temperature
27 ranges;

28 (III) Estimated emissions reductions;

29 (IV) Availability or maturation of technology;

30 (V) Estimated capital expenditures;

31 (VI) Estimated annual operating expenditures, including changes
32 in annual costs resulting from project implementation, such as energy
33 or maintenance costs;

34 (VII) Cost-effectiveness;

35 (VIII) Estimated implementation timeline;

36 (IX) Project constraints, if applicable, such as electricity
37 supply availability and permitting requirements; and

38 (X) Estimated impacts on the emissions of criteria air pollutants
39 and hazardous air pollutants by the facility;

1 (B) Evaluate potential measures for greenhouse gas emissions
2 reductions at the facility including, but not limited to, any
3 combination of improved energy efficiency, deployment of new
4 technologies, fuel switching, or energy conversion; and

5 (C) Be reviewed by a licensed professional engineer that is not
6 employed by or currently otherwise working under a contract with the
7 emissions-intensive, trade-exposed facility, its subsidiaries, or
8 related entities and has no common ownership with the facility or
9 covered entity. The licensed professional engineer must certify that:

10 (I) The information submitted in this subsection (9)(b)(ii) is
11 credible; and

12 (II) The owner or operator of an emissions-intensive, trade-
13 exposed facility has undertaken a comprehensive and credible process
14 to identify projects for greenhouse gas emissions reductions that are
15 technically and economically feasible within the next five to 10
16 years.

17 (c) In addition to potential measures to reduce emissions at the
18 facility, the owner or operator of an emissions-intensive, trade-
19 exposed facility may optionally include in its assessment submitted
20 under (b)(ii) of this subsection (9), alternative projects that:

21 (i) Reduce emissions upstream or downstream of the facility;
22 (ii) Relate to raw material input; or
23 (iii) Provide cobenefits alongside emissions reductions,
24 including community or environmental benefits.

25 (d) For the limited purpose of calculating emissions or
26 submitting an assessment as provided in (b) of this subsection (9),
27 the department must not require any new permanent submetering for
28 greenhouse gas emissions sources. Nothing in this subsection limits
29 the authority of the department to require permanent submetering for
30 other purposes, including under this chapter, or in conjunction with
31 future authority provided under this section by the legislature.

32 (e) The department must assess a penalty in accordance with RCW
33 70A.65.200(5) if an owner or operator of an emissions-intensive,
34 trade-exposed facility fails to comply with the requirements of this
35 subsection (9).

36 (f) Information contained in assessments submitted to the
37 department by an emissions-intensive, trade-exposed facility under
38 this subsection (9) are records containing financial, proprietary,
39 and other market-sensitive information in accordance with RCW
40 70A.65.100(9)(c), and such assessments are fully exempt from public

1 disclosure in their entirety. The department may make public
2 summarized information contained in assessments submitted under this
3 subsection (9) in an aggregated manner that does not allow for the
4 identification of any facility-specific financial, proprietary, or
5 market-sensitive information.

6 NEW SECTION. Sec. 2. A new section is added to chapter 70A.65
7 RCW to read as follows:

8 (1) By December 1, 2026, the department shall provide
9 recommendations for the consideration of the legislature regarding
10 the schedule of allowances to be provided to emissions-intensive,
11 trade-exposed facilities specified in RCW 70A.65.110 from January 1,
12 2035, through January 1, 2050.

13 (2) Recommendations in the report due December 1, 2026, must
14 identify:

15 (a) A proposed method for making annual reductions to emissions-
16 intensive, trade-exposed facility allowance allocation that would
17 ensure against leakage and ensure total no-cost allowances allocated
18 to emissions-intensive, trade-exposed facilities do not conflict with
19 the annual allowance budgets established by the department under RCW
20 70A.65.070 and do not prohibit the state from achieving the emissions
21 limits established in RCW 70A.45.020, including the percentage
22 reductions in emissions-intensive, trade-exposed facility allowance
23 allocation that would be applied each year from January 1, 2035,
24 through January 1, 2050;

25 (b) Proposed criteria and methods to make adjustments to
26 allowances allocated at no cost to emissions-intensive, trade-exposed
27 facilities to address significant changes in leakage risk and to
28 achieve the purposes of the greenhouse gas emissions cap and invest
29 program established under this chapter including, but not limited to,
30 the achievement of emissions limits established in RCW 70A.45.020;

31 (c) The proposed design of an allowance allocation policy or
32 method that would require a portion of the allowances provided at no
33 cost to emissions-intensive, trade-exposed facilities to be consigned
34 to auction and for the proceeds to be invested in projects or
35 programs for reducing greenhouse gas emissions at the emissions-
36 intensive, trade-exposed facilities from which they were consigned,
37 including the percentage of allowances to be consigned to auction and
38 proposed criteria and methods for the distribution and use of
39 consigned funds at each emissions-intensive, trade-exposed facility;

1 (d) Additional state policies or strategies that may be necessary
2 to support the reduction of emissions and decarbonization of
3 emissions-intensive, trade-exposed facilities in support of the
4 achievement of emissions limits established in RCW 70A.45.020,
5 including how to address technological and economic feasibility and
6 infeasibility, and other barriers to implementation; and

7 (e) Provisions of this chapter or other state laws that need to
8 be amended to implement the recommendations developed by the
9 department under this section.

10 (3) In developing these recommendations, the department must
11 consider input received from representatives of the facilities listed
12 in RCW 70A.65.110(1), covered entities, environmental advocates,
13 overburdened communities, tribes, subject matter experts, and the
14 public, and should consider:

15 (a) Anticipated demand for allowances from emissions-intensive,
16 trade-exposed facilities and other covered entities through 2050;

17 (b) Potential for deployment of technologies and strategies for
18 reducing emissions at emissions-intensive, trade-exposed facilities
19 through 2050 and other facility-specific or industry-specific
20 factors, including consideration of factors that may affect
21 deployment of these technologies and strategies, such as technical
22 and economic feasibility and infeasibility;

23 (c) Potential impacts of implementing the recommendations on
24 overburdened communities and vulnerable populations; and

25 (d) Interactions with other state policies and programs designed
26 to reduce greenhouse gas emissions and achieve statewide emissions
27 limits established in RCW 70A.45.020.

28 (4) In addition to these recommendations, the department may
29 include information on additional state policies or strategies that
30 incentivize emissions-intensive, trade-exposed facilities to use
31 lower-carbon raw materials, recycled materials, or material
32 substitutions, to reduce the emissions attributable to the
33 manufacture of an individual good or goods in the state.

34 (5) This section expires July 1, 2029.

35 NEW SECTION. **Sec. 3.** (1) The department of ecology, in
36 consultation with the department of commerce, must contract for an
37 independent third party to complete a report on the risk of emissions
38 and job leakage from emissions-intensive, trade-exposed facilities
39 specified in RCW 70A.65.110. The report must estimate impacts on

1 employment, investment, production, and the risk of leakage for each
2 affected industry. The study must be completed by December 1, 2028,
3 and published on the department's website.

4 (2) This section expires July 1, 2029.

--- **END** ---