

SENATE BILL REPORT

SB 5802

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 21, 2013
Ways & Means, March 1, 2013

Title: An act relating to developing recommendations to achieve the state's greenhouse gas emission limits.

Brief Description: Developing recommendations to achieve the state's greenhouse gas emissions limits.

Sponsors: Senators Ranker, Litzow, Frockt, Cleveland, Billig, Kohl-Welles, Murray and McAuliffe; by request of Governor Inslee.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/20/13, 2/21/13 [DPS-WM].

Ways & Means: 2/27/13, 3/01/13 [DP2S, DNP, w/oRec].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5802 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Ericksen, Chair; Ranker, Ranking Member; Billig, Chase, Cleveland and Litzow.

Staff: Jan Odano (786-7486)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5802 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Hill, Chair; Hargrove, Ranking Member; Nelson, Assistant Ranking Member; Bailey, Conway, Fraser, Hasegawa, Keiser, Kohl-Welles, Murray, Ranker and Tom.

Minority Report: Do not pass.

Signed by Senators Becker, Hewitt and Padden.

Minority Report: That it be referred without recommendation.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Signed by Senators Honeyford, Capital Budget Chair; Braun, Dammeier and Rivers.

Staff: Sherry McNamara (786-7402)

Background: Since the Industrial Revolution, human activities have released large amounts of carbon dioxide (CO₂) and other greenhouse gases (GHGs) into the atmosphere. According to the U.S. Environmental Protection Agency (EPA), in 2010 the primary sources of GHG emissions in the United States are electricity production at 34 percent, transportation at 27 percent, industrial processes, usually for energy at 21 percent, commercial and residential at 11 percent, and agriculture at 7 percent. Land use and forestry provide an offset of 15 percent of GHG emissions.

The main GHG from human activities are CO₂, methane, and nitrous oxide (N₂O). Chlorofluorocarbons, hydrochlorofluorocarbons, hydrofluorocarbons, and perfluorocarbons also have a long life in the atmosphere and contribute to climate change.

CO₂ is the primary GHG that is contributing to recent climate change. Atmospheric CO₂ concentrations have increased by almost 40 percent since pre-industrial times. CO₂ is absorbed and emitted naturally as part of the carbon cycle, through animal and plant respiration, volcanic eruptions, and ocean-atmosphere exchange.

Methane is produced through both natural and human activities. For example, natural wetlands, agricultural activities, and fossil fuel extraction and transport all emit methane.

N₂O is the result of natural and human activities, mainly through agricultural activities and natural biological processes. Fuel burning and some other processes also create N₂O. N₂O concentrations have risen approximately 18 percent since the start of the Industrial Revolution.

In 2008, the Legislature established GHG emission reductions for Washington State which includes the following:

- by 2020, reduce overall emissions of GHG in the state to 1990 levels;
- by 2035, reduce overall emissions of GHG in the state to 25 percent below 1990 levels; and
- by 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to 50 percent below 1990 levels, or 70 percent below the state's expected emissions that year.

Summary of Bill (Recommended Second Substitute): The Office of Financial Management (OFM) must contract with an independent and objective consultant to prepare a credible evaluation of approaches to reducing GHG. The evaluation must be provided to the Governor by October 15, 2013 for use by the Climate Legislative and Executive Workgroup (Workgroup).

The evaluation must include a review of other countries' and states' GHG emission reduction programs and regional efforts to reduce GHG. The evaluation must include available information from each program on:

- the effectiveness of the jurisdiction in achieving its emission reduction goals;

- the impact on the economy, including power rates, agriculture, manufacturing, and transportation fuel costs;
- the effect on household consumption and spending, including measures to mitigate for low-income populations;
- displacement of emission sources due to the program;
- significant co-benefits, such as to public health;
- achievements in greater independence from fossil fuels and the economic costs and benefits;
- the most effective implemented strategy and the trade-offs made; and
- opportunities for new manufacturing infrastructure, investments in cleaner energy and energy efficiency, and jobs including in-state opportunities.

The evaluation must analyze Washington State's emissions and related energy consumption profile and include the following: total expenditure for energy by fuel category and sources of fuel; and options for an approach to reduce emissions that would increase spending on in-state energy production relative to expenditures on imported energy sources, and effects to job growth and economic performance. There must be an analysis of existing studies of the potential costs to Washington consumers and businesses of GHG emissions reduction programs or strategies being implemented in other jurisdictions. The evaluation must examine and summarize state and federal policies that will contribute to meeting the GHG targets. Additionally, the evaluation must analyze the overall effect of global GHG levels if Washington State achieves its targets.

The Workgroup is created consisting of the Governor as a non-voting member, one member from each majority caucus, and an alternate from each the House and Senate. The Workgroup must recommend a state program to reduce GHG, that if implemented would achieve the state's GHG emission limits. The recommendations must be prioritized to ensure the greatest amount of environmental benefit for each dollar spent and based on measures of environmental effectiveness; include consideration of current best science, effectiveness, and administration of the program and polices; include a timeline for actions; and include funding necessary to implement the recommendations. The Workgroup must use the evaluation provided by the consultant to inform its recommendations. The Workgroup must schedule at least one meeting where the public may provide input. By December 31, 2013, the Workgroup must provide a report to the Legislature.

The Workgroup must select a nonpartisan and objective consultant or consultants. The Workgroup may not select a consultant whose employer has retained a lobbyist in Washington State during the past five years or has personally contributed to the campaign of a statewide elected official in the previous four years.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): Removes the appropriation section and the emergency clause.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): The effect of the proposed substitute:

- adds state and federal policies to be reviewed and included in the evaluation by the independent contractor;

- revises the membership and number of legislators on the Workgroup;
- makes the Governor a non-voting member of the workgroup;
- requires the Workgroup to select the consultant to be contracted by OFM;
- adds eligibility requirements for the consultant;
- requires the Workgroup to prioritize recommendations in the report;
- requires a majority vote to include recommendations in the report; and
- removes the findings.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Energy, Environment & Telecommunications): PRO: This is the first step to set GHG emission limits and reduce our carbon footprint. We need to develop the tools to address climate change and it is incumbent on the Governor and the Legislature to design the tools. The impacts from climate change are affect the people and their livelihood throughout the state. The potential costs to the state are \$10 billion. We need to find the most effective, lowest-cost way to address climate change. There are major economic risks and health risks.

CON: The premise of the bill is flawed; it has no scientific basis. The science does not support a warming Washington or planet. Since 1997, temperatures are going down and CO2 levels are rising. Trying to meet the GHG limits would have an unacceptable impact on the economy without affecting climate change.

OTHER: Climate change is a global issue that needs a global solution. We need to ensure that for the money spent we receive the maximum environmental benefit.

Persons Testifying (Energy, Environment & Telecommunications): PRO: Mary Moore, League of Women Voters of WA; Clifford Traisman, WA Conservation Voters, WA Environmental Council; Dr. Richard Fenske, University of Washington School of Public Health; Bill Dewey, Taylor Shellfish; Megan Owen, McKinstry; Perry England, MacDonald-Miller; Nancy Atwood, Puget Sound Energy; Bob Burr, Josephine Ferorelli, citizens.

CON: Gary Ritchie, Robert Benze, citizens.

OTHER: Elsa Bruton, citizen. Brandon Houskeeper, Assn. of WA Business; Todd Myers, WA Policy Center.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: The Governor requested this bill as a bipartisan conversation on what to do about climate change; particularly to figure out how to address GHG limits that were enacted in 2008. The workgroup will look at how we meet those limits in the most effective and affordable way and the most fair way to make sure that families and businesses can succeed.

The bill is a work in progress. GHG limits are in statute and we do not have a clear way to meet GHG reductions; this bill calls the right questions to get us there. It is smart bill that brings the Governor and the Legislature to work together to seek the right approaches to reducing GHGs.

Persons Testifying (Ways & Means): PRO: Keith Phillips, Governor's Office; Jim Cahill, OFM; Miguel Perez-Gibson, Climate Solutions; Clifford Traisman, WA Conservation Voters, WA Environmental Council.