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**SUBSTITUTE HOUSE BILL 2506**

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**State of Washington**

**64th Legislature**

**2016 Regular Session**

**By** House Technology & Economic Development (originally sponsored by Representatives Young, Tarleton, Smith, Morris, and Harmsworth)

1       AN ACT Relating to the development of a state plan to implement  
2 federal regulations on electric generation facilities; adding a new  
3 section to chapter 80.80 RCW; and creating a new section.

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

5       NEW SECTION.   **Sec. 1.** The legislature finds that it is in the  
6 public interest for the Washington department of ecology to file with  
7 the United States environmental protection agency an initial  
8 submittal of a state plan with an extension request to comply with  
9 the federal clean power plan no later than September 6, 2016. The  
10 legislature finds that the state has emerged as a leader in the  
11 national effort to reduce power sector emissions with its existing  
12 policies and regulations, including the greenhouse gas emissions  
13 performance standard established in chapter 80.80 RCW. It is the  
14 intent of the legislature to analyze and carefully assess all of the  
15 state's options in complying with the federal clean power plan,  
16 including but not limited to a cumulative statewide mass-based  
17 compliance option, an average statewide rate-based compliance option,  
18 and the adoption of other market-based regulations.

19       NEW SECTION.   **Sec. 2.** A new section is added to chapter 80.80  
20 RCW to read as follows:

1 (1) In developing, adopting, and implementing a state plan to  
2 comply with the requirements of the federal rule relating to  
3 greenhouse gas emissions from existing electric generation facilities  
4 published in the federal register on October 23, 2015, (80 FR 64966),  
5 the department must develop a state plan that:

6 (a) Maintains state flexibility to achieve compliance using  
7 market-based regulations that include the use of market-based tools,  
8 including intrastate trading of allowance allocations;

9 (b) Facilitates Washington's participation in a regional or  
10 multistate program to trade compliance instruments such that:

11 (i) The state's opportunity to reduce greenhouse gas emissions  
12 and realize benefit is maximized at the least risk and least cost to  
13 electric generation facilities and ratepayers;

14 (ii) The current system reliability, diversification, and  
15 diversity of the state's electric generation sources is not  
16 diminished; and

17 (iii) The administration and distribution of compliance  
18 instruments minimizes rate impacts on low-income families and other  
19 customer classes served by the state's electric utilities; and

20 (c) Distributes all compliance instruments equal to the baseline  
21 emissions for the compliance period.

22 (2)(a) The initial submittal of the state plan under subsection  
23 (1) of this section must outline a cumulative statewide mass-based  
24 implementation plan.

25 (b) By December 1, 2016, the department must submit and present a  
26 report to the appropriate committees of the legislature on the  
27 cumulative statewide mass-based implementation plan outlined in the  
28 initial submittal of a state plan.

29 (c) The report submitted under this subsection must include an  
30 analysis of the projected economic impact or value of the cumulative  
31 statewide mass-based implementation plan outlined in the initial  
32 state plan submittal compared with the projected economic impact or  
33 value of a rate-based implementation plan utilizing an average  
34 statewide rate-based carbon dioxide emission goal that takes into  
35 consideration the greenhouse gas emissions performance standard  
36 established in this chapter.

37 (d) The department may select the rate-based implementation plan  
38 for a final state plan only if the department concludes in the report  
39 submitted under this subsection that a rate-based implementation plan  
40 using the average statewide rate-based carbon dioxide emission goal

1 would provide greater quantifiable benefit to electric generation  
2 facilities, the flexibility of operation of the regional electric  
3 grid, and ratepayers in the state.

4 (3) Nothing in this section changes the terms of or otherwise  
5 amends the memorandum of agreement with owners of a coal-fired  
6 baseload facility established under RCW 80.80.100.

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