

## **Summary: Washington State's ESSB 6001**

ESSB 6001, passed by Washington state's legislature April 17, codifies the emissions-reduction goals and policy recommendations in Gov. Chris Gregoire's "Climate Change Challenge" executive order 07-02, issued Feb. 7, 2007. Gov. Gregoire has about three weeks to act on this bill.

The bill also sets an Emissions Performance Standard (EPS) that limits electric utilities' ability to sign new or renewed long-term contracts with power plants whose greenhouse-gas emissions exceed those of a modern natural gas-fueled power plant. Facilities could meet the standard by sequestering (capturing and permanently storing) CO2 emissions, but not by purchasing offsets.

Plants in Washington state's permitting process, notably integrated gasification combined cycle (IGCC) plants proposed in Kalama and Wallula, Wash., *might* be allowed to offset their excess emissions by reducing the emissions of an existing power plant. Developers of those plants would still need to produce and seek to realize acceptable sequestration plans.

Despite that tailored loophole, and despite disappointing provisions that give special treatment to one specific technology, delay the lowering of the EPS and improperly expand the definition of renewable energy, ESSB 6001 is an important step forward. The bill essentially ends construction of pulverized coal plants to serve Washington loads, makes the price of IGCC power reflect some of its emissions disposal costs, and jumpstarts the process toward a comprehensive greenhouse-gas emissions reduction plan for the state.

### ***Specifically, ESSB 6001:***

#### ***Sets climate pollution reduction and clean energy goals.***

- By 2020, reduce state climate-pollution emissions to 1990 levels
- By 2035, reduce emissions to 25% below 1990 levels
- By 2050, cut emissions to 50% of 1990 levels or 70% below the state's expected emissions that year
- By 2020, triple the number of 2004's clean energy jobs to 25,000
- Directs the governor to recommend policies to achieve these goals

#### ***Sets an Emissions Performance Standard (EPS) to limit climate pollution from power supplies.***

- Beginning July 1, 2008, all new and renewed long-term (five years or more) utility power contracts and all new power projects in Washington must meet the EPS of 1,100 pounds of CO2 per megawatt-hour generated -- a standard modern natural gas power plants already meet.
- In 2013 and every five years thereafter, the EPS will be lowered to reflect efficiency improvements in new combined-cycle natural gas plants commercially available in the United States.

- Facilities exclusively powered by renewable resources are deemed to be in compliance with the EPS. Certain cogeneration facilities are deemed to be in compliance until they are subject to new ownership or upgrades that increase their electric generation capacity.
- Offsets cannot be used to meet the EPS.
- A facility proposing to meet the EPS by sequestering CO2 emissions must provide substantial technical documentation and financial assurances that the sequestration will be safe, reliable and permanent. A plant gets five years to implement the sequestration plan or face financial penalties.
- The legislation includes a special provision for large Washington state power plants already in the permitting process. Such plants must comply with all the sequestration planning rules, but if the sequestration plan fails, the developer may meet the EPS by paying to reduce an equivalent amount of emissions from another power plant on the West Coast grid.
- Investor-owned utilities may obtain an up-front determination by the Utilities and Transportation Commission that a proposed resource acquisition meets the EPS, or use deferred accounting.
- The Department of Ecology and the Energy Facility Site Evaluation Council will jointly develop rules for implementation and enforcement.

***On the down side ...***

- The bill's definition of renewable energy resources conflicts with that in the state's clean energy initiative, I-937, passed in November 2006. I-937 specifically excludes municipal solid waste, black liquor and biomass from old growth trees. ESSB 6001's final language does not reflect the negotiated agreement between the environmental community, Weyerhaeuser and other parties to maintain I-937's renewable energy definition and separately deem black liquor compliant with the EPS.
- The bill limits EPS adjustments to once every five years, ignoring the pace of best available technology development. The environmental community and the state's three investor-owned utilities had supported a provision that allowed for lowering the standard as new, efficient technologies become commercially available.
- The bill exempts in-state cogeneration facilities from meeting the EPS unless their ownership changes or they are upgraded. This gives significant special treatment to a single technology as part of a standard that was intended to be technology neutral.

None of these provisions is deal-breaking, but clean-energy advocates must be vigilant to their potential ramifications and seek improvements in future legislation and clarifications through the governor's Climate Challenge process.