



A Report to the Legislature on the Work of the Climate Legislative and Executive Workgroup

Prepared Pursuant to:

E2SSB 5802, Chapter 6, Laws of 2013, "An Act relating to developing recommendations to achieve the state's greenhouse gas emissions targets"

From

Governor Jay Inslee

Senator Kevin Ranker

Representative Joe Fitzgibbon

January 2014

Climate Legislative and Executive Workgroup

Members

Governor Jay Inslee (Chair)

Senator Doug Ericksen (42nd Legislative District)

Senator Kevin Ranker (40th Legislative District)

Representative Joe Fitzgibbon (34th Legislative District)

Representative Shelly Short (7th Legislative District)

Alternates

Senator Sharon Brown (8th Legislative District)

Senator Annette Cleveland (49th Legislative District)

Representative Jessyn Farrell (46th Legislative District)

Representative Jake Fey (27th Legislative District)

Representative Liz Pike (18th Legislative District)



January 21, 2014

TO: The Honorable Doug Ericksen, Chair
The Honorable John McCoy, Ranking Member
Honorable Members of the Senate Committee on Energy, Environment and
Telecommunications

The Honorable Andy Hill, Chair
The Honorable James Hargrove, Ranking Member
Honorable Members of the Senate Committee on Ways and Means

The Honorable Curtis King, Co-Chair
The Honorable Tracey Eide, Co-Chair
Honorable Members of the Senate Committee on Transportation

The Honorable Joe Fitzgibbon, Chair
The Honorable Shelly Short, Ranking Member
Honorable Members of the House Committee on Environment

The Honorable Jeff Morris, Chair
The Honorable Norma Smith, Ranking Member
Honorable Members of the House Committee on Technology and Economic
Development

The Honorable Ross Hunter, Chair
The Honorable Bruce Chandler, Ranking Member
Honorable Members of the House Committee on Appropriations

The Honorable Hans Dunshee, Chair
The Honorable Richard DeBolt, Ranking Member
Honorable Members of the House Committee on Capital Budget

The Honorable Reuven Carlyle, Chair
The Honorable Terry Nealey, Ranking Member
Honorable Members of the House Committee on Finance

The Honorable Judy Clibborn, Chair
The Honorable Ed Orcutt, Ranking Member
Honorable Members of the House Committee on Transportation

We are pleased to present our report on the work of the Climate Legislative and Executive Workgroup, as required by Engrossed Second Substitute Senate Bill 5802 (Chapter 6, Laws of 2013).

The Climate Legislative and Executive Workgroup was created by the Legislature "... to recommend a state program of actions and policies to reduce greenhouse gas emissions, that if implemented would ensure achievement of the state's emissions targets in RCW 70.235.020."

Every member of the Workgroup was actively engaged in this work. However, we were unable to reach agreement on formal recommendations that could be supported by three or more legislative members of the Workgroup, as specified in the Act. While we do not represent all members of the Workgroup, we respectfully submit this report in fulfillment of the statutory charge.

A tremendous amount of hard work and dedication was devoted to the Workgroup. We reviewed our existing state and federal policies, and the progress we've made toward our carbon pollution limits. We carefully considered the broad scope of policies that have been put to use in many jurisdictions around the world. And we listened carefully to our citizens.

We learned that existing state and federal policies will get us well over half way toward the state's 2020 emission limits. However, our 2020 statutory limits will not be met without additional action, and even further actions will be required to achieve the limits in later years. We learned that we don't have to invent the wheel here, just refine it to fit our state, avoid unintended consequences and commit to finding the solutions that will work best in our state. And we heard loud and clear that our citizens want, and are expecting, leadership on this issue.

We believe the work has provided a strong foundation of knowledge upon which we can continue to make progress.

To meet the Workgroup's statutory obligation, we have identified a set of actions that will secure the additional emission reductions by the required dates, and are recommending that the state move forward to design and implement these actions.

Based on the information reviewed by the Workgroup, we believe the proposed policies are the most effective tools we have available to meet our state emission limits. As we move forward, it will be important to design our actions in a way that maximizes the benefits and minimizes the costs of implementation by directly considering our emissions and energy sources, and our businesses and jobs. To accomplish this work, we must engage our best minds from within and outside government.

The Legislature should be actively engaged in this process through an ongoing executive and legislative dialogue on the actions we should take to reduce greenhouse gas emissions, consistent with the established statutory limits. Once specific proposals emerge, they will be subject to review by legislators, stakeholders and our citizens.

Our proposals for actions are outlined in the report that follows.

We believe action is needed now. Washington must reduce carbon emissions in the most cost-effective way possible, and the longer we wait, the more expensive the carbon reductions necessary to reach a safe level will be. Thus it is in the economic interest of Washingtonians to act now.

By taking action now, we can do our part in preventing climate change from becoming worse while concurrently capturing the job growth opportunities offered by a clean energy economy. This is a tall order, but one we are confident we must, and can, achieve.

We urge your consideration of this report and your support for the next steps we must take.

Governor Jay Inslee

Senator Kevin Ranker

Representative Joe Fitzgibbon

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A Report on the Work of the Climate Legislative and Executive Workgroup

I. Introduction

A. Background

The 2008 Washington State Legislature enacted Chapter 70.235 RCW, an act limiting greenhouse gas (GHG) emissions in Washington state. RCW 70.235.020 reads:

“The State shall limit emissions of greenhouse gases to achieve the following reductions for Washington State:

- By 2020, reduce overall emissions of greenhouse gases in the State to 1990 levels;
- By 2035, reduce overall emissions of greenhouse gases in the State to 25 percent below 1990 levels;
- 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.”

The Legislature has also enacted a range of policies to track and reduce emissions of GHG in Washington.

B. Climate Legislative and Executive Workgroup

The 2013 Legislature passed Engrossed Second Substitute Senate Bill 5802 ([E2SSB 5802](#)), an act related to developing recommendations to achieve the state’s GHG emissions targets. The Climate Legislative and Executive Workgroup was created by the act and charged with the responsibility of developing the recommendations.

1. Membership

The Climate Legislative and Executive Workgroup (Workgroup) was composed of the Governor and four members of the Legislature. The Workgroup members are:

- Governor Jay Inslee (Chair)
- Senator Doug Ericksen (42nd Legislative District)
- Senator Kevin Ranker (40th Legislative District)
- Representative Joe Fitzgibbon (34th Legislative District)
- Representative Shelly Short (7th Legislative District)

Also appointed to the Workgroup are five alternates: Senator Sharon Brown (8th Legislative District), Senator Annette Cleveland (49th Legislative District), Representative Jessyn Farrell (46th Legislative District), Representative Jake Fey (27th Legislative District) and Representative Liz Pike (18th Legislative District).

2. Purpose of the Workgroup

E2SSB 5802 Section 2(4) of the act states:

“The purpose of the work group is to recommend a state program of actions and policies to reduce greenhouse gas emissions, that if implemented would ensure achievement of the state’s emissions targets in RCW 70.235.020. The recommendations must be prioritized to ensure the greatest amount of environmental benefit for each dollar spent and based on measures of environmental effectiveness, including consideration of current best science, the effectiveness of the program and policies in terms of costs, benefits, and results, and how best to administer the program and policies. The Workgroup recommendations must include a timeline for actions and funding needed to implement the recommendations.”

The Workgroup’s report must be provided to the appropriate policy and fiscal committees of the Senate and House of Representatives by December 31, 2013 (Section 2(8)).

3. Workgroup Process

The Workgroup began meeting in May 2013 and held eight open meetings by the December 31 deadline. [Agenda and materials](#) for all meetings are posted on the Governor’s website; all meetings were recorded by TVW. Since September 2013, the Workgroup’s meetings were managed and facilitated by Triangle Associates, Inc., which was selected by the Workgroup on a competitive basis.

As required by Section 1 of the act, the Office of Financial Management hired an independent and objective consultant selected by the Workgroup to prepare a credible evaluation of approaches to reduce GHG emissions. Section 2(6) of the act requires the Workgroup to use the evaluation to inform the Workgroup about experiences in other jurisdictions. The Workgroup selected, on a competitive basis, Science Applications International Corporation, which is now doing business as Leidos, to prepare the evaluation.

In addition to its open meetings, the Workgroup held three public hearings in 2013: October 16 in Spokane, October 23 in Seattle and December 13 in Olympia. More than 1,000 people attended the hearings. The Workgroup heard testimony at these public hearings from more than 200 citizens who expressed their views on the Workgroup’s charge, suggested ideas on approaches to reducing Washington’s GHG emissions and provided comments on the Workgroup draft reports. In addition, more than 8,500 written comments were received by email, regular mail or at the hearings. The Workgroup members placed equal value on oral and written comments.

C. Evaluation of Approaches to Reducing GHG Emissions

The act specifies the scope of the consultant’s evaluation of approaches to reducing GHG emissions (See Appendix A – E2SSB 5802 section 1(3)-(5)). In particular, Leidos was charged with:

1. Analyzing Washington state’s emissions and related energy consumption and existing GHG reduction policies as adopted by the state;

2. Examining and summarizing federal policies that will contribute to meeting the state GHG emissions targets; and
3. Evaluating GHG emissions reduction programs adopted in other jurisdictions, including those being implemented in the Pacific Northwest, on the West Coast, in neighboring provinces in Canada, and in other states and countries.

The evaluation final report was submitted in October 2013. Leidos also produced separate reports on each of the tasks outlined in 1 through 3 above, as well as additional selective analyses, at the request of the Workgroup.

The consultant's reports are available online at the links identified in the appendices.

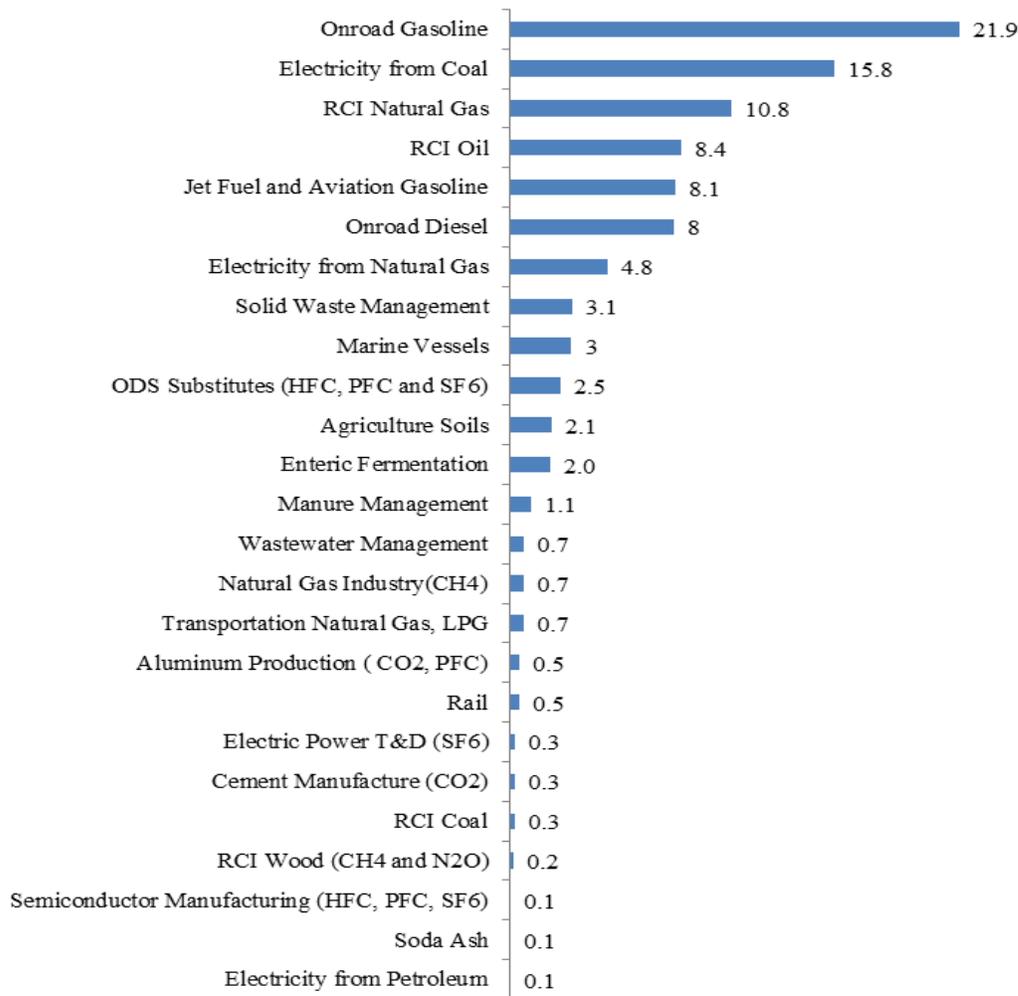
D. Summary of Results from the Consultant's Evaluation

1. Washington's GHG Emissions

Total emissions in Washington in 2010 were 96.1 million metric tons of carbon dioxide equivalents (MMTCO₂e). Despite declines in recent years, the transportation sector remains the largest source of emissions, and in 2010, accounted for 44 percent of total GHG emissions in the state. Within this sector, the consumption of gasoline in vehicles is the largest single source of emissions, accounting for more than 23 percent of total emissions.

The electricity sector and residential, commercial and industrial (RCI) sectors are the second- and third-largest emitting sectors, respectively. In the electricity sector, coal consumption for electricity is the largest single source, while in the RCI sector, natural gas consumption is the largest source — primarily heating fuel for buildings — followed by oil used in the industrial sector. Figure 1 below illustrates Washington emissions sources and GHG in 2010.

Figure 1: Washington State GHG Emissions by Source in 2010



2. Progress through Current State and Federal Policy

To date, Washington has implemented a variety of policies that reduce emissions in the transportation, electricity, and residential and commercial sectors. In addition, current federal policies are contributing additional reductions, mostly in the transportation sector. Reductions from these state policies, as well as the federal renewable fuel standard, are summarized in Table 1. Together, these policies are estimated to reduce Washington’s emissions by 17.2, 30.6 and 38.1 MMTCO₂e in 2020, 2035 and 2050, respectively.

Table 1: Summary of Current State and Federal Policies

Current Policy	GHG Emission Reductions (MMTCO ₂ e)		
	2020	2035	2050
State renewable fuel (diesel) standard	0.03	0.04	0.05
Washington State Energy Code	0.9	5.1	11.0
GHG emissions performance standards	0.0	2.9	2.9
Energy Independence Act (I-937)	7.9	10.9	10.9
Energy efficiency and energy consumption programs for public buildings	0.03	0.04	0.04
Conversion of public fleet to clean fuels	0.03	0.04	0.05
Purchasing of clean cars	5.5	10.0	11.7
Growth Management Act	1.6	2.4	2.6
Federal renewable fuels standard	1.4	1.6	1.6
Interactive sum of reductions from current policies	17.2	30.6	38.1

3. Washington Statutory GHG Emission Limits and the Challenge Ahead

In its final report, Leidos included the following key findings:

“The results of this project indicate that the State will not meet its statutory reductions for 2020, 2035 and 2050 with current state and federal policies. However, the State can meet its statutory 2020 target if near-term action is taken to implement a new comprehensive emission reduction program. In 2020, for example, it is likely that Washington would meet its target if a new cap and trade policy is implemented. The evaluation found, however, that any combination of the policies summarized in this report, at the implementation levels evaluated, will likely be insufficient to meet Washington’s targets in 2035 and 2050. However, decisive actions taken today can set Washington squarely on a long-term path that can be strengthened and modified in the coming years to achieve the emission reductions required for 2035 and 2050.”

Table 2 below shows the gaps.

Table 2: Washington’s Emissions with Reductions from Current Policies, Statutory Emission Limits and Additional Reductions Required

	GHG Emissions (MMTCO ₂ e)		
	2020	2035	2050
Projected GHG emissions <i>with</i> federal and state policy	97.9	97.5	100.1
GHG emissions limit	88.4	66.3	44.2
Additional reductions required to meet target (gap)	9.5	31.2	55.9

4. Economic Impacts of GHG Emissions Reduction Programs

As part of the review of comprehensive greenhouse gas emission reduction programs being implemented in other states and countries, Section 1(3) of the act required the consultant to include available information on cost per ton of emission reduction, relative impacts on different sectors of the jurisdiction's economy (including power rates, agriculture, manufacturing and transportation fuel costs) and impacts on household spending (including fuel, food and housing costs). In addition, the act required the consultant to analyze "existing studies of the potential costs to Washington consumers and businesses of greenhouse gas emissions reduction programs or strategies being implemented in other jurisdictions."

Leidos examined and summarized the information on potential costs and benefits to Washington consumers and businesses for each of the reviewed policies (see Task 2 Final Report and Appendix A). In addition, for a sub-set of policies, Leidos performed original analysis and calculations of cost effectiveness to provide a better understanding of the emissions reduction opportunities and costs in Washington. To better illustrate the range of economic impacts of programs implemented in other jurisdictions, Leidos created a [table](#) summarizing the available economic information and data related to each policy or program evaluated under Task 2.

For most policies, the availability of detailed economic information is limited. Costs and benefits for programs implemented in other jurisdictions varied widely due to differences in policy designs and study assumptions.

II. Actions Proposed by Governor Inslee, Senator Ranker and Representative Fitzgibbon

A. Findings and Conclusions

- The Climate Legislative and Executive Workgroup is charged by law “to recommend a state program of actions and policies to reduce greenhouse gas emissions, that if implemented would ensure achievement of the state’s emissions targets in RCW 70.235.020.”
- From the technical evaluation, the Workgroup has learned that, despite significant progress, our statutory carbon pollution limits will not be met without additional action. We learned that current state and federal policies will get us well over half way toward the state’s 2020 emission limits. However, our 2020 statutory limits will not be met without additional action, and even further actions will be required to achieve the limits in later years.
- Action will be needed on multiple fronts, both to ensure that the limits are met and to fairly allocate the responsibility for action. Action needs to start soon to allow the time needed for more gradual changes. Washington must reduce carbon emissions in the most cost-effective way possible, and the longer we wait, the more expensive the carbon reductions necessary to reach a safe level will be. Thus it is in the economic interest of Washingtonians to act now.
- To meet the Workgroup’s statutory obligation, we have identified a set of actions that will secure the additional emission reductions by the required dates, and are recommending that the state move forward to design and implement these actions.
- The law further calls for prioritizing actions based on both environmental and cost effectiveness (i.e., ensuring the greatest amount of environmental benefit for each dollar spent), requiring consideration of the costs, benefits and results of the proposed actions.
- Based on the information reviewed by the Workgroup, we believe the proposed policies are the most effective tools we have available to meet our state emission limits. As we move forward, it will be important to design our actions in a way that maximizes the benefits and minimizes the costs of implementation by directly considering our emissions and energy sources, and our businesses and jobs.
- By taking action now, we can do our part in preventing climate change from becoming worse while concurrently capturing the job growth opportunities of a clean energy economy. This is a tall order, but one we are confident we can, and must, achieve.

B. Next Steps

1. Proposed Actions to Meet Washington's Carbon Pollution Statutory Limits

To meet the statutory charge, we propose the following five programs be developed and implemented in Washington:

- 1) A cap on carbon pollution emissions should be established. It should set binding limits that reduce emissions over time and institute the necessary market mechanisms to meet the cap in the most effective and efficient manner possible. Establishing a cap on carbon pollution emissions is the most certain and fair way to tackle this challenge, and will provide the foundation for other actions.

This cap-and-market program should focus on the larger emission sectors such as transportation, buildings and electricity, as they account for most of the forecasted Washington emissions. The program should include allowance policies, cost containment and other options and measures that help offset the cost impact to consumers and workers, protect low-income households and assist energy-intensive, trade-exposed businesses in their transition from carbon-based fuels. It should also establish a clear framework for oversight and regulation of the markets.

- 2) Adopt measures to reduce our use of electricity generated by coal-powered facilities in other states. We should seek to negotiate agreements with key utilities and others to reduce and eliminate the use of electrical power produced from coal over time. Though coal is used for a relatively small share of our electricity, it generates most of the carbon pollution emissions from this sector.
- 3) Establish an energy smart building program to include promotion of new financing, incentives and support. The program should encourage the construction of new buildings that are as energy-neutral as possible, with advanced building design, efficient appliances, on-site power generation and smart controls. For existing buildings, the program should establish cost-effective, energy-efficiency retrofits as the norm, not the exception, with support systems to assist businesses and homeowners. We know energy efficiency is one of the most cost-effective ways to reduce emissions, shrink costs, increase our productivity and competitiveness and accelerate the creation of thousands of local jobs.
- 4) Take actions to help finance the use of clean energy to include dedicated and sustained funding to help our research institutions, utilities and businesses develop, demonstrate and deploy new renewable energy and energy-efficiency technologies. These technologies will help reduce carbon pollution emissions, grow the state's economy and maintain our global competitiveness.
- 5) Adopt measures that will modernize our system for transporting goods and people by increasing efficiency and reducing costs and emissions. In addition to providing incentives for the purchase of clean cars, and accelerating the use of cleaner fuels, we need to improve how we plan and fund our transportation system. Our land use plans should incorporate climate change considerations and better connect land use and

transportation plans. We should also implement programs to secure broader implementation of multimodal transportation systems and prioritize investments in choices such as transit that reduce carbon emissions.

2. Program Design Considerations

To guide the design and implementation of the above programs, we propose the following design considerations. At a minimum, the program should:

- Be fair in allocating responsibility to sources;
- Be as effective as possible in terms of both emissions and costs;
- Prevent loss of jobs and shifting of emissions to out-of-state sources (“leakage”) to the extent possible;
- Provide clear accountability for, along with appropriate flexibility in, compliance;
- Consider the costs of implementing each program component on Washington businesses and households, and provide appropriate measures to address the needs of small businesses, low-income families and industries that are exposed to competitive disadvantages; and
- Provide for ongoing monitoring, evaluation and adjustment of the program as needed to secure benefits and minimize unintended consequences.

3. Economic Considerations

The Workgroup considered the costs and benefits of similar programs in other states and countries, and found a wide range of possible costs and benefits, depending on how a policy was applied and what assumptions were used in the analysis. Some of the studies brought forward were outdated or not fully applicable to Washington and some did not reflect cost containment measures or lessons learned through implementation.

Several programs implemented in other jurisdictions have demonstrated the opportunity for positive economic outcomes. However, the analysis most relevant to Washington was conducted in 2009. The results of the analysis indicated that the Western Climate Initiative cap and trade strategy, if implemented as designed, would result in a net increase of 19,300 jobs and \$3.3 billion more in economic output in Washington state by 2020.

A complete picture of the economic implications of climate change to the state must also consider the costs of inaction. Studies conducted by the University of Oregon found that, absent additional action to mitigate the impacts of climate change, each household in Washington will pay an additional \$3,633 each year by 2020 (2008 dollars) — a total cost to the state is almost \$10 billion by 2020. These costs come from a wide range of predicted impacts, including irrigation and hydropower impacts from lost snowpack and natural water storage, higher public health-related costs, higher energy costs (more demand and less hydropower supply), higher wildland fire costs, and more coastal and storm damage.

To design an emissions reduction program that will work best for Washington, we will need to conduct our own economic analysis. Analysis of the costs and benefits of these policies for Washington can be used to refine the policies and to put in place actions to offset and mitigate impacts that are not acceptable. If further evaluation shows that an action would

result in unavoidable and unacceptable costs to Washington, the action should be refined or rejected.

This approach will ensure a cost-effective and fair program — one that will both meet our carbon pollution emission limits and improve the economic conditions for Washington businesses and consumers. This will require engaging our experts, businesses and citizens in our next steps.

4. Future Process and Timeline

- a. Work execution. The policy designs and economic analysis should be organized and conducted by the executive branch in 2014. Affected and interested stakeholders and subject-matter experts should be consulted to ensure full consideration of the relative effectiveness and the costs and benefits of design alternatives. The design group should be informed by the evaluation work done by Leidos and by the lessons from carbon pollution reduction programs in other jurisdictions.
- b. Economic analysis. Once designed, the program should undergo expert economic analysis. The Office of Financial Management Forecasting Office should coordinate this analysis by seeking expertise from qualified and independent consultant(s). The analysis should include cost effectiveness of emission reductions (cost per ton), evaluation of a broad range of costs and benefits for the overall economy and specific business sectors (manufacturing, agriculture, construction, industrial, transportation, etc.), and the effects (positive, negative and net) on jobs, households, fuel and energy prices and other key economic health indicators.

Once completed, the economic analysis should be subject to rigorous and independent peer review.

As warranted by the economic analysis, the policy designs should be revised to maximize benefits and minimize costs to Washington consumers, businesses and citizens.

- c. The Legislature should be actively engaged in this process through an ongoing executive and legislative dialogue on the actions we should take to reduce greenhouse gas emissions, consistent with the established statutory limits. Once specific proposals emerge, they will be subject to review by legislators, stakeholders and our citizens.

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5802

Chapter 6, Laws of 2013

63rd Legislature
2013 Regular Session

GREENHOUSE GAS EMISSIONS--TARGETS

EFFECTIVE DATE: 04/02/2013

Passed by the Senate March 13, 2013
YEAS 37 NAYS 12

BRAD OWEN

President of the Senate

Passed by the House March 25, 2013
YEAS 61 NAYS 32

FRANK CHOPP

Speaker of the House of Representatives

Approved April 2, 2013, 1:44 P.M.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5802** as passed by the Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

April 2, 2013

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5802

Passed Legislature - 2013 Regular Session

State of Washington**63rd Legislature****2013 Regular Session**

By Senate Ways & Means (originally sponsored by Senators Ranker, Litzow, Frockt, Cleveland, Billig, Kohl-Welles, Murray, and McAuliffe; by request of Governor Inslee)

READ FIRST TIME 03/01/13.

1 AN ACT Relating to developing recommendations to achieve the
2 state's greenhouse gas emissions targets; creating new sections; and
3 declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** (1) The office of financial management shall
6 contract with an independent and objective consultant or consultants,
7 as selected by the climate legislative and executive work group created
8 in section 2 of this act, to prepare a credible evaluation of
9 approaches to reducing greenhouse gas emissions, as outlined in this
10 section.

11 (2) The evaluation must be provided to the governor by October 15,
12 2013, for use by the climate legislative and executive work group
13 created in section 2 of this act, and prior to that date the
14 independent and objective consultant or consultants selected under
15 subsection (1) of this section may provide selective analyses, drafts,
16 or portions of the report to the work group.

17 (3) The evaluation must include a review of comprehensive
18 greenhouse gas emission reduction programs being implemented in other
19 states and countries, including a review of reduction strategies being

1 implemented in the Pacific Northwest, on the west coast, in neighboring
2 provinces in Canada, and in other regions of the country. For each
3 program, the evaluation must include available information about:

4 (a) The effectiveness in achieving the jurisdiction's emission
5 reduction objectives, including the cost per ton of emission reduction;

6 (b) The relative impact upon different sectors of the
7 jurisdiction's economy, including power rates, agriculture,
8 manufacturing, and transportation fuel costs;

9 (c) The impacts upon household consumption and spending, including
10 fuel, food, and housing costs, and program measures to mitigate impacts
11 to low-income populations;

12 (d) Displacement of emission sources from the jurisdiction due to
13 the program;

14 (e) Any significant cobenefits to the jurisdiction, such as
15 reduction of potential adverse effects to public health, from
16 implementing the program;

17 (f) Opportunities for new manufacturing infrastructure, investments
18 in cleaner energy, and greater energy efficiency and jobs;

19 (g) Achievements in greater independence from fossil fuels and the
20 costs and benefits to their economy of doing so; and

21 (h) The most effective strategy and the trade-offs made to
22 implement that strategy.

23 (4) The evaluation must analyze:

24 (a) Washington's emissions and related energy consumption profile,
25 including:

26 (i) Total expenditures for energy by fuel category; and

27 (ii) The sources of the fuels, including imports of oil and other
28 fossil fuels;

29 (b) Options for an approach to emissions reduction that would
30 increase expenditures upon energy sources produced in state relative to
31 expenditures upon imported energy sources, and how that increase would
32 affect job growth and economic performance;

33 (c) Opportunities for new manufacturing infrastructure and other
34 job producing investments in Washington relating to cleaner energy and
35 greater energy efficiency;

36 (d) Existing studies of the potential costs to Washington consumers
37 and businesses of greenhouse gas emissions reduction programs or
38 strategies being implemented in other jurisdictions;

1 (e) Washington state policies to stabilize or reduce greenhouse gas
 2 emissions that will contribute to meeting the greenhouse gas emissions
 3 targets, including:

- 4 (i) Renewable fuels standard;
- 5 (ii) Energy codes adopted by the state building code council;
- 6 (iii) Emission performance standards;
- 7 (iv) Appliance standards;
- 8 (v) The energy independence act;
- 9 (vi) Energy efficiency and energy consumption requirement programs
 10 for public buildings;
- 11 (vii) Conversion of public vehicles to clean fuels; and
- 12 (viii) Public purchasing requirements of vehicles that use clean
 13 fuels; and

14 (f) The overall effect on global greenhouse gas levels if
 15 Washington meets its greenhouse gas emissions targets.

16 (5) The evaluation must also examine and summarize federal policies
 17 that will contribute to meeting the state greenhouse emissions targets,
 18 including:

- 19 (a) Renewable fuel standards;
- 20 (b) Tax incentives for renewable energy;
- 21 (c) Tailpipe emissions standards for vehicles;
- 22 (d) Corporate average fuel economy standards for cars and light
 23 trucks; and
- 24 (e) Clean air act requirements for emissions from stationary
 25 sources and fossil-fueled electric generating units.

26 NEW SECTION. **Sec. 2.** (1) (a) The climate legislative and executive
 27 work group is created. The work group consists of five members and
 28 includes:

- 29 (i) The governor, or the governor's designee, who shall be a
 30 nonvoting member;
- 31 (ii) One member and an alternate from each major caucus of the
 32 house of representatives, appointed by the speaker of the house of
 33 representatives; and
- 34 (iii) One member and an alternate from each major caucus of the
 35 senate, appointed by the president of the senate.

36 (b) An alternate may serve as a member at a work group meeting only
 37 when a member from that caucus is unable to attend the meeting.

1 (2) The governor or the governor's designee is the chair of the
2 work group.

3 (3) As required under section 1(1) of this act, the work group must
4 select the consultant or consultants to be retained by the office of
5 financial management. The consultant or consultants must demonstrate
6 that they can perform nonpartisan, objective, and independent work.
7 The work group may not select a consultant or consultants whose
8 employer has retained a lobbyist in Washington state during the
9 immediately preceding five years. Nor may the work group select a
10 consultant or consultants whose employer or who has personally
11 contributed to the campaign of a statewide elected official,
12 legislative candidate, or any other political committee in the previous
13 four years. No less than four of the work group's five members must
14 support the retention of a consultant or consultants.

15 (4) The purpose of the work group is to recommend a state program
16 of actions and policies to reduce greenhouse gas emissions, that if
17 implemented would ensure achievement of the state's emissions targets
18 in RCW 70.235.020. The recommendations must be prioritized to ensure
19 the greatest amount of environmental benefit for each dollar spent and
20 based on measures of environmental effectiveness, including
21 consideration of current best science, the effectiveness of the program
22 and policies in terms of costs, benefits, and results, and how best to
23 administer the program and policies. The work group recommendations
24 must include a timeline for actions and funding needed to implement the
25 recommendations. In order for a recommendation to be included in the
26 report, it must be supported by a majority of the work group's voting
27 members. Minority reports or comments must be included in the report.

28 (5) The members and alternates of the work group must be appointed
29 by May 1, 2013. The work group may meet up to twice per month and must
30 hold its first meeting by May 15, 2013.

31 (6) The work group shall use the evaluation required under section
32 1 of this act to inform the work group regarding experiences in other
33 jurisdictions and may call on the author of the evaluation to respond
34 to questions. All state agencies shall also cooperate with the work
35 group in providing information regarding previous and current climate
36 action reports and analyses.

37 (7) The work group shall schedule one or more meetings or portions

1 of meetings at which the views of the public may be provided to the
2 work group.

3 (8) The report of the work group must be provided to the
4 appropriate policy and fiscal committees of the senate and house of
5 representatives by December 31, 2013.

6 NEW_SECTION. **Sec. 3.** Nothing in this act may be construed to
7 enhance or diminish any existing authority regarding greenhouse gas
8 emissions.

9 NEW_SECTION. **Sec. 4.** This act is necessary for the immediate
10 preservation of the public peace, health, or safety, or support of the
11 state government and its existing public institutions, and takes effect
12 immediately.

Passed by the Senate March 13, 2013.

Passed by the House March 25, 2013.

Approved by the Governor April 2, 2013.

Filed in Office of Secretary of State April 2, 2013.

Chapter 70.235 RCW Limiting Greenhouse Gas Emissions

70.235.020 Greenhouse gas emissions reductions — Reporting requirements.

(1)(a) The state shall limit emissions of greenhouse gases to achieve the following emission reductions for Washington state:

(i) By 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels;

(ii) By 2035, reduce overall emissions of greenhouse gases in the state to twenty-five percent below 1990 levels;

(iii) By 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to fifty percent below 1990 levels, or seventy percent below the state's expected emissions that year.

(b) By December 1, 2008, the department shall submit a greenhouse gas reduction plan for review and approval to the legislature, describing those actions necessary to achieve the emission reductions in (a) of this subsection by using existing statutory authority and any additional authority granted by the legislature. Actions taken using existing statutory authority may proceed prior to approval of the greenhouse gas reduction plan.

(c) Except where explicitly stated otherwise, nothing in chapter 14, Laws of 2008 limits any state agency authorities as they existed prior to June 12, 2008.

(d) Consistent with this directive, the department shall take the following actions:

(i) Develop and implement a system for monitoring and reporting emissions of greenhouse gases as required under RCW [70.94.151](#); and

(ii) Track progress toward meeting the emission reductions established in this subsection, including the results from policies currently in effect that have been previously adopted by the state and policies adopted in the future, and report on that progress.

(2) By December 31st of each even-numbered year beginning in 2010, the department and the *department of community, trade, and economic development shall report to the governor and the appropriate committees of the senate and house of representatives the total emissions of greenhouse gases for the preceding two years, and totals in each major source sector. The department shall ensure the reporting rules adopted under RCW [70.94.151](#) allow it to develop a comprehensive inventory of emissions of greenhouse gases from all significant sectors of the Washington economy.

(3) Except for purposes of reporting, emissions of carbon dioxide from industrial combustion of biomass in the form of fuel wood, wood waste, wood by-products, and wood residuals shall not be considered a greenhouse gas as long as the region's silvicultural sequestration capacity is maintained or increased.

[2008 c 14 § 3.]

Notes:

***Reviser's note:** The "department of community, trade, and economic development" was renamed the "department of commerce" by 2009 c 565.

Climate Legislative and Executive Workgroup

Schedule¹

Schedule	Location	Meeting Content
May 15 (4:00 – 6:00 PM)	Columbia Room	Discussed process and schedule
June 4 (3:30 – 5:30 PM)	HHR A	Interviewed and selected evaluation consultant
July 17 (1:30 – 3:30 PM)	SHR 3	Interviewed and selected project manager/ facilitator
September 11 (1:30 - 3:30 PM)	HHR A	Discussed results of Task 1 ² (Analyses of WA Emissions & Related Energy Consumption)
September 27 (9:00 AM – 1:00 PM)	SHR 3	Discussed results of Task 3 (Evaluation of Federal Policies) and Task 2 (Evaluation of Comprehensive GHG Emissions Reduction Programs Outside WA)
October 14 (10:00 AM -12:00 PM)	HHR A	Identified list of possible policies and actions and related additional analyses
October 16 (5:00 - 8:20 PM)	Spokane Falls Community College campus	Public Hearing to take public comments
October 23 (6:00 – 9:20 PM)	Bell Harbor Seattle	Public Hearing to take public comments
November 6 (2:00 - 4:00 PM)	SHR 4	Reviewed Leidos' economic analyses of possible policies, and discussed actions and policies identified by members
December 6 (2:00 - 4:00 PM)	HHR A	Discussed the two proposals submitted for public comments
December 13 (2:00 - 5:00 PM)	HHR A	Public Hearing on the two proposals
January 2014		Issued Final Report

¹ Agendas, materials and meeting summaries are posted under Past Meetings in: <http://www.governor.wa.gov/issues/economy/climateWorkgroup/meetings.aspx>

² Tasks 1, 2 and 3 are posted under Evaluation Reports: produced by Leidos in: <http://www.governor.wa.gov/issues/economy/climateWorkgroup/default.aspx>.

Online Links

1. Evaluation reports by Leidos posted in:

<http://www.governor.wa.gov/issues/economy/climateWorkgroup/default.aspx>

Direct links:

[Executive Summary](#)

Task 1 [Part 1 \(energy and expenditures\)](#) and [Part 2 \(Existing State Policies\)](#) reports

Task 2 [report \(Other Jurisdictions' Approaches\)](#) and [Appendix A](#)

[Task 3 \(Federal Policies\)](#) report

[Task 4 Final report](#)

2. Workgroup Meeting Summaries posted under Past Meetings in:

<http://www.governor.wa.gov/issues/economy/climateWorkgroup/default.aspx>

3. Public Hearing Summaries posted under Past Public Hearings in:

<http://www.governor.wa.gov/issues/economy/climateWorkgroup/default.aspx>

4. Written Public Comments are posted under Past Public Hearings in:

<http://www.governor.wa.gov/issues/economy/climateWorkgroup/default.aspx>

(note: some of the files are large)