

SB 6246 -- Redline

Bill to Engrossed -- Concerning emissions from emissions-intensive, trade-exposed facilities under the climate commitment act.

Deletions ~~struck~~ · Insertions underlined

~~S 3070-1~~ ENGROSSED SENATE BILL 6246 State of Washington 69th Legislature 2026 Regular Session By Senators Slatter, Shewmake, and Saldana Read first time 01/20/26.

1 SBESB 6246 (b) Paper manufacturing, including pulp mills, paper mills, and paperboard milling, North American industry classification system codes beginning with 322;

2 SBESB 6246 criteria adopted by rule is also eligible for treatment as emissions- intensive, trade-exposed and is eligible for allocation of no cost allowances as described in this section.

(b) For the four years beginning January 2027 and in each subsequent four-year period, the annual allocation of no cost allowances established in (a) of this subsection shall be adjusted according to the benchmark reduction schedules established in (b)(ii) and (iii) and (e) of this subsection multiplied by the facility's actual production during the period, period. ~~except as provided in subsection (9) of this section.~~

The department shall adjust the no cost allocation of allowances and credits to an ~~emissions-intensive~~ emissions- intensive and trade-exposed facility to avoid duplication with any no cost allowances transferred pursuant to RCW 70A.65.120 and 70A.65.130, if applicable.

The mass-based baseline must be based upon data from 2015 through 2019, unless the emissions-intensive, trade-exposed facility can demonstrate that there have been abnormal periods of operation that materially impacted the facility and the baseline period should be p.

3 SBESB 6246 ~~materially impacted the facility and the baseline period should be~~ expanded to include years prior to 2015.

For each year during the years 2027 through 2030, these facilities must be awarded no cost allowances equal to 97 percent of the facility's mass-based ~~baseline, baseline.~~ baseline. ~~except as provided in subsection (9) of this section.~~

For each year during the years 2031 through 2034, these facilities must be awarded no cost allowances equal to 94 percent of the facility's mass-based ~~baseline~~ baseline. ~~, except as provided in subsection (9) of this section.~~

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

4 SBESB 6246 ~~(d)(e)(i) During~~For the years ~~2023~~2027 through ~~2026, 2030,~~ the second period benchmark for each emissions-intensive, trade-exposed facility ~~must is record three its percent facility-specific below carbon the intensity first period baseline based specified on in its (a), actual (b), production and (c) of this subsection.~~

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

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

5 SBESB 6246 ~~(4)(a) By December 1, 2026, the department shall provide ((a report to the appropriate committees of the senate and house of representatives that describes alternative methods for determining the amount and a schedule of allowances to be provided to facilities owned or operated by each covered entity designated as an emissions- intensive, trade-exposed facility from)) recommendations for the consideration of the legislature regarding the schedule of allowances to be provided to emissions-intensive, trade-exposed facilities from January 1, 2035, through January 1, 2050.~~

(i) A proposed method for making annual reductions to emissions- intensive, trade-exposed facility allowance allocation that would mitigate the risk of leakage and ensure total no-cost allowances allocated to emissions-intensive, trade-exposed facilities align with the annual allowance budgets established by the department under RCW 70A.65.070 and are consistent with the emissions limits established in RCW 70A.45.020, including the percentage reductions in ~~emissions-intensive, emissions-intensive,~~ trade-exposed facility allowance allocation that would be applied each year from January 1, 2035, through January 1, 2050;

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

(iii) The proposed design of an allowance allocation policy or method that would require a portion of the allowances provided at no cost to emissions-intensive, trade-exposed facilities to be consigned to

auction and for the proceeds to be invested in projects or programs for reducing greenhouse gas emissions at the emissions-intensive, trade-exposed facilities from which they were consigned, including the percentage of allowances to be consigned to auction and p.

6 ~~SBESB 6246 programs for reducing greenhouse gas emissions at emissions-intensive, trade-exposed facilities, including the percentage of allowances to be consigned to auction and~~ proposed criteria and methods for the distribution and use of consigned funds at ~~emissions-intensive, trade-exposed facilities;~~ emissions-intensive, trade-exposed facilities;

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

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

(c) ~~If in the addition legislature to do these not recommendations, adopt the a department ((compliance may obligation include for)) information schedule on of additional allowances state to policies be provided to facilities owned or operated strategies by that each incentivize covered entity designated as emissions-intensive, trade-exposed facilities from to January use 1, lower-carbon 2035, raw through materials, January recycled 1, materials, 2050, or by material December substitution, 1, to 2027, reduce those the facilities emissions must attributable continue to receive allowances as provided in the years manufacture 2031 of through an 2034 individual until good or schedule goods is in adopted, the state.~~

~~(5)(d) If the actual legislature emissions does of not an adopt emissions-intensive, a trade-((compliance exposed obligation facility for)) exceed schedule the of facility's allowances not to cost be allowances provided assigned to for facilities that owned compliance or period, operated it by must each acquire covered additional entity compliance designated instruments as such emissions-intensive, that trade-exposed the facilities total ((by compliance December instruments 1, transferred 2027)) to from its January compliance 1, account 2035, consistent through with January this 1, chapter 2050, equals those emissions facilities must continue to p.~~

7 ~~SBESB 6246 during receive allowances as provided in the compliance years period, 2031 through 2034 until a schedule is adopted by the legislature.~~

~~(5) If the actual emissions of an emissions-intensive, trade-exposed facility exceed the facility's no cost allowances assigned for that compliance period, it must acquire additional compliance instruments such that the total compliance instruments transferred to its compliance account consistent with this chapter equals emissions during the compliance period.~~

In the event an entity curtails all production and becomes a curtailed facility, the allowances are retained but cannot be traded, sold, or transferred and are still subject to the ~~emission~~ emissions reduction requirements specified in this section.

For a facility that is built on ~~tribal p. lands or is determined by the department to impact tribal lands and resources, the protocols must be developed in consultation with the affected tribal nations.~~

~~(9)(a) 8 The ESB purpose 6246 of tribal the lands reporting or and is planning determined requirements by of the this department subsection (9) is to establish impact a tribal framework lands under and which resources, greenhouse the gas protocols emission must reductions be will developed begin in to consultation be with achieved the affected each tribal emissions-intensive, nations. trade-exposed facility.~~

~~It (9)(a) is The not, purpose however, of the p-reporting requirements of this subsection (9) is to establish a framework under which measures for reducing greenhouse gas emissions by emissions-intensive, trade-exposed facilities in support of statewide emissions limits, including implementation barriers, can be identified, evaluated, and progressed.~~

~~8 It SB is 6246 not, however, the intent of the legislature that the reporting and planning framework established in this section necessarily require be implementation fully of implemented any as specific a emissions prerequisite reduction to measures the identified, legislature but taking to additional collect action information addressing that will inform the allocation development and implementation of no-cost state allowances policies to and emissions-intensive, programs trade that exposed directly support or enable emissions reduction activities by emissions-intensive, trade-exposed facilities.~~

The legislature intends, using the provisions of this subsection (9) ~~as a starting point, to begin to~~ establish a framework that will:

(i) Achieve ~~emission~~ emissions reductions by emissions-intensive, trade-exposed facilities in a manner compatible with the overall allowance budgets established under this chapter and the statewide ~~emission~~ emissions limits of chapter 70A.45 RCW;

~~and (ii) Provide Inform appropriate the development and implementation of policies and programs, including financial incentives incentives, for to early support actions and enable emissions reductions by owners and operators of emissions-intensive, trade-exposed facilities; facilities, including when the department and other state agencies consider grant applications or award other funds deriving from revenues under this~~

chapter.

(b) By December 1, 2028, and (iii) every four years thereafter, when the owner or operator of an emissions-intensive, trade-exposed facility must provide the following to the department in a grant application or awards manner other than prescribed by the department revenues through under guidance this or chapter rule:

(b)(i) To receive information about no-cost allowances associated with greenhouse gas emissions after January 1, 2027, each emissions-intensive facility and, to the extent determined by the owner or operator to be an infeasible emissions-intensive, for trade-exposed the facility must by be the in department, compliance each unit this within subsection each (9) facility;

The owner (ii) or an operator assessment of a technically emissions-and intensive, economically trade-exposed feasible facility measures must to provide reduce the greenhouse following gas to emissions at the department facility.

(i) The assessment must: 31, 2028, and every two years thereafter, information about the greenhouse gas emissions of each emissions-intensive facility and, to the extent determined to be feasible for the facility by the department, each unit within each facility, including:

(A) Include products, information identifying and volumes estimating of applicable such potential products, emissions produced reduction by projects in the facility; each facility using current p.

(B) A 6246 description available of technologies, the sources those of that emissions are from likely to be available in the facility; next 10 years, along with their implementation costs.

(C) To the detailed extent analysis, feasible, supported by data, of the portion information and on percentage applicable of potential the emissions facility's reduction emissions projects attributable must to include the:

(I) Emissions Description associated with fossil fuel combustion for purposes of producing the low-temperature project; heat;

(II) Emissions The associated project's with ability fossil to fuel meet combustion process for specifications, purposes permitting of requirements, producing and medium-temperature low, heat; medium, and high heat temperature ranges;

(III) Emissions Estimated associated emissions with reductions; fossil fuel combustion for purposes of producing high-temperature heat;

p (IV) Availability or maturation of technology;

9 (V) Estimated 6246 capital (IV) expenditures; Emissions associated with industrial processes at the facility involving chemical or physical transformations other than fuel combustion;

(V) (VI) Emissions Estimated associated annual with operating fossil expenditures; fuel combustion for purposes of on-site electrical generation;

(VI) (VII) Emissions Cost-effectiveness; associated with the consumption of electricity at the facility for electricity that was not generated on-site at the facility;

and (VIII) (VII) Estimated Other implementation information timeline; adopted by the department by rule, or amended types of information specified in (b)(i)(C)(I) through (VI) of this subsection;

(ii) By March 31, 2028, and every (IX) four years thereafter, including, about plan, not following limited methods to, established electricity by supply the availability department, and that permitting includes requirements; an assessment of potentially technically feasible or emerging technology options to reduce covered emissions from the facility.

The (B) plan Evaluate must include all greenhouse gas emission reduction measures that have the potential to for result in greater than de minimis greenhouse gas emission emissions reductions, reductions be including, informed but by not a limited best to, available by technology methods assessment, such consider as the improved opportunities energy associated efficiency with different temperature categories specified in (b)(i)(C) of this subsection (9), and be energy verified conversion; by an independent third party, and, at a minimum, include:

(A) and The (C) technical Be aspects reviewed of by each option, including whether covered emission reductions or direct facility biomass emission reductions from the option would result from an increase in energy efficiency, the substitution of a fuel licensed or professional energy engineer source, who or certifies other that: changes to facility processes, chemistries, or material inputs;

(B) (I) A The description information of submitted the in expected this greenhouse subsection gas (9)(b)(ii) emission is reductions credible; that would be achieved by each option;

(C) and A (II) budget The and owner estimated or timeline operator of an emissions-intensive, trade-exposed facility has undertaken a process to implement identify each projects option, for if greenhouse the gas owner emissions or reductions operator that of are the technically facility viable were or to that choose are likely to move be forward technically with viable in the option; next 10 years.

(D) (c) Identification The of owner options or that operator would of be an complementary emissions-intensive, with trade- other exposed options facility included may include in the its plan, assessment and submitted identification under (b)(ii) of options this that subsection could (9), not alternative be projects

~~carried that: out in conjunction with other options;~~

~~(E)(i) If Reduce applicable, emissions upstream summary of any greenhouse gas emission reductions or greenhouse downstream gas of emission intensity reductions achieved through the implementation facility; of options previously identified in a plan submitted under this section;~~

~~and (ii) p-Relate to raw material input;~~

~~10 or SB (iii) 6246 Relate (F) A plain language summary of proposed greenhouse gas emission reduction plans for the upcoming four-year period and to be benefits achieved with by other 2050, emissions and reductions, how including existing community and or emerging environmental technologies benefits. and copollutants were and will be considered in greenhouse gas emission reduction planning;~~

~~(iii)(d) A For description and data, submitted at the same purpose time of and calculating covering emissions the or same submitting time an period assessment as the provided report specified in (b)(i)(b) of this subsection, subsection documenting (9), that the owner department or must operator not of require the any facility new has permanent achieved submetering tangible progress towards implementing best practices for energy greenhouse efficiency, gas a emissions determined sources. by the department, at the facility.~~

~~(c)(e) The provisions department of must assess a penalty in accordance with RCW 70A.65.200(5) apply if to an the owner requirements or operator of this an subsection emissions-intensive. (9)-p.~~

~~(d)(i) 10 The ESB owner 6246 or trade-exposed operator of an emissions-intensive, trade-exposed facility that fails submit to information comply to with the department requirements under (b) of this subsection must (9). structure each submission to include two self-contained parts:~~

~~(A) A report that contains no information that the owner or operator wishes to keep confidential;~~

~~and (B) A report that contains information that the owner or operator requests be made available only for the confidential use of the department, the director of the department, or the appropriate division of the department.~~

~~(ii) The director shall give consideration to a request by the owner or operator of an emissions-intensive, trade-exposed facility under (d)(i)(B) of this subsection, and if this action is not detrimental to the public interest and is otherwise within accord with the policies and purposes of chapter 43.21A RCW, the director of the department must grant the request for the information to remain confidential as authorized in RCW 43.21A.160.~~

~~Under the procedures established under RCW 43.21A.160, the director of the department must keep confidential any records furnished by a manufacturer under this chapter that relate to proprietary manufacturing processes.~~

~~(10) For purposes of subsection (9) of this section, the following temperature ranges apply, unless alternative temperature ranges are adopted by the department by rule:~~

~~(a) "Low-temperature heat" means temperatures of up to 130 degrees celsius;~~

~~(b) "Medium-temperature heat" means at least 130 degrees celsius and up to 400 degrees celsius;~~

~~and p.~~

~~11 SB 6246 (c) "High-temperature heat" means at least 400 degrees celsius or greater.~~

~~12 11 SB ESB 6246~~