
Environment & Energy Committee

HB 2367

Brief Description: Eliminating preferential treatment related to a coal-fired electric generating plant.

Sponsors: Representatives Fitzgibbon, Doglio, Berry, Mena, Ramel, Parshley, Kloba, Duerr, Ormsby, Hill and Pollet.

Brief Summary of Bill

- Specifies that the exemption from the Cap-and-Invest Program for emissions from a certain coal-fired electric generation facility (coal facility) applies only to those emissions before January 1, 2026.
- Removes the limitation on state agencies and political subdivisions of the state from imposing greenhouse gas emission requirements on a coal facility that are inconsistent with or in addition to the Greenhouse Gas Emissions Performance Standard or the memorandum of agreement between the Governor and the coal facility.
- Repeals sales and use tax exemptions for coal used at a coal facility placed in operation after December 3, 1969, and before July 1, 1975.

Hearing Date: 1/19/26

Staff: Megan McPhaden (786-7114).

Background:

Certain Coal Emissions Exempt from the Cap-and-Invest Program.

Under the Climate Commitment Act (CCA), in order to ensure that greenhouse gas (GHG) emissions are reduced consistent with the state's 2030, 2040, and 2050 emissions limits, the Department of Ecology (Ecology) must implement a cap on GHG emissions from covered

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entities and a program to track, verify, and enforce compliance through the use of compliance instruments, which include allowances or eligible offset credits. The Cap-and-Invest Program commenced on January 1, 2023.

Seven categories of emissions are exempt from coverage under the Cap-and-Invest Program, including emissions from a coal-fired electric generation facility in operation on or before July 22, 2011.

Greenhouse Gas Emissions Performance Standards for Electric Generation Plants. Electric utilities may not enter into a long-term financial commitment for baseload electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of: 1100 pounds of GHG per megawatt (MW)-hour; or the average available GHG emissions output as updated by the Department of Commerce. Baseload electric generation is electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent.

A coal-fired baseload electric generation facility in Washington that emitted more than one million tons of GHG in any calendar year prior to 2008 must meet the lower of the emissions standards such that one generating boiler is in compliance by December 31, 2020, and any other generating boiler is in compliance by December 31, 2025.

Coal Facility Memorandum of Agreement.

The Governor must enter into a memorandum of agreement (MOA) that takes effect on April 1, 2012, with the owners of a coal-fired baseload facility that emitted more than one million tons of GHG in any year before 2008. The MOU must include certain commitments for installing pollution control technology and for providing financial assistance.

Limitation on Imposing Additional or Inconsistent Greenhouse Gas Emissions Requirements for a Coal Facility or Coal Power Purchases.

State agencies or political subdivisions of the state cannot adopt or impose a greenhouse gas emission performance standard, or other operating or financial requirement or limitation related to greenhouse gas emissions, on a coal facility in operation on or before July 22, 2011, or on an electric utility's long-term purchase of coal transition power, that is inconsistent with or in addition to the GHG Emissions Performance Standards or the MOU.

Sales and Use Tax Exemptions for Coal at a Coal Facility.

The sales and use of coal at a thermal electric generating facility placed in operation after December 3, 1969, and before July 1, 1975, are exempt from retail sales and use taxes. The exemptions are contingent on owners of the coal facility demonstrating to Ecology that progress is being made to install the necessary air pollution control devices and that the facility has emitted no more than 10,000 tons of sulfur dioxide during the previous 12 months.

Summary of Bill:

Exemption for Coal Emissions Under the Cap-and-Invest Program is Removed.

Only the emissions that occurred before January 1, 2026, from a coal-fired electric generation facility in operation on or before July 22, 2011, are exempt from the Cap-and-Invest Program.

Limitation on Imposing Greenhouse Gas Standards.

For a coal-fired electric generation facility that remains in operation after December 31, 2025, and is subject to the MOU, the limitation on imposing an inconsistent or additional greenhouse gas standard, or other greenhouse gas operating or financial requirement, is removed.

Sales and Use Tax Exemptions for Coal are Repealed.

The sales and use tax exemptions for coal used to generate electric power at a coal-fired thermal electric generation facility placed in operation after December 3, 1969, and before July 1, 1975, are repealed.

Appropriation: None.

Fiscal Note: Requested on January 12, 2026.

Effective Date: The bill contains an emergency clause and takes effect immediately.