

Multiple Agency Fiscal Note Summary

Bill Number: 6058	Title: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Office of Attorney General	0	0	73,000	0	0	73,000	0	0	0
Department of Ecology	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	73,000	0	0	73,000	0	0	0

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Office of State Treasurer	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.3	0	0	73,000	.3	0	0	73,000	.0	0	0	0
Department of Ecology	2.6	0	0	1,786,961	9.0	0	0	5,718,615	3.7	0	0	1,785,726
Environmental and Land Use Hearings Office	.0	0	0	0	.3	0	0	81,236	.3	0	0	79,840
Total \$	2.9	0	0	1,859,961	9.6	0	0	5,872,851	4.0	0	0	1,865,566

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Ecology	.0	0	0	.0	0	0	.0	0	0
Environmental and Land Use Hearings Office	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Lisa Borkowski, OFM	Phone: (360) 742-2239	Date Published: Final 1/16/2024
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Individual State Agency Fiscal Note

Bill Number: 6058	Title: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 01/09/2024
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 01/09/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/10/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

SB 6058 facilitates linkage of Washington's carbon market with the California-Quebec carbon market.

There is no fiscal impact to the office.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6058	Title: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Legal Services Revolving Account-State 405-1		73,000	73,000	73,000	
Total \$		73,000	73,000	73,000	

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.6	0.3	0.3	0.0
Account					
Legal Services Revolving Account-State 405-1	0	73,000	73,000	73,000	0
Total \$	0	73,000	73,000	73,000	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Dan Jensen	Phone: 360-664-9429	Date: 01/11/2024
Agency Approval: Edd Giger	Phone: 360-586-2104	Date: 01/11/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/16/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 – Amends RCW 70A.65.010 and the definition of “compliance period” in cases of linkage agreements and the definition of “electricity importer.” The later amendments give additional rulemaking authority to the Department of Ecology (Ecology).

Section 2 – Amends RCW 70A.65.060 to require annual reporting requirements on Ecology after 2027.

Section 3 – Amends RCW 70A.65.070 to clarify the adoption and distribution of Ecology’s annual allowance budgets.

Section 4 – Amends RCW 70A.65.080 to allow the annual total of emission associated with importing electricity from unspecified sources to exceed zero metric tons of carbon dioxide equivalent.

Section 5 – Amends RCW 70A.65.100 to clarify that a general market participant may not in aggregate own more than ten percent of the total allowances issued in a calendar year until Washington State links with a jurisdiction that does not have this requirement.

Section 6 – Amends RCW 70A.65.110 to remove language related to the second and third compliance periods.

Section 7 – Amends RCW 70A.65.170 to clarify that Ecology’s rulemaking relates to generating offset credits. Includes federally recognized tribal land in the location of offset projects for purposes of calculating offset credits. Includes information about how offset credits are used when the offset project is located in jurisdictions with which Washington State has entered into a linkage agreement.

Section 8 – Amends RCW 70A.65.200 to remove language regarding Ecology reducing the amount of the penalty by adjusting the monetary amount or number of penalty allowances.

Section 9 – Amends RCW 70A.65.310 by removing language about the four-year compliance period.

Section 10 – Amends RCW 70A.15.2200 by giving Ecology additional rulemaking authority to require electric power entities to report emissions of greenhouse gases from all electricity purchased, sold, imported, exported, or exchanged in Washington State. Amendments further require Ecology to establish greenhouse gas emission reporting methodologies for certain persons.

Section 11 – New Section. Clarifies that this act is not a conflicting measure with Initiative Measure No. 2117. But if a court enters a final judgment not subject to appeal that the act be on the ballot as a conflicting measure, this act is null and void.

Section 12 – New Section. Effective date of January 1, 2025, only if Initiative Measure No. 2117 is not approved by vote in the 2024 general election. Renders this act null and void if Initiative Measure No. 2117 is approved by vote in the 2024 general election.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Cash receipts are assumed to equal the Legal Services Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is the Department of Ecology (Ecology). The Attorney General's Office (AGO) will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's/agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

Ecology will be billed for non-King County rates:

FY 2024 and FY 2025: \$73,000 for 0.3 Assistant Attorney General FTE (AAG) and 0.2 Paralegal FTE (PL).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Attorney General's Office (AGO) Agency Assumptions:

The effective date will be January 1, 2025, only if Initiative Measure No. 2117 is not approved by vote in the 2024 general election. Renders this act null and void if Initiative Measure No. 2117 is approved by vote in the 2024 general election.

Location of staffing is assumed to be in a non-King County office building.

Total workload impact in this request includes standard assumption costs for goods & services, travel, and capital outlays for all FTE identified.

Agency administration support FTE are included in the tables. The Management Analyst 5 FTE (MA), is used as a representative classification. An example ratio is for every 1.0 Assistant Attorney General FTE (AAG), the AGO includes 0.5 Paralegal 1 FTE (PL) and 0.4 MA.

1. Assumptions for the AGO Ecology Division's (ECY) Legal Services for the Department of Ecology (Ecology):

The AGO will bill Ecology for legal services based on the enactment of this bill.

Ecology will undertake three highly complex rulemakings. One to facilitate linkage, a second to define electricity importers and imported electricity and the assignment of compliance obligations in complicated electricity markets, and a third to amend to the greenhouse gas reporting rule. Each of these rulemaking efforts will need significant legal support.

Ecology will also implement the bill by engaging in a robust public process to consider linkage, and will need to negotiate a linkage agreement with California and Quebec. Both will require significant legal support. Ecology will also develop of a separate online greenhouse gas reporting platform, and will need legal support on contracting and IT/program interface issues.

ECY: Total non-King County workload impact:

FY 2025 and FY 2026: \$73,000 for 0.3 AAG and 0.2 PL.

2. The AGO Administrative Division (ADM) has reviewed this bill and determined it will not increase or decrease the division's workload. Therefore, no costs are included in this request.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
405-1	Legal Services Revolving Account	State	0	73,000	73,000	73,000	0
Total \$			0	73,000	73,000	73,000	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.6	0.3	0.3	
A-Salaries and Wages		50,000	50,000	50,000	
B-Employee Benefits		15,000	15,000	15,000	
E-Goods and Other Services		8,000	8,000	8,000	
Total \$	0	73,000	73,000	73,000	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Assistant Attorney General	132,973		0.3	0.2	0.2	
Management Analyst 5	98,040		0.1	0.1	0.1	
Paralegal 1	71,144		0.2	0.1	0.1	
Total FTEs			0.6	0.3	0.3	0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Ecology Division (ECY)		73,000	73,000	73,000	
Total \$		73,000	73,000	73,000	

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6058	Title: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market	Agency: 461-Department of Ecology
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	5.3	2.6	9.0	3.7
Account					
Climate Investment Account-State 26B-1	0	1,786,961	1,786,961	5,718,615	1,785,726
Total \$	0	1,786,961	1,786,961	5,718,615	1,785,726

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Cristina Steward	Phone: 564-669-1723	Date: 01/11/2024
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 01/11/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/12/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Background: In 2021, the Washington Legislature passed the Climate Commitment Act (chapter 70A.65 RCW) which establishes a comprehensive cap-and-invest program to reduce carbon pollution and achieve the greenhouse gas limits set in state law. In 2022, Ecology established rules (chapter 173-446 WAC) to implement the provisions of the program, and in 2023 the first auctions of emissions allowances began. Under RCW 70A.65.210, Ecology is directed to seek to enter into linkage agreements with other jurisdictions, following specified considerations and evaluations before doing so. RCW 70A.65.060 requires Ecology to bring forth agency request legislation if the agency finds that any provision of the chapter prevents linking Washington's cap and invest program with that of any other jurisdiction.

This bill would amend chapter 70A.65 RCW to authorize Ecology to make modifications by rule necessary for linkage with other jurisdictions, authorize Ecology to develop its own greenhouse gas reporting methodologies needed for linkage, and make other technical changes.

Section 1 would amend RCW 70A.65.010 (Definitions) subsections (20) and (27) to allow Ecology to synchronize Washington's compliance periods with those of a linked a jurisdiction and define electricity importers by rule.

Section 2 would amend RCW 70A.65.060 subsection (5) by replacing the requirement for reports every four years with a requirement for reports one year after the end of a compliance period.

Section 3 would amend RCW 70A.65.070 subsection (1)(b) by removing the dates for compliance periods.

Section 4 would amend RCW 70A.65.080 subsection (1)(c) to remove the 25,000 MTCO_{2e} minimum threshold for unspecified electricity, and would amend subsection (3) to remove the date for the beginning of the third compliance period

Section 5 would amend RCW 70A.65.100 subsection (6)(a) to change the limit on the number of allowances any covered or opt-in entity can purchase at a given auction from 10 percent of the allowances offered at auction to 25 percent. Subsection (6)(c) would be amended to provide that the 10% general market participant (GMP)-specific holding limit does not apply if we link with a jurisdiction that does not have this limit.

Section 6 would amend various subsections of RCW 70A.65.110 to remove references to compliance period dates.

Section 7 would amend RCW 70A.65.170 subsection (1) by replacing the word "securing" with the term "generating". Subsections (3)(a), (3)(b) and (3)(e) would be amended to increase the number of offset credits that can come from offset projects located on federally recognized Tribal land without increasing the total number of offset credits that can be provided for compliance. Subsection (5)(b) would be amended to clarify that the date restrictions only apply to offset credits issued by Ecology, and that offset credits issued by Ecology must be consistent with offset protocols adopted by Ecology. Subsection (5)(c) would be amended to clarify that offset credits issued by a linked jurisdiction must come from offset projects located in the linked jurisdiction.

Section 8 would amend RCW 70A.65.200 by removing subsection (7), thereby removing Ecology's statutory discretion to reduce the amount of a penalty by reducing the monetary amount of the number of penalty allowances required for failure to submit sufficient allowances by a compliance deadline to cover a covered entity's compliance obligation.

Section 9 would amend RCW 70A.65.310 subsection (1) by removing "four-year" from the reference to compliance periods.

Section 10 would amend RCW 70A.15.2200 (Classification of air contaminant sources) to authorize Ecology to develop its

own greenhouse gas reporting methodologies that may deviate from those required by the United States Environmental Protection Agency (EPA). This change is needed for linkage, because linkage requires continuity among linked markets and the EPA methods are deviating from those of California and Québec. This change would allow Ecology to, by rule, align and update its reporting requirements to be consistent with California.

Section 11 adds a new section providing that this act is not a conflicting measure dealing with the same subject matter as Initiative 2117; but if a court finds that it is, the act is null and void.

Section 12 adds a new section providing that the act takes effect January 1, 2025, only if Initiative 2117 does not pass. If Initiative 2117 passes, this act is null and void.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

There is no direct impact to cap-and-invest auction revenue under the proposed bill changes. However, the changes would allow for linkage with the joint California and Québec cap-and invest market. Linkage with this market would have an impact to cash receipts, but too many unknown variables make the impacts to cash receipts indeterminate.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The expenditure impact to Ecology under this bill is estimated to be greater than \$50,000 in Fiscal Year (FY) 2025 and ongoing to implement the requirements of sections 1 and 10.

Note: The Governor's 2024 supplemental operating budget proposal includes funding for this proposed legislation (PL LK - Cap-and-Invest Program Linkage).

Timing: Section 12 would make this act take effect January 1, 2025, if Initiative 2117 does not pass, and it would be null and void if Initiative 2117 passes. For purposes of this fiscal note, the fiscal impacts are provided based on a January 1, 2025 effective date.

Rulemaking

Ecology assumes we would conduct rulemaking as authorized under the following sections:

- o Section 1 - RCW 70A.65.010 Definitions – To define electricity importers and synchronize Washington's compliance periods with those of a linked a jurisdiction.
- o Section 10 - RCW 70A.15.2200 Greenhouse Gas Reporting – To allow Ecology to change its current standard of using EPA's reporting methods so that Ecology can create its own reporting methods that align with California.

Ecology estimates that rulemaking would be highly complex and generate substantial public interest and input. It would require an estimated 2 years, from January 1, 2025, to December 31, 2026. This type of rulemaking would include 3 preproposal meetings to gather input from stakeholders and then 3 public hearings to accept comments on the rule proposal.

Rulemaking Lead: Ecology estimates that an Environmental Planner 3 would be required at 0.43 FTE in FY 2025, 0.85 FTE in FY 2026, and 0.43 FTE in FY 2027, to coordinate the rulemaking effort.

Technical Leads: Ecology estimates that an Environmental Engineer 6 would be required at 0.38 FTE in FY 2025, 0.75 FTE

of FY 2026, and 0.38 FTE in FY 2027, to provide expert environmental engineering analysis of possible rule change impacts, provide recommendations for rules associated with linkage involving carbon emissions and thresholds to coincide with California and Quebec markets. An Environmental Planner 5 would be required at 0.25 FTE in FY 2025, 0.5 FTE in FY 2026, and 0.25 FTE in FY 2027, to support planning for rule changes associated with linkage concerning auctions and markets. An Environmental Specialist 5 would be required at 0.12 FTE in FY 2025, 0.25 FTE in FY 2026, and 0.12 FTE in FY 2027, to support rule changes associated with linkage concerning emissions reporting and verification.

Public Outreach Coordinator: Ecology estimates that an Environmental Planner 5 would be required at 0.25 FTE in FY 2025, 0.5 FTE in FY 2026, and 0.25 FTE in FY 2027, to support public engagement and outreach during the rulemaking process.

The following positions would complete an economic and regulatory analysis of the rule: Economic Analyst 3, 0.25 FTE in FY 2026; Regulatory Analyst 2, 0.1 FTE in FY 2026.

Ecology would hold 1 public hearing in FY 2025 and 2 public hearing in FY 2026 for rulemaking. Goods and services estimates include facility rental costs estimated at \$3,100 per hearing.

The Attorney General's Office estimates support to Ecology for rulemaking would require 0.3 FTE of an AAG each year in FY 2025 and FY 2026 (\$73,000 each year).

Greenhouse Gas Reporting (Section 10)

Section 10 would amend RCW 70A.15.2200 to authorize Ecology to, by rule, develop its own greenhouse gas reporting methodologies that may deviate from those required by the U.S. EPA, in order to align its reporting with California for linkage.

Linkage with these markets would require an update to the cap-and-invest software and greenhouse gas reporting systems in order to have a reporting metric for Washington that is consistent with California. For greenhouse gas reporting, Ecology currently uses EPA's e-GGRT system, which uses metrics that are incompatible with California's. Diverting from EPA's reporting requirements and system would require Ecology to build a web-based reporting platform. The platform would build on existing Ecology reporting systems and databases.

California created a reporting platform similar to EPA's e-GGRT called CAL e-GGRT. The cost for California to develop CAL e-GGRT, after adjusting for inflation from 2012 to present dollars, was approximately \$3 million, with annual operating/upkeep costs of \$250,000. Ecology estimates similar costs to develop a reporting platform. Ecology assumes the reporting platform would need to be ready when the rule is finalized in order for facilities to report their emissions consistent with Washington's reporting methodology. Ecology estimates development of the reporting platform would cost \$750,000 in FY 2025, \$1.5 million in FY 2026, and \$750,000 in FY 2027. Ecology assumes ongoing maintenance of the reporting platform would begin mid FY 2027 at a cost of \$125,000 and \$250,000 each year beginning in FY 2028 and ongoing.

Ecology is currently contracting work to build the cap-and-invest database (CAID) system which synthesizes data received from Ecology's existing reporting systems. Updating CAID to work with a new Ecology web-based emissions reporting system is estimated by the current contractor to cost \$300,000. Ecology estimates the updates to the CAID system would require \$75,000 in FY 2025, \$150,000 in FY 2026 and \$75,000 in FY 2027.

Ecology would require the following staff time in order to implement the proposed changes and reporting platforms:

0.5 FTE IT Business Analyst - Senior/Specialist full-time starting mid FY 2025 and 1.0 FTE in FY 2026 and ongoing – This position would provide project management for development and deployment of the reporting platform, conduct business analysis and end-user needs, coordinate with other jurisdictions to ensure successful linkages in the development of the reporting platform, and oversee interactions between the reporting platform and existing reporting systems and databases.

This position would serve as primary contact for systems coordination with the contractor and the quality assurance reviewer.

0.5 FTE IT Application Development – Senior/Specialist full time starting mid FY 2025 and 1.0 FTE in FY 2026 and ongoing - This position would implement coding and application development or installation requirements to support platform integration with existing reporting systems, and would provide ongoing maintenance, support, and validation.

1.5 FTE Environmental Engineer 3 – starting full-time mid FY 2025, 3.0 FTE in FY 2026, and 1.5 FTE in FY 2027 - These positions would support the emissions reporting component of platform development. Support includes technical oversight emissions calculations, inputs, and equipment based on existing EPA regulation for each applicable subpart that pertains to Washington facilities. Positions would also test each subpart emissions for accuracy and consistency with current methods, and would provide trainings and technical assistance to support reporters as they use the new platform.

0.5 FTE Environmental Engineer 2 – starting full-time mid FY 2025 and 1.0 FTE in 2026 and ongoing - This position would review electricity sector emissions reports, for accuracy of electricity sector verifier findings, and ensure emissions reports are submitted timely.

0.12 FTE Environmental Planner 2 – starting full-time mid FY 2025 and 0.25 FTE in FY 2026 and ongoing - This position would be housed in the Auction and Markets section and would review and update incoming system reports from market participants in the cap- and-invest program, verify the accuracy of information on individuals representing market participants, and answer questions from market participants.

SUMMARY: The expenditure impact to Ecology under this bill is summarized below.

RULEMAKING (Sections 1 to 7, and 10)

FY 2025: \$350,472 and 1.7 FTE

FY 2026: \$688,355 and 3.7 FTE

FY 2027: \$274,372 and 1.7 FTE

GHG REPORTING (Section 10)

FY 2025: \$1,436,489 and 3.6 FTE

FY 2026: \$2,872,971 and 7.2 FTE

FY 2027: \$1,882,917 and 5.5 FTE

FY 2028: \$892,863 and 3.7 FTE

FY 2029: \$892,863 and 3.7 FTE

THE TOTAL EXPENDITURE IMPACT to Ecology under this bill is estimated to be:

FY 2025: \$1,786,961 and 5.3 FTE

FY 2026: \$3,561,326 and 10.9 FTE

FY 2027: \$2,157,289 and 7.1 FTE

FY 2028: \$892,863 and 3.7 FTE

FY 2029: \$892,863 and 3.7 FTE

Notes on costs by object:

Salary estimates are current biennium actual rates at Step L.

Benefits are the agency average of 34.1% of salaries.

Contracts to create a GHG emission reporting platform and update the CAID system are estimated to require \$823,000 in FY 2025, \$1,650,000 in FY 2026 and \$823,000 in FY 2027. Ongoing system maintenance is estimated to be \$150,000 starting mid FY 2025 \$125,000 and \$250,000 each year beginning in FY 2028 and ongoing.

Goods and Services are the agency average of \$6,048 per direct program FTE. In addition, rulemaking meeting costs are estimated at \$3,100 in FY 2025 and \$6,200 in FY 2026, and AAG costs are estimated at \$73,000 in FY 2025 and \$73,000 in FY 2026.

Travel is the agency average of \$2,205 per direct program FTE.

Equipment is the agency average of \$1,286 per direct program FTE.

Agency Administrative Overhead is calculated at the federally approved agency indirect rate of 29.8% of direct program salaries and benefits, and is shown as object 9. Agency Administrative Overhead FTEs are included at 0.15 FTE per direct program FTE, and are identified as Fiscal Analyst 2 and IT App Development - Journey.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26B-1	Climate Investment Account	State	0	1,786,961	1,786,961	5,718,615	1,785,726
Total \$			0	1,786,961	1,786,961	5,718,615	1,785,726

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		5.3	2.6	9.0	3.7
A-Salaries and Wages		483,998	483,998	1,660,539	703,040
B-Employee Benefits		165,043	165,043	566,244	239,736
C-Professional Service Contracts		825,000	825,000	2,600,000	500,000
E-Goods and Other Services		103,618	103,618	173,700	39,312
G-Travel		10,036	10,036	34,454	14,332
J-Capital Outlays		5,852	5,852	20,097	8,360
9-Agency Administrative Overhead		193,414	193,414	663,581	280,946
Total \$	0	1,786,961	1,786,961	5,718,615	1,785,726

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
ECONOMIC ANALYST 3	95,627				0.1	
ENVIRONMENTAL ENGINEER 2	91,073		0.5	0.3	1.0	1.0
ENVIRONMENTAL ENGINEER 3	105,612		1.5	0.8	2.3	
ENVIRONMENTAL ENGINEER 6	128,628		0.4	0.2	0.6	
ENVIRONMENTAL PLANNER 2	72,923		0.1	0.1	0.3	0.3
ENVIRONMENTAL PLANNER 3	86,716		0.4	0.2	0.6	
ENVIRONMENTAL PLANNER 5	105,612		0.5	0.3	0.8	
ENVIRONMENTAL SPEC 5	95,387		0.1	0.1	0.2	
FISCAL ANALYST 2			0.5	0.2	0.8	0.3
IT APP DEVELOPMENT-SR/SPEC	124,071		0.5	0.3	1.0	1.0
IT APP DEV-JOURNEY			0.2	0.1	0.4	0.2
IT BUSINESS ANALYST-SR/SPEC	118,145		0.5	0.3	1.0	1.0
REGULATORY ANALYST 2	88,798				0.1	
Total FTEs			5.3	2.7	9.0	3.7

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Ecology would conduct rulemaking to amend the Climate Commitment Act program rules under chapter 173- 446 WAC as authorized under sections 1 and 10.

Individual State Agency Fiscal Note

Bill Number: 6058	Title: Facilitating linkage of Washington's carbon market with the California-Quebec carbon market	Agency: 468-Environmental and Land Use Hearings Office
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.0	0.0	0.3	0.3
Account					
Climate Investment Account-State 26B-1	0	0	0	81,236	79,840
Total \$	0	0	0	81,236	79,840

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/06/2024
Agency Preparation: Dominga Soliz	Phone: 3606649173	Date: 01/12/2024
Agency Approval: Dominga Soliz	Phone: 3606649173	Date: 01/12/2024
OFM Review: Lisa Borkowski	Phone: (360) 742-2239	Date: 01/14/2024

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This act facilitates linkage of Washington's carbon market with the California-Quebec carbon market.

Sec. 10 – This section ensures Ecology has authority to require all electric power entities report emissions of greenhouse gases (GHGs) from electricity purchased, sold, imported, exported, or exchanged in Washington, which will expand the coverage of reporting and fee requirements to any entities added from linkage with another system.

This is expected to result in a small number of appeals to the Pollution Control Hearings Board (PCHB) of penalties (70a.15.3160) and orders (70a.15.2520 & .3010) issued for violations of Chapter 70A.15 RCW.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

ELUHO estimates 2 average complexity PCHB appeals per year resulting from this bill beginning immediately following the linkage, FY26.

ELUHO estimates 2 average complexity PCHB appeals per year resulting from this bill beginning in FY26, ongoing.

ELUHO estimates each appeal resulting from this bill will require approximately 230 hours of Administrative Appeals Judge (AAJ) work to complete (110 pre-hearing hours + 120 hearing and post-hearing hours) x 2 appeals in FY26. This estimate is based on a current analysis of AAJ work.

230 hours/appeal x 2 appeals = 460 AAJ hours in FY26, ongoing.

Assume New Partial AAJ FTE: The PCHB will need approximately 0.25 AAJ FTE in FY26, ongoing. The AAJ will have knowledge of environmental law to assist with these new cases. RCW 43.21B.005(2) authorizes the ELUHO director to appoint such AAJs to assist the PCHB. The 0.25 AAJ FTE will not serve as a member of the Boards, but will preside over cases, mediate cases, conduct legal research and writing, draft Board materials, and perform other legal duties to assist the Board.

Beginning in FY25 an AAJ will make \$117,840 per year, plus related benefits estimated at \$34,945 per year, at projected benefits rates. The agency needs 0.25 FTE AAJs in FY26, so the salary would be \$29,460, per FY, ongoing. Related benefits would total \$8,736, per FY, ongoing.

Goods and services for the 0.25 FTE are estimated at \$1,360 per year, in FY26, ongoing. Goods and services include communications, payroll processing, training, and other staff costs. Estimates include some travel at the low cost per diem rates totaling \$364 per year, ongoing. Also included is one time equipment costs for furniture and computers totaling \$1,396 in FY 26.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
26B-1	Climate Investment Account	State	0	0	0	81,236	79,840
Total \$			0	0	0	81,236	79,840

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years				0.3	0.3
A-Salaries and Wages				58,920	58,920
B-Employee Benefits				17,472	17,472
C-Professional Service Contracts					
E-Goods and Other Services				2,720	2,720
G-Travel				728	728
J-Capital Outlays				1,396	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	0	0	81,236	79,840

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Appeals Judge	117,840				0.3	0.3
Total FTEs					0.3	0.3

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.