



King County

Metropolitan King County Council

STAFF REPORT

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| Agenda Item: | 11 | Name: | Wendy K. Soo Hoo |
| Proposed No.: | 2025-0350 | Date: | December 9, 2025 |

SUBJECT

Proposed Ordinance 2025-0350 would authorize an agreement for the sale of environmental attributes associated with biomethane produced at Cedar Hills Regional Landfill to Karbone Inc.

SUMMARY

In July 2025, the Council adopted Ordinance 19959, authorizing the purchase of the Bio Energy Washington (BEW) plant located at Cedar Hills Regional Landfill. The plant processes landfill gas captured at Cedar Hills into pipeline-quality gas, or biomethane, which is a renewable resource. As biomethane is considered a renewable resource, environmental attributes (also referred to as emissions credits) are generated from the biomethane production.

In September 2025, the Council adopted Ordinance 19967, authorizing the Executive to enter into an agreement with Puget Sound Energy (PSE) for the sale of all the biomethane and a portion of the environmental attributes.

Proposed Ordinance 2025-0350 would authorize the County to sell to Karbone the environmental attributes not sold to PSE, generating revenue of approximately \$10 million annually. Karbone buys and sells commodities, such as environmental attributes, across energy markets. The agreement would terminate after three years unless extended for up to two successive one-year terms by mutual agreement of the parties.

BACKGROUND

Landfill gas is generated through the decomposition of waste buried in the County's Cedar Hills Regional Landfill. Prior to 2023, this gas was captured by a gas control system on site at Cedar Hills and sold under contract¹ to Bio Energy Washington (BEW), which processed the landfill gas into pipeline-quality gas; BEW then sold the processed gas to PSE. BEW ceased operating its Cedar Hills processing plant in 2023.

In July 2025, the Council adopted Ordinance 19959, authorizing the purchase of the Bio Energy Washington (BEW) plant located at Cedar Hills Regional Landfill. The plant

¹ Ordinance 15872

processes landfill gas captured at Cedar Hills into pipeline-quality gas, or biomethane, which is a renewable resource. As biomethane is considered a renewable resource, environmental attributes (also referred to as emissions credits) are generated from the production of biomethane.

In September 2025, the Council adopted Ordinance 19967, authorizing the Executive to enter into an agreement with Puget Sound Energy (PSE) for the sale of all the biomethane and a portion of the environmental attributes. At the time, the Solid Waste Division indicated its intent to sell the remaining environmental attributes to Karbone.

ANALYSIS

Procurement and King County Code Requirements. Under KCC 4.56.250, code provisions related to the sale of property are waived for sales of ownership or other interests in emissions credits when such sales are in the best interests of the public and authorized by the Council.

According to the Findings section of the proposed ordinance, a sale to Karbone is in the best interests of the public because the market for the sale of environmental attributes is highly specialized and subject to market variability; under the agreement, Karbone will facilitate the sales of the environmental attributes into different markets based on market conditions and the revenue generated will offset costs associated with operating the processing plant at Cedar Hills. The transmittal letter notes that supporting the production and use of biomethane will reduce the amount of landfill gas flared into the atmosphere.

Fiscal Impact. According to the transmitted fiscal note, total revenue from the agreement with Karbone is estimated at \$18.8 million for 2026-2027 and \$20.6 million for 2028-2029.² The revenues would be allocated to the Solid Waste Division and, under the ordinance, would first be used to offset debt and operating costs associated with the acquisition of the Cedar Hills processing plant.³

² Based on estimated attribute volumes to be sold to Karbone Inc., ranging from 500,000 to 600,000 MMBTU per year at a forecasted average ranging from \$17.46 to \$17.70 per year.

³ At the time Ordinance 19959 was adopted, the Solid Waste Division anticipated breaking even on its investment to purchase the processing plant in 2035.