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**Technology, Energy & Communications  
Committee**

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**HB 2417**

**Brief Description:** Creating a public utility tax for the sale of certain renewable energy credits.

**Sponsors:** Representatives Morris, Chase and Hasegawa.

**Brief Summary of Bill**

- Establishes a public utility tax rate of 50 percent on the gross income of businesses that sell fully unbundled renewable energy credits.

**Hearing Date:** 1/20/10

**Staff:** Scott Richards (786-7156).

**Background:**

**Energy Independence Act (Initiative 937):** In 2006 the voters approved the Energy Independence Act (Initiative 937). Initiative 937 requires certain electric utilities with 25,000 or more customers to meet targets for the use of renewable energy resources and energy conservation.

**Renewable Resources Targets:** Each qualifying utility must either use eligible renewable resources, acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Renewable Energy Credit:** A renewable energy credit (REC) is defined under Initiative 937 as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource where the generation facility is not powered by fresh water, the certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by the Western Renewable Energy Generation Information System (WREGIS).

**Western Renewable Energy Generation Information System:** The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy data base for the region covered by the Western Interconnection. WREGIS creates renewable energy certificates for verifiable renewable generation from units that register in the data base.

The Department of Commerce selected WREGIS as the renewable energy credit tracking system to issue verified RECs for compliance purposes under Initiative 937.

**Nonpower Attributes:** Under Initiative 937, nonpower attributes mean all environmentally related characteristics, exclusive of energy, capacity reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource. Nonpower attributes include, but are not limited to, avoided emissions of pollutants to the air, soil, or water, and avoided emissions of carbon dioxide and other greenhouse gases.

**Bundled, Partly, and Unbundled Renewable Energy Credits:** Renewable Energy Credits are created simultaneously with the generation of energy from eligible renewable resources. REC transactions can take several forms, including the following:

- Fully Bundled - RECs delivered to the purchasing entity simultaneously with the associated energy.
- Partly Bundled - RECs delivered as produced but the associated energy can be delivered when transmission capacity is available during off-peak hours.
- Fully Unbundled - RECs delivered as a fully independent product.

In the case of fully unbundled RECS, the associated energy is separated from the RECs and sold into the local market. The unbundled RECs may then be sold into the same market or into other markets where the RECs may be used as part of a voluntary green purchase program or for compliance by an electric utility with a state's renewable portfolio standard.

#### **Summary of Bill:**

A public utility tax of 50 percent is imposed on the gross income of a renewable energy credits selling business.

A renewable energy credits selling business is defined as a business which sells fully unbundled renewable energy credits.

A fully unbundled renewable energy credit is a tradable certificate of proof of the nonpower attributes associated with at least one megawatt-hour of electricity generated from an eligible renewable resource as defined under Initiative 937 and is verified by WREGIS.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.