

SENATE BILL REPORT

SB 5345

As of February 9, 2009

Title: An act relating to renewable energy.

Brief Description: Regarding renewable energy.

Sponsors: Senators Holmquist, Honeyford, Parlette, King, Becker, McCaslin, Hewitt, Morton, Stevens and Schoesler.

Brief History:

Committee Activity: Environment, Water & Energy: 2/04/09.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: William Bridges (786-7416)

Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources.

Energy Conservation Assessments and Targets. Each qualifying electric utility must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessments every two years for the next ten-year period. Beginning January 2010, each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessments.

Eligible Renewable Resource Targets. Each qualifying utility must use eligible renewable resources or 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.

Eligible Renewable Resource. "Eligible renewable resource" includes wind; solar; geothermal energy; landfill and sewage gas; wave and tidal power; and certain biomass and

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biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999. The facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis. Incremental electricity produced from efficiency improvements at hydropower facilities owned by qualifying utilities is also an eligible renewable resource if the improvements were completed after March 31, 1999.

Renewable Energy Credit (REC). A REC is 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 credits can be bought and sold as a commodity in the energy marketplace. RECs can be used during the year they are acquired, the previous year, or the subsequent year.

Co-Fired Fossil and Renewable Resources. If fossil and combustible renewable resources are co-fired in one generating unit located in the Pacific Northwest, and the co-firing started after March 31, 1999, the unit will be considered to produce eligible renewable resources in direct proportion to the percent of the total heat value associated with the renewable resources.

Western Electricity Coordinating Council (WECC). WECC is a regional electric reliability council that coordinates and ensures the reliability of the Western Interconnection Bulk Power System. Its membership includes transmission operators, utilities, utility customers, and state and provincial regulators. The WECC territory covers the provinces of Alberta and British Columbia, the northern portion of Baja California, Mexico, and all or portions of the 14 western states.

Summary of Bill: Changing the Definition of Biomass. The following are added to the definition of "biomass energy:" organic byproducts of pulping process, wooden demolition or construction debris, food waste that is decomposed in an anaerobic digester, and black liquors derived from algae.

Allowing All Incremental Hydroelectric Improvements in the Pacific Northwest. All incremental electricity produced from efficiency improvements to hydroelectric projects after March 31, 1999, which are located in the Pacific Northwest, may be counted as an eligible renewable resource. This provision would include incremental improvements marketed by the Bonneville Power Administration.

Expanding the Geographic Limitation for Eligible Renewable Resources. The geographic limitation for an eligible renewable resource, other than fresh water, is expanded from the Pacific Northwest to the WECC.

Expanding the Definition of Eligible Renewable Resource. The following are included as "eligible renewable resources:" (1) biomass-generated electricity from a facility in the Pacific Northwest that commenced operation before March 31, 1999; (2) hydroelectricity from a facility in the Pacific Northwest that commenced operation before March 31, 1999, with a generation capacity of 30 megawatts or less; and (3) up to 50 megawatts of hydroelectricity from a facility located in the Pacific Northwest that has been relicensed after

1985 by the Federal Energy Regulatory Commission. A qualifying utility may not claim eligible renewable resources under both (2) and (3) above.

Expanding the Geographic Boundaries for RECs. A REC represents at least one megawatt-hour of an eligible renewable resource regardless of its geographic location.

Clarifies When a REC May Be Purchased. It is clarified that a REC may be purchased at anytime during the current year in order to comply with the acquisition target for the current or subsequent year.

Expanding the Geographic Boundaries for Co-Fired Fossil and Renewable Resources. The geographic limitation on co-fired generating units is expanded from the Pacific Northwest to the WECC.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Washington has the most strenuous renewable portfolio standard in the west, and this bill makes Washington's standards more consistent with the other western states by adding provisions relating to small hydropower, biomass, and the WECC. The bill should recognize hydropower that supports the integration of wind. The bill supports flexibility and will help keep people employed. Pulping liquors are renewable and the bill properly recognizes it as such.

Persons Testifying: PRO: Vicki Austin, Washington PUD Association; Kent Lopez, Washington Rural Electric Cooperatives; Andrew Munro, Grant PUD; Collins Sprague, Avista; Tracy Yount, Chelan PUD.