

HOUSE BILL REPORT

ESHB 1365

As Passed House:
February 26, 2011

Title: An act relating to distributed generation.

Brief Description: Concerning distributed generation.

Sponsors: House Committee on Environment (originally sponsored by Representatives Eddy, Warnick, Morris and Hinkle).

Brief History:

Committee Activity:

Environment: 2/17/11 [DPS].

Floor Activity:

Passed House: 2/26/11, 95-2.

Brief Summary of Engrossed Substitute Bill

- Expands the definition of distributed generation under the Energy Independence Act (Initiative 937), to include certain solar photovoltaic generation.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Upthegrove, Chair; Rolfes, Vice Chair; Short, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Crouse, Jacks, Jinkins, Morris, Moscoso, Nealey, Pearson, Takko, Taylor and Tharinger.

Minority Report: Without recommendation. Signed by 1 member: Representative Fitzgibbon.

Staff: Scott Richards (786-7156).

Background:

Energy Independence Act.

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.

In 2006 the people approved the Energy Independence Act (Initiative 937), which requires qualifying electric utilities with 25,000 or more customers to meet targets for using and conserving eligible renewable energy resources.

Initiative 937 provides for additional credit toward meeting the renewable acquisition target. Qualifying electric utilities may count distributed generation at double the facilities output. Distributed generation means an eligible renewable resource where the generation facility has a generating capacity of not more than five megawatts.

Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) provides a "one-stop" siting process for major energy facilities in Washington. The EFSEC coordinates all evaluation and licensing steps for siting certain energy facilities in Washington. The EFSEC specifies the conditions of construction and operation. If approved, a site certification agreement is issued in lieu of any other individual state or local agency permits.

Energy facilities of any size that exclusively use alternative energy resources can also opt-in to the EFSEC site certification process. An EFSEC site certification agreement, approved by the Governor, authorizes an applicant to construct and operate an energy facility in lieu of any other permit or document required by any other state agency or subdivision. Eligible alternative energy resources include energy facilities of the following types: (1) wind; (2) solar energy; (3) geothermal energy; (4) landfill gas; (5) wave or tidal action; or (6) biomass energy based on solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

Average Megawatt.

An average megawatt, sometimes abbreviated aMW, is the amount of electricity produced by the continuous production of one megawatt over a period of one year.

Summary of Engrossed Substitute Bill:

The definition of distributed generation is expanded to include solar photovoltaic generation facilities located in Washington and capable of generating not more than 20 average megawatts in a calendar year. Additionally, a solar photovoltaic generation facility must have by July 31, 2012, either: (1) a site certification from the Energy Facility Site Evaluation Council; or (2) a land use permit from a local government.

For a qualifying utility to count distributed generation from a solar photovoltaic generation facility at double the facility's electrical output, the facility must have installed solar modules of which at least one-half were manufactured in Washington.

Solar module means the smallest non-divisible, self-contained, physical structure housing interconnected photovoltaic cells and providing a single direct current electrical output.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill represents a change in law that will allow a major solar project to go forward in Eastern Washington. It is a time sensitive issue because a federal tax credit is scheduled to expire at the end of this year. The proposed 75 megawatt Teanaway Solar Reserve project needs the bill. There are potentially 250 construction jobs and 30 permanent jobs at stake. This would be one of the largest solar projects in the United States. If state policymakers want other diverse types of renewables, besides large scale wind projects, then we need the policies found in the bill. Currently, the Energy Independence Act would allow the Teanaway Solar Reserve project to receive one renewable energy credit for each megawatt-hour it produces. The bill would allow the Teanaway Solar Reserve project to receive twice the renewable energy credits for each megawatt-hour produced by the facility. These additional credits will allow this project to be marketable for a power purchase agreement with an electric utility. This bill is good for employment in Kittitas County. A number of these jobs will be union jobs.

(Opposed) This is not the right time to adjust Initiative 937. This definition of distributed generation was established to help small scale generation, not this size of a project. Rather than modifying the definition of distributed generation, it would be worth considering perhaps a 1 percent solar power carve out within Initiative 937.

Persons Testifying: (In support) Representative Eddy, prime sponsor; Al Adrich and Howard Trott, Teanaway Solar Reserve; Mark Swanson, Potelco; and Bob Gunther, International Brotherhood of Electrical Workers 77.

(Opposed) Clifford Traisman, Renewable Northwest Project, Washington Environmental Council and Washington Conservation Voters; Danielle Dixon, Northwest Energy Coalition; Miguel Perez-Gibson, Climate Solutions; and Gerald Steel, Washington Growthwatch.

Persons Signed In To Testify But Not Testifying: None.