

HOUSE BILL REPORT

SSB 5400

As Passed House:
April 9, 2013

Title: An act relating to allowing utilities serving customers in Washington and in other states to use eligible renewable resources in their other states to comply with chapter 19.285 RCW, the energy independence act

Brief Description: Allowing utilities serving customers in Washington and in other states to use eligible renewable resources in their other states to comply with chapter 19.285 RCW, the energy independence act.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Honeyford, Ericksen and Hewitt).

Brief History:

Committee Activity:

Environment: 3/21/13, 3/26/13 [DP].

Floor Activity:

Passed House: 4/9/13, 92-1.

Brief Summary of Substitute Bill

- Expands the geographic region from which a qualifying utility serving customers in other states may obtain eligible renewable resources.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 11 members: Representatives Upthegrove, Chair; Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Farrell, Fey, Kagi, Liias, Morris, Nealey, Overstreet and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative McCoy, Vice Chair.

Staff: Scott Richards (786-7156).

Background:

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.

Approved by voters in 2006, the Energy Independence Act (EIA), 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. Utilities that must comply with the EIA are called qualifying utilities.

Eligible Renewable Resource Targets and Compliance Dates.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits (RECs), 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.

The term "eligible renewable resource" means electricity generated from a resource such as wind, solar, geothermal energy, landfill and sewage gas, wave and tidal power, and certain biodiesel fuels. In addition, an eligible renewable resource must be generated in a facility that started operating after March 31, 1999, and 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 Hydroelectricity as an Eligible Renewable Resource.

Incremental electricity produced as a result of efficiency improvements to the following hydroelectric generation facilities may also count as an eligible renewable resource if the improvements do not result in new water diversions or impoundments, and the improvements are completed after March 31, 1999:

- hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest; and
- hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest.

Renewable Energy Credit.

An 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. Under the EIA, an REC represents all the nonpower attributes associated with the power. The RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Summary of Bill:

For a qualifying utility that serves customers in other states, the following is classified as an eligible renewable resource: electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where the facility is located within a state in which the qualifying utility serves retail electrical customers, and the qualifying utility owns the facility in whole or in part or has a long-term contract with the facility of at least 12 months or more.

Appropriation: None.

Fiscal Note: Available.

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 has been narrowed to apply to PacifiCorp, which is a multistate utility that owns or has contracted for renewable resources outside the Pacific Northwest and serves retail customers in Washington and other states across the western United States. Some of PacifiCorp's renewable resources are just outside of the Columbia River basin and are not eligible under the Energy Independence Act (EIA). For industrial customers of electric utilities, electricity policy is viewed through two lenses: cost and reliability. The bill has the potential to reduce compliance costs for PacifiCorp which will help keep customer rates low. Additionally, by allowing renewable energy credits from outside the Pacific Northwest to qualify under the EIA, it will take pressure off an already overloaded electrical transmission grid in the Northwest. This bill represents a baby step in allowing renewable resources from a broader geographic region to qualify under the EIA.

(Opposed) None.

Persons Testifying: Senator Honeyford, prime sponsor; Tim Boyd, Industrial Customers of Northwest Utilities; and Kathleen Collins and Scott Bolton, PacifiCorp.

Persons Signed In To Testify But Not Testifying: None.