

HOUSE BILL REPORT

ESB 5424

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to allowing public utility districts to produce and distribute renewable natural gas.

Brief Description: Allowing public utility districts to produce and distribute renewable natural gas.

Sponsors: Senators King, McCoy, Ericksen and Hobbs.

Brief History:

Committee Activity:

Technology & Economic Development: 3/12/15, 3/19/15 [DP].

Brief Summary of Engrossed Bill

- Authorizes public utility districts (PUD) to produce and utilize renewable natural gas for internal operations.
- Establishes certain conditions under which a PUD may sell renewable natural gas at wholesale or to an end-use customer.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 11 members: Representatives Morris, Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; Fey, Harmsworth, Hudgins, Nealey, Ryu, Santos, Wylie and Young.

Staff: Nikkole Hughes (786-7156).

Background:

Public Utility Districts.

A public utility district (PUD) is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. A PUD is governed by a board of either three or five elected

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commissioners. Public utility districts are generally not subject to the jurisdiction of the Utilities and Transportation Commission (UTC).

The Utilities and Transportation Commission.

The UTC regulates the rates, services, and practices of privately-owned utilities and transportation companies in Washington. Companies under the jurisdiction of the UTC include natural gas and petroleum pipeline companies. The UTC is responsible for developing and enforcing safety standards for natural gas and hazardous liquid pipelines located in the state, as well as for inspecting portions of interstate pipelines.

Authority of a Public Utility District to Produce and Distribute Biodiesel, Ethanol, and Ethanol Blend Fuels.

A PUD has the authority to produce and distribute biodiesel, ethanol, and ethanol blend fuels, including entering into crop purchase contracts for a dedicated energy crop for the purpose of generating electricity or producing biodiesel for use in internal operations or for sale or distribution.

Summary of Bill:

Authorization to Produce and Use Renewable Natural Gas for Internal Operations.

A public utility district (PUD) may produce and use renewable natural gas for internal operations.

Authorization to Sell Renewable Natural Gas.

A PUD may sell renewable natural gas that is delivered into a gas transmission pipeline located in the state or in pressurized containers:

- at wholesale;
- to an end-use customer located in the state if the sale is made pursuant to a transportation tariff approved by the UTC; or
- to an end-use customer located out of the state if the sale is made pursuant to a transportation tariff approved by the state agency which regulates retail sales of natural gas.

Public utility districts may also sell renewable natural gas through a pipeline from a renewable natural gas production facility to a facility that compresses, liquefies, or dispenses natural gas as a transportation fuel.

Limitations to the Authority to Sell Renewable Natural Gas.

Public utility districts may not sell renewable natural gas delivered by pipeline to an end-use customer of a natural gas company. A PUD may not own or operate natural gas distribution pipeline systems used to serve retail customers. However, PUDs may generally own and operate the following:

- pipelines that interconnect renewable natural gas facilities to gas transmission pipelines; and

- pipelines and facilities to provide renewable natural gas as a transportation fuel if the pipelines and facilities are located in the county in which the PUD is authorized to provide utility service.

The Utilities and Transportation Commission.

A PUD exercising its authority to produce, use, or sell renewable natural gas is not subject to the jurisdiction of the UTC except for the purposes of pipeline safety administration and enforcement.

Defining Renewable Natural Gas.

"Renewable natural gas" means a gas consisting largely of methane and other hydrocarbons derived from the decomposition of organic materials in landfills, wastewater treatment facilities, and anaerobic digesters.

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 allows a PUD to produce and sell their renewable natural gas and would allow the sale of landfill natural gas from the Klickitat County landfill. It confines what PUDs can do with renewable natural gas.

(Opposed) None.

Persons Testifying: Senator King, prime sponsor; and Dave Warren, Washington Public Utility District Association.

Persons Signed In To Testify But Not Testifying: None.