
**Technology, Energy &
Communications Committee**

HB 2800

Brief Description: Modifying voluntary green power program provisions.

Sponsors: Representatives Chase, Morris, Ericks, Pettigrew, P. Sullivan, Hunt, Clibborn, Crouse, McCoy, Miloscia, McCune, Grant, Sells, Williams, Hasegawa, Moeller, Upthegrove, Kenney, Santos, Simpson and Darneille.

Brief Summary of Bill

- Requires utilities to offer Washington State alternative energy resources in their voluntary green power options offered to retail customers.
- Changes the definition of qualified alternative energy resources.

Hearing Date: 1/26/06

Staff: Scott Richards (786-7156).

Background:

Voluntary Green Power Purchasing

National Green Power Trends

Green power currently accounts for about 2 percent of America's electricity supply and is contributing to the acceleration of the development of new renewable energy sources. According to a recent report by the National Renewable Energy Laboratory, renewable generating capacity in the United States installed to meet voluntary green power purchasing grew from 167 MW in 2000 to more than 2,200 MW by the end of 2004. A considerable amount of this growth has been fueled from purchases by large businesses. For example, in recent weeks a major health food supermarket chain became the first major US company to voluntarily convert all of its energy to green sources. The company purchased more than 458,000 megawatt-hours (MWh) of renewable energy credits from wind farms.

Washington State Green Power Trends

According to the 2005 Green Power Report submitted by the Department of Community Trade and Economic Development and the Utilities and Transportation Commission, customers purchased over 130 million kilowatt-hours (kWh), or 14.88 average megawatts of green power through voluntary green power programs between January and September 2005. This represents a 57 percent increase over 2004 green power sales. In 2005, wind-powered electricity represented

72 percent of green power sales. In terms of customer participation, the green power program has seen an 11 percent increase in customer participation since 2004 and a 139 percent increase since the program's inception in 2002.

Current Law

Washington State Green Power Program

Starting in 2002, each utility in Washington began offering to its retail electricity customers a voluntary option to purchase qualified alternative energy resources.

On at least a quarterly basis, utilities must include with its retail customer's regular billing statement a voluntary option to purchase qualified alternative energy resources. The option may allow customers to purchase qualified alternative energy resources at fixed or variable rates and for fixed or variable periods of time, including but not limited to monthly, quarterly, or annual purchase agreements.

Qualified Alternative Energy Resources Purchases

A utility may provide qualified alternative energy resource options through either: (a) resources it owns or contracts for; or (b) the purchase of credits issued by a clearinghouse or other system by which the utility may secure, for trade or other consideration, verifiable evidence that a second party has a qualified alternative energy resource and that the second party agrees to transfer such evidence exclusively to the benefit of the utility.

Qualified Alternative Energy Definition

A "qualified alternative energy resource" means the electricity produced from generation facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas produced during the treatment of wastewater; (g) qualified hydropower; or (h) biomass energy based on animal waste or 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.

Summary of Bill:

Qualified Alternative Energy Resources Purchases

Utilities may provide qualified alternative energy resources through either: (a) resources it owns in the state of Washington or resources the utility contracts for provided that the resources contracted for are generated within the state of Washington. When a utility purchases green power credits from a clearinghouse or other system, these credits must come from energy generated in Washington as well.

Qualified Alternative Energy Definition

The definition for qualified alternative energy resources is modified to include biogas from manure digesters.

The new definition reads as follows: A "qualified alternative energy resource" means the electricity produced from generation facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) wave or tidal action; (e) biogas involved in wastewater treatment plants, manure digesters, or landfills; (f) qualified hydropower; or (g) biomass energy generated from 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.

Appropriation: None.

Fiscal Note: Requested on 1/23/06.

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