

SENATE BILL REPORT

SB 5290

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 13, 2013

Title: An act relating to the designation of hydroelectric energy generation on irrigation district facilities as renewable.

Brief Description: Allowing hydroelectric energy generation on irrigation district facilities to qualify for renewable energy credit.

Sponsors: Senators Delvin, Ericksen, Sheldon, Roach, Becker, Bailey, Rivers, Honeyford, Braun, Carrell, Schoesler, Parlette and Hewitt.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/06/13, 2/13/13 [DPS].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5290 be substituted therefor, and the substitute bill do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Ranker, Ranking Member; Billig, Brown, Chase, Cleveland and Honeyford.

Staff: William Bridges (786-7416)

Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-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 I-937 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, 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.

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.

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.

Irrigation Districts. Irrigation districts are special purpose districts that, among other things, are authorized to provide for the irrigation of land, the generation of hydroelectricity, and the sale of hydroelectricity to other utilities in the state.

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. Under I-937, a REC represents all the nonpower attributes associated with the power. 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 (Recommended Substitute): The following is classified as an eligible renewable resource under I-937: hydroelectric generation from a project completed after March 31, 1999, where the generation facility is located in irrigation pipes, irrigation canals, water pipes whose primary purpose is for conveyance of water for domestic use, and wastewater pipes located in Washington where the generation does not result in new water diversions or impoundments.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): Limits qualifying hydroelectricity from irrigation projects to those completed after March 31, 1999, where the generation does not result in new water diversions or impoundments.

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 on Original Bill: PRO: Two-thirds of the irrigated land in eastern Washington is served by irrigation districts. Federal studies show the great potential of low-head hydropower in irrigation facilities. These facilities are fish and environmentally friendly and provide reliable, cost-competitive power. Irrigation costs are tied to the price of electricity, and as electricity costs increase the costs to irrigated agricultural increase.

CON: The goal of I-937 was to spark new technologies and economic development, which will not be accomplished if existing facilities can be used to comply with I-937. I-937 needs to be amended in a more comprehensive fashion. There are concerns that the bill incorrectly attempts to amend I-937.

Persons Testifying: PRO: Tim Boyd, Industrial Customers of NW Utilities; Mike Schwisow, WA State Water Resources Assn.

CON: Darcy Nonemacher, WA Environmental Council.