SENATE BILL REPORT
SB 5992

As of January 15, 2014

Title: An act relating to allowing certain incremental electricity produced as a result of efficiency improvements and hydroelectric generation from certain irrigation facilities to qualify as an eligible renewable resource under chapter 19.285 RCW, the energy independence act

Brief Description: Allowing certain incremental electricity produced as a result of efficiency improvements and hydroelectric generation from certain irrigation facilities to qualify as an eligible renewable resource under chapter 19.285 RCW, the energy independence act.

Sponsors: Senators Ericksen, Schoesler, Sheldon, Brown, Braun, Honeyford and Benton.

Brief History:
Committee Activity: Energy, Environment & Telecommunications: 1/14/14.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Staff: William Bridges (786-7416)

Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires qualifying electric utilities to meet targets for energy conservation and for using eligible renewable resources.

Qualifying Utilities. Under I-937, qualifying utilities are electric utilities with 25,000 or more customers in the state.

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.

Eligible Renewable Resource. The term eligible renewable resource means electricity generated from a resource such as wind, solar, specified biomass, wave and tidal power, and

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certain biodiesel fuels. In addition, an eligible renewable resource must generally be produced 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.

Incremental electricity marketed by the federal Bonneville Power Administration (BPA) is not an eligible renewable resource because BPA is not a qualifying utility under I-937.

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 non-power 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.

Residential Exchange Program (REP). Under the federal Northwest Power Act, the REP provides residential and small-farm customers of participating investor-owned utilities (IOUs) in the Pacific Northwest access to low-cost power from the Federal Columbia River Power System, in the form of credits on their power bills. The program now operates under a legal settlement involving BPA and numerous regional utilities. The REP settlement generally requires BPA to transfer to participating IOUs their proportional share of environmental attributes associated with the federal power.

Summary of Bill: The following eligible renewable resources are added to I-937:

- Federal Incremental Hydroelectricity. Beginning January 1, 2016, a qualifying utility may use that portion of incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, attributable to a qualifying utility's share of the electricity output to hydroelectric generation projects whose energy output is marketed by BPA where the additional generation does not result in new water diversions or impoundments. A qualifying utility may not transfer or sell this incremental electricity to another qualifying utility for compliance purposes under I-937.
- RECs Allocated Under the REP. Beginning January 1, 2016, a qualifying utility may use the environmental attributes, including RECs, allocated to IOUs pursuant to the REP. RECs allocated under the REP may not be transferred or sold to another qualifying utility for compliance under I-937. The definition of REC is amended to recognize fresh-water RECs allocated under the REP.
- Hydroelectric Generation from Specified Pipes. A qualifying utility may use hydroelectricity generated from a project completed after March 31, 1999, where the

generation facility is located in, or uses water from and returns water to: (1) irrigation pipes; (2) irrigation canals; (3) water pipes whose primary purpose is for conveyance of water for municipal, industrial, or domestic use; or (4) wastewater pipes. The eligible pipes must be located in Washington and new water must not be diverted into the pipes primarily to increase electric generation.

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: PRO: Recognizing irrigation hydropower as an eligible renewable resource allows the capture of energy already stored. The language in this bill is similar to language previously heard last session, and the technology used to capture this hydropower was featured in a work session last session.

CON: The bill could create an incentive to use more water for energy generation than is intended. The bill could impact in-stream flows. The average megawatts allowed under this bill should be balanced with an increase in the renewable targets.

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

CON: Nancy Hirsh, NW Energy Coalition; Darcy Nonemacher, WA Environmental Council; Miguel Perez-Gibson, CLIMATE SOLUTIONS.