HOUSE BILL REPORT
SHB 1924

As Passed Legislature

Title: An act relating to promoting the integration of fusion technology within state clean energy policies.

Brief Description: Promoting the integration of fusion technology within state clean energy policies.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Shavers, Ryu, Barnard, Stearns and Wylie).

Brief History:

Committee Activity:

Environment & Energy: 1/8/24, 1/16/24 [DPS].

Floor Activity:

Passed House: 2/6/24, 95-2.
Senate Amended.
Passed Senate: 2/27/24, 48-0.
House Concurred.
Passed House: 3/5/24, 94-2.
Passed Legislature.

Brief Summary of Substitute Bill

- Requires the state to support technologies like fusion energy in the context of the State Energy Strategy.
- Requires the Energy Facility Site Evaluation Council and the Department of Health to establish a work group of state agencies to report on new and existing permitting, siting, licensing, and registration pathways for producing fusion energy by December 1, 2024.
- Includes facilities that produce electricity with fusion energy as clean energy projects that are eligible to apply to the Department of Commerce for designation as a clean energy project of statewide significance.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Doglio, Chair; Mena, Vice Chair; Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Berry, Duerr, Fey, Goehner, Sandlin, Slatter and Street.

Minority Report: Without recommendation. Signed by 1 member: Representative Ramel.

Staff: Megan McPhaden (786-7114).

Background:

Washington State Energy Strategy.

The Department of Commerce (Commerce) was directed in 2019 to update the State Energy Strategy, and to align the strategy with the requirements of the Energy Independence Act, the Clean Energy Transformation Act, and the state's greenhouse gas emissions reduction targets. Commerce published the State Energy Strategy in 2021.

A successful State Energy Strategy must balance three goals:

1. maintain competitive energy prices that are fair and reasonable for consumers and businesses, and support the state's continued economic success;
2. increase competitiveness by fostering a clean energy economy and jobs through business and workforce development; and
3. meet the state's obligations to reduce greenhouse gas emissions.

Nine principles guide the development and implementation of the State Energy Strategy in achieving these goals. One of these nine principles directs the state to reduce dependence on fossil fuel energy sources through improved efficiency and development of cleaner energy sources, such as bioenergy, low carbon energy sources, natural gas, and leveraging the indigenous resources of the state to produce clean energy.

Clean Energy Projects of Statewide Significance.

The Department of Commerce (Commerce) oversees the designation of prioritizing certain projects as Projects of Statewide Significance, and additionally, the designation of certain projects as Clean Energy Projects of Statewide Significance.

Regarding Projects of Statewide Significance, such projects are provided voluntary expedited permitting treatment by local government jurisdictions in partnership with the Governor's Office for Regulatory Innovation and Assistance. Certain types of projects are designated as Projects of Statewide Significance while other types of projects must apply to

Commerce for this designation.

Regarding Clean Energy Projects of Statewide Significance (CEPSS), Commerce must develop an application process for the designation. The CEPSS process contains similar elements to the existing Projects of Statewide Significance process, but is independent of that process. Applicants must provide certain information to Commerce as part of the CEPSS application, including an explanation of how the project will contribute to the state's achievement of state greenhouse gas emission limits and be consistent with the state energy strategy, how the product will contribute to the state's economic development goals, and a plan for meaningful engagement and information sharing with potentially affected federally recognized Indian tribes.

The clean energy projects eligible for designation as a CEPSS include:

- certain types of clean energy product manufacturing facilities;
- electrical transmission facilities that don't primarily or solely serve fossil fuel electric generation facilities;
- facilities that produce electric generation from renewable resources or that do not result in greenhouse gas emissions, with the exception of certain hydroelectric facilities;
- storage facilities;
- facilities and projects at any facilities that exclusively or primarily process biogenic feedstocks into biofuel;
- biomass energy facilities;
- facilities or projects at any facilities that exclusively or primarily process alternative jet fuel that has 40 percent lower greenhouse gas emissions than conventional jet fuel;
- projects or facility upgrades undertaken by emissions-intensive trade exposed industries classified under the Climate Commitment Act (CCA) to align with the CCA's cap trajectory, where a project does not degrade local air quality; and
- storage, transmission, handling, or other related and supported facilities associated with any of the above facilities.

Commerce must determine within 60 business days of receipt of a complete application whether to designate a clean energy project as a CEPSS, taking into consideration criteria including the applicant's need for coordinated state assistance, whether a nonproject environmental review process or least-conflict siting process has been carried out in the project's area, and the potential impacts on environmental and public health. Commerce may designate an unlimited number of CEPSS.

Summary of Substitute Bill:

<u>The State Energy Strategy</u>.

The state must ensure that the pursuit of cleaner energy sources actively includes and supports innovative, emerging, and promising clean energy technologies, such as fusion

energy, which is energy from the merger of atomic nuclei.

Fusion Energy Work Group.

The Energy Facility Site Evaluation Council and the Department of Health must establish a fusion energy work group (work group) of state agencies to identify and evaluate new and existing permitting, siting, licensing, and registration pathways for producing fusion energy. The state agencies in the work group include, but are not limited to, the Department of Ecology, the Governor's Office, and the Military Department. The work group must involve the regulated community throughout the process and provide an initial report to the Governor and the Legislature by December 1, 2024.

Clean Energy Projects of Statewide Significance.

In developing the application for the designation of CEPSS, Commerce must include facilities that produce electricity with fusion energy as clean energy projects.

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) Fusion energy is critical to meeting our energy goals and is the ultimate clean energy source. We need baseload nonintermittent dispatchable energy for the Clean Energy Transformation Act to succeed, and fusion meets that need. The fuel can be made on site, there's no mining involved, and this energy source provides near zero carbon emissions and does not include disastrous waste. We should be excited about this energy source because sometimes technological advancements happen quickly. This bill doesn't create new fusion plans: it integrates fusion into our existing climate laws so that when fusion becomes viable, we will be able to seamlessly integrate it in. Fusion energy will bring high paying jobs to the state. It is important to capitalize on the global fusion hub that is developing in the Pacific Northwest. The bill is critical to ensuring that Washington continues to lead the world in developing the first commercially available fusion technologies. This bill will help with permitting and siting, not just for fusion plants, but also for manufacturing plants. The fusion industry currently relies on international suppliers for component parts, so this bill gives Washington an opportunity to lead and develop a robust supply chain.

(Opposed) None.

(Other) There are not many incentives for the private sector, and there are no clear

timelines. Fusion is always 10 years away. We should position ourselves to be ready but not waste time and public funds on something that is still just hypothetical. Fission energy is an available source but it's not part of the conversation. Fusion may not be able to address our environmental concerns. We should be more specific on resources and funding.

Persons Testifying: (In support) Representative Clyde Shavers, prime sponsor; James Conca; Jackie Siebens, Helion Energy; Ryan Umstattd, Zap Energy; and Hawkins DeFrance, Avalanche Energy Designs.

(Other) Eric Pratt; and Michael Easton.

Persons Signed In To Testify But Not Testifying: None.