

# SENATE BILL REPORT

## SB 5408

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As of February 6, 2013

**Title:** An act relating to modifying the definition of nonpower attributes in the energy independence act.

**Brief Description:** Modifying the definition of nonpower attributes in the energy independence act.

**Sponsors:** Senator Ericksen.

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 2/06/13.

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### 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 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.

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. Under certain conditions, incremental electricity

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produced as a result of efficiency improvements to hydroelectric generation facilities may also count as an eligible renewable resource.

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 Initiative 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.

Carbon Credits. In addition to RECs, reductions in greenhouse gas emissions can be traded in the marketplace. When doing so, greenhouse gases are traded according to their carbon dioxide equivalent, which is a measure of a gas' global warming potential compared to carbon dioxide. Carbon benefits that come from displacing other potential fossil fuel resources through electricity generation are included in a REC; however, carbon credits related to the removal of methane from the atmosphere can be sold separately from a REC.

**Summary of Bill:** Creating a REC Exception for Digesters and Others. Facilities that capture and destroy methane through a digester system, landfill gas collection system, or other mechanism are allowed to separate their nonpower attributes into RECs and other types of carbon reduction credits, offsets, or similar tradable commodities. However, these separate avoided emissions may not result in or otherwise have the effect of attributing greenhouse gas emissions to the electricity generation process.

**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: This is a noncontroversial technical fix that has no impact on the renewable energy goals in I-937. This change would align Washington's law with other jurisdictions. This bill recognizes the multiple benefits offered by biodigesters and landfill gas operators, such as Klickitat Public Utility District's (PUD's) H.W Hill Landfill Gas Project. The bill should proceed as a stand-alone bill that is unencumbered by other controversial I-937 changes.

**Persons Testifying:** PRO: Nancy Hirsh, NW Energy Coalition; Kevin Maas, Farm Power NW; Dave Warren, WA PUD Assn.