

HOUSE BILL REPORT

EHB 1998

As Passed House:
March 5, 2015

Title: An act relating to allowing public utility districts to produce and sell renewable natural gas.

Brief Description: Allowing public utility districts to produce and sell renewable natural gas.

Sponsors: Representatives Johnson, Morris, Short, Wylie, Smith, McCabe, Nealey, Tarleton, Tharinger and Van De Wege.

Brief History:

Committee Activity:

Technology & Economic Development: 2/17/15, 2/19/15 [DP].

Floor Activity:

Passed House: 3/5/15, 98-0.

Brief Summary of Engrossed Bill

- Authorizes public utility districts to produce and utilize renewable natural gas for internal operations.
- Establishes certain conditions under which a PUD may sell renewable natural gas at wholesale or to an end-user customer.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 11 members: Representatives Morris, Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; Fey, Hudgins, Magendanz, Nealey, Ryu, Santos, Wylie and Young.

Minority Report: Do not pass. Signed by 1 member: Representative DeBolt, Assistant Ranking Minority Member.

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

Staff: Nikkole Hughes (786-7156).

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.

Background:

Public Utility Districts.

A public utility district (PUD) is a type of special purpose district authorized for the purpose of generating and distributing electricity, providing water and sewer services, and providing telecommunications services. A PUD may operate on a countywide basis or may encompass a smaller jurisdiction. A PUD is governed by a board of either three or five elected commissioners. Public utility districts are generally not subject to the jurisdiction of the Utilities Transportation Commission (UTC).

Authority of a Public Utility District to Produce and Distribute Biodiesel, Ethanol, and Ethanol Blend Fuels.

A PUD has the authority to produce and distribute biodiesel, ethanol, and ethanol blend fuels, including entering into crop purchase contracts for a dedicated energy crop for the purpose of generating electricity or producing biodiesel for use in internal operations or for sale or distribution.

Summary of Engrossed Bill:

Authorization to Produce and Use Renewable Natural Gas for Internal Operations.

A public utility district (PUD) may produce and use renewable natural gas for internal operations.

Authorization to Sell Renewable Natural Gas.

A PUD may sell renewable natural gas that is delivered into a gas transmission pipeline located in the state or in pressurized containers:

- at wholesale;
- to an end-use customer located in the state if the sale is made pursuant to a transportation tariff approved by the Utilities and Transportation Commission (UTC);
or
- to an end-use customer located out of the state if the sale is made pursuant to a transportation tariff approved by the state agency which regulates retail sales of natural gas.

Public utility districts may also sell renewable natural gas through a pipeline from a renewable natural gas production facility to a facility that compresses, liquefies, or dispenses natural gas as a transportation fuel.

Limitations to the Authority to Sell Renewable Natural Gas.

Public utility districts may not sell renewable natural gas delivered by pipeline to an end-use customer of a natural gas company. A PUD may not own or operate natural gas distribution pipeline systems used to serve retail customers. However, PUDs may generally own and operate the following:

- pipelines that interconnect renewable natural gas facilities to gas transmission pipelines; and
- pipelines and facilities to provide renewable natural gas as a transportation fuel if the pipelines and facilities are located in the county in which the PUD is authorized to provide utility service.

Utilities and Transportation Commission.

A PUD exercising its authority to produce, use, or sell renewable natural gas is not subject to the jurisdiction of the UTC except for the purposes of pipeline safety administration and enforcement.

Defining Renewable Natural Gas.

"Renewable natural gas" means a gas consisting largely of methane and other hydrocarbons derived from the decomposition of organic materials in landfills, wastewater treatment facilities, and anaerobic digesters.

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) The gas collected from landfills has value as renewable natural gas, which is a clean and processed gas used as a transportation fuel. Public utility districts want to be treated as any other seller on the natural gas market. Public utility districts would provide for the value-added sale of renewable natural gas for transportation without competing with natural gas utilities.

(Opposed) This bill may have competition implications for regulated natural gas utilities by allowing unregulated natural gas into the market.

Persons Testifying: (In support) Representative Johnson, prime sponsor; and Dave Warren, Washington Public Utility District Association.

(Opposed) Ben Hemson, Northwest Gas Association; and John Rothlin, Avista.

Persons Signed In To Testify But Not Testifying: None.