

SENATE BILL REPORT

SB 5090

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 4, 2015

Title: An act relating to providing an additional alternative compliance option in the energy independence act to promote the use of clean energy in the future.

Brief Description: Providing an additional alternative compliance option in the energy independence act to promote the use of clean energy in the future.

Sponsors: Senators Brown, Hewitt and Sheldon.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/29/15, 2/04/15 [DP, DNP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Braun, Brown and Honeyford.

Minority Report: Do not pass.

Signed by Senators McCoy, Ranking Minority Member; Cleveland and Habib.

Staff: Kimberly Cushing (786-7421)

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. Limited amounts of specified hydroelectricity are also considered eligible renewable resources.

Alternative Compliance Methods. In general a qualifying utility that fails to meet an annual target to acquire eligible renewable resources will still be considered in compliance with I-937 if any of the following exceptions apply: the failure was due to events beyond the reasonable control and anticipation of a qualified utility; the utility spent 4 percent of its total annual revenue needs to meet the eligible renewable resource targets; or the utility spent 1 percent of its total annual revenue requirement to meet the eligible renewable resource targets, had no increases in the demand for electricity for the previous three years, and did not sign any contracts for nonrenewable resources after December 7, 2006, the date I-937 became law.

Small Modular Reactor (SMR). A traditional base-load nuclear power plant generates 1000 megawatts (MW) or more of electricity, while an SMR is a nuclear power plant designed to generate 300 MW or less. An SMR is also designed to be factory-fabricated and transportable by truck or rail to a nuclear power site. The U.S. Department of Energy has a program to advance the certification and licensing of domestic SMR designs.

SMR Study. The 2013-15 Capital Budget (ESSB 5035) appropriated \$500,000 for the development of a small modular reactor proposal by the Tri-City Development Council. A final report was issued in September 2014, which concluded, among other things, that siting an SMR at Hanford would be technically feasible.

Joint Select Task Force on Nuclear Energy (Task Force). The 2014 Legislature created the Task Force to study, among other things, the generation of energy in the region through the use of nuclear power. As part of its activities, the Task Force visited an SMR development company in Corvallis, Oregon in November 2014.

Summary of Bill: Creating a New Alternative Compliance Method in I-937 for the Acquisition of Electricity From an SMR. In general a qualifying utility that fails to meet an annual target in I-937 for acquiring eligible renewable resources will still be considered in compliance with I-937 if the utility acquired electricity from an SMR after December 31, 2019, and spent 2 percent of its total annual revenue requirement to meet the eligible renewable resource targets.

SMR means: (1) a scalable nuclear power plant using reactors that each have a gross power output no greater than 50 MW of electricity; (2) where each reactor is designed for factory manufacturing and ease of transport, such as by truck, rail, or barge; and (3) where each reactor is installed in its own isolated bay in a reactor building that may contain no more than 12 reactors.

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: SMRs provide zero-emission power, baseload power that can be refueled on-line. It is scalable and flexible power with passive safety features. It takes time to develop new technologies, and utilities have long planning horizons so it is appropriate that SMRs be considered now. SMRs will help provide the baseload power that will be needed as more intermittent renewable power becomes available in the future. While SMRs are a new type of reactor, the nuclear industry has over 60 years of experience working with nuclear reactors.

CON: The NuScale reactor that fits the definition in this bill is a long way from being tested and licensed and so much is unknown about the technology. The Nuclear Regulatory Commission and outside critics should be able to examine and comment on the technology before it is recognized in state law. Nuclear energy is not clean; it is not renewable because it uses mined fuel, and it creates harmful waste that must be stored. It is premature to consider this technology now. There are cost-effective compliance options already in I-937 and adding SMRs will lead to less renewable energy being used.

Persons Testifying: PRO: Senator Brown, prime sponsor; James Gaston, Energy NW; Deb Bone-Harris, Franklin PUD.

CON: Charles Johnson, Director, Task Force on Nuclear Power, WA Physicians for Social Responsibility; Thomas Buchanan, WA Physicians for Social Responsibility; Joni Bosh, NW Energy Coalition; Kelly Hall, Renewable NW; Rebecca Johnson, Climate Solutions.