

# SENATE BILL REPORT

## SB 5426

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As of February 10, 2015

**Title:** An act relating to using liquefied natural gas as fuel in the ferry system.

**Brief Description:** Requiring the use of liquefied natural gas as fuel in the ferry system.

**Sponsors:** Senators Ericksen and Benton.

**Brief History:**

**Committee Activity:** Transportation: 2/10/15.

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### SENATE COMMITTEE ON TRANSPORTATION

**Staff:** Hayley Gamble (786-7452)

**Background:** Natural Gas. Natural gas is a fossil fuel found underground and consisting primarily of methane. When non-fossil organic matter creates a primarily methane gas it is usually known as a biogas, or renewable natural gas. Biogas can be generated from a number of sources such as landfills and agricultural waste and can be manufactured to a standard that makes it interchangeable with regular natural gas. To reduce storage needs, natural gas can be compressed to less than 1 percent of its standard volume, which is known as Compressed Natural Gas. It can also be cooled and liquefied, causing it to take up 1/600th of its standard volume; this is known as Liquid Natural Gas (LNG).

Ferry Fuel Conversion. All vessels in the Washington State ferry system currently operate using diesel fuel. Certain studies have indicated there are potential cost savings from cheaper fuel and environmental benefits from reduced emissions if the ferry system were to move to an alternative fuel, such as natural gas.

The 2012 transportation budget directed the Department of Transportation (DOT) to issue a proposal for up to six state ferries to be converted from diesel to LNG propulsion. There were no bidders that made it through the application process. In the 2014 transportation budget, DOT was directed to issue a new proposal for converting the same six vessels to use LNG once the U.S. Coastguard had approved an assessment of LNG use on state ferries. Coastguard approval is still pending as of February 2015.

**Summary of Bill:** DOT must issue a proposal for a design-build-finance contract to convert six state ferries from diesel to LNG propulsion. The successful bidder must be able to offer

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detailed design services, perform all conversion work, attain U.S. Coastguard approval, provide public outreach, and supply LNG.

If possible DOT must use LNG that is made from biogas to fuel LNG ferries. If the cost of LNG from biogas is more than the cost of LNG from regular natural gas, the extra cost may not be borne by ferry fares and must be reimbursed by the general fund. DOT must notify the Treasurer of any cost difference DOT paid for biogas LNG, in order for an annual reimbursement to be made from the general fund to the Puget Sound ferry operations account.

**Appropriation:** None.

**Fiscal Note:** Available.

**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: It is in the best interest of the state to convert to using renewable natural gas and convert the ferry system to using natural gas. Private financing is a good option.

OTHER: DOT is committed to converting the Issaquah class vessels to use LNG. DOT would like to convert one vessel before converting all vessels. There is no provision for public financing in the proposal in this bill. We are interested in using renewable natural gas.

**Persons Testifying:** PRO: Senator Ericksen, prime sponsor.

OTHER: Lynne Griffith, Assistant Secretary, Ferries Division, DOT.