

SENATE BILL REPORT

ESB 6166

As Passed Senate, February 9, 2016

Title: An act relating to allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act.

Brief Description: Allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act.

Sponsors: Senators Takko, Rivers, Ericksen, Chase, Roach, Becker, Sheldon and Benton.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/14/16 [DP, DNP, w/oRec].

Passed Senate: 2/09/16, 35-13.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

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

Minority Report: Do not pass.

Signed by Senator McCoy, Ranking Minority Member.

Minority Report: That it be referred without recommendation.

Signed by Senators 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 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:

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

Summary of Engrossed Bill: A qualifying utility may use incremental electricity produced as a result of a capital investment completed after March 31, 1999, as an eligible renewable resource to comply with I-937. The increase in the amount of electricity generated must be relative to a baseline level of generation prior to the capital investment at a facility that began operation before March 31, 1999. The facility must must generate qualified biomass energy.

The facility must demonstrate through direct or calculated measurement the increase in electricity as a result of the capital investment. The Department of Commerce must adopt rules to develop a methodology for calculating baseline levels of generation of electricity produced prior to the capital investment.

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: The bill clarifies that biomass upgrades are renewable energy and helps pulp and paper mills and their employees. The current law does not address incremental energy. Kapstone Paper is actively marketing wholesale green energy outside of Washington, but it does not qualify for renewable energy in Washington. Biomass is firm green energy and easier to manage on the grid for stability.

OTHER: We have no quarrel with the intent but are seeking clarification on bill. Is there a potential conflict with the bill language that would limit a future unknown change to a hydro facility?

Persons Testifying: PRO: Senators Takko and Rivers; Steve Gano, Kapstone Paper; Michael Roberts, Kapstone Paper.

OTHER: Dave Arbaugh, Chelan PUD.

Persons Signed In To Testify But Not Testifying: No one.