

SENATE BILL REPORT

SB 6578

As Reported by Senate Committee On:
Agriculture, Water, Natural Resources & Parks, February 6, 2020

Title: An act relating to designating pumped storage projects located in a county bordering the Columbia river utilizing statutorily authorized water rights to be projects of statewide significance.

Brief Description: Designating pumped storage projects located in a county bordering the Columbia river utilizing statutorily authorized water rights to be projects of statewide significance.

Sponsors: Senators Honeyford, Van De Wege, King and Takko.

Brief History:

Committee Activity: Agriculture, Water, Natural Resources & Parks: 2/04/20, 2/06/20 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Expands the definition of "project of statewide significance" to include a pumped storage project using water rights approved by the Legislature for that purpose.
- Requires counties and cities with development projects designated as projects of statewide significance to include a plan for consultation with affected tribes as part of the agreement with the Office of Regulatory Assistance and the project managers of the project.

SENATE COMMITTEE ON AGRICULTURE, WATER, NATURAL RESOURCES & PARKS

Majority Report: That Substitute Senate Bill No. 6578 be substituted therefor, and the substitute bill do pass.

Signed by Senators Van De Wege, Chair; Salomon, Vice Chair; Warnick, Ranking Member; Honeyford, McCoy and Short.

Minority Report: That it be referred without recommendation.

Signed by Senator Rolfes.

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.

Staff: Karen Epps (786-7424)

Background: Projects of Statewide Significance. Projects of statewide significance may be designated as such to expedite their completion. To qualify for the designation, a project must meet capital investment or job creation requirements. Border-crossing projects; private projects investing in manufacturing, research, and development; projects that will provide a net environmental benefit; and a project that will further commercialization of an innovation may all be designated as projects of statewide significance. An application for the designation must be submitted to the Department of Commerce. The application must include an approval letter from jurisdictions where a project is located and must commit to providing the local staff necessary to expedite completing a project.

Cities and counties with industrial projects of statewide significance within their jurisdictions must enter into an agreement with the Office of Regulatory Assistance (ORA) and the project manager to require:

- expedited permit processing for the design and construction of the project;
- expedited permit and environmental review processing;
- expedited processing of requests for street, right-of-way, or other necessary easement vacations;
- participation of local officials; and
- such other actions as deemed necessary by ORA for the design and construction of the project.

In 2017, the Legislature amended this process to allow the Legislature to designate a project of statewide significance.

Pumped Storage Generating Facilities. Pumped storage generating facilities move water between two reservoirs located at different elevations to store energy and generate electricity. When electricity demand is low, excess electric generation capacity is used to pump water from the lower reservoir to the upper reservoir. When electricity demand is high, the stored water is released from the upper reservoir to the lower reservoir through a turbine to generate electricity.

In 2012, the Legislature authorized any public utility district (PUD) bordered by the Columbia River to supply water to any entity that sells electric energy or water to the public for use in a pumped storage generating facility. To qualify, the PUD must have obtained a water right from an industrial user and hold the water right for which power generation is an authorized purpose prior to June 7, 2012. Water supplied to an entity for use in a pumped storage generating facility must be supplied consistent with a contract that contains the terms and conditions deemed appropriate by the commission of the qualifying PUD. Contracts must be made pursuant to a resolution of the commission that is introduced at a meeting of the commission at least ten days prior to the date of the adoption of the resolution.

Licenses for the siting and operation of pumped storage generating facilities are under the jurisdiction of the Federal Energy Regulatory Commission (FERC). As of September 1, 2019, FERC has issued preliminary permits for two pumped storage projects located in Washington.

Summary of Bill (First Substitute): The definition of project of statewide significance is amended to include a pumped storage project using water rights approved by the Legislature for that purpose. Counties and cities with development projects designated as projects of statewide significance must include a plan for consultation with affected tribes as part of the agreement with the ORA and the project managers of the project.

EFFECT OF CHANGES MADE BY AGRICULTURE, WATER, NATURAL RESOURCES & PARKS COMMITTEE (First Substitute):

- Requires counties and cities with development projects designated as projects of statewide significance to include a plan for consultation with affected tribes as part of the agreement with the ORA and the project managers of the project.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: In 2012, the Legislature approved water rights for use in this pump storage project and those water rights are still held by Klickitat PUD in trust until this project utilizes those water rights. This bill will help this project by coordinating the communication between all the jurisdictions that will be involved in permitting agreements, property purchases, and cleanup plans under the Office of Regulatory Assistance. This designation is not an attempt to short circuit any permitting requirement. Designating this pump storage project as a project of statewide significance is supported by the county and the county recently passed a resolution in support of this project. The county commits to entering into an agreement with the Office of Regulatory Assistance and the project managers as may be appropriate. The project will provide construction jobs and then permanent jobs when the project is finished and will enable the integration of additional intermittent renewable resources which will spur more tax benefits. This project is real economic development in a rural county. The fully built pump storage project would be contributing about \$700,000 a year to the Library District, as well as contributing to the county general fund. This pump storage project will be the first built in the country to serve the renewable energy needs of the intermittency of solar and wind energy. This bill allows the parties to work through potentials concerns in a responsible way. These pump storage facilities provide great family wage construction jobs, apprenticeship opportunities, and advancement on the environmental front.

CON: The Yakama Nation has reserved rights to access usual and accustomed fishing stations as well as gather and hunt on open and unclaimed land. The Yakama Nation is opposed to this bill and the pumped storage project. There are several things tied to this including impacts to cultural and sacred resources, and archaeological, ceremonial, burial, petroglyph, monumental and ancestral use sites in this area. The reservoir will be built on a contaminated site but the addition of a reservoir on top of a contaminated site would only

exacerbate the situation. This project is another example of energy development that comes at a cost to the Yakama Nation.

Persons Testifying: PRO: Senator Jim Honeyford, Prime Sponsor; Dave Sauter, Klickitat County Commission; Dana Peck, Goldendale Chamber of Commerce; Mark Riker, Washington State Building and Construction Trades Council; Dave Warren, National Grid, Klickitat PUD.

CON: Paul Ward, Yakama Nation Fisheries Manager.

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