
Environment & Energy Committee

SSB 5910

Brief Description: Accelerating the availability and use of renewable hydrogen in Washington state.

Sponsors: Senate Committee on Environment, Energy & Technology (originally sponsored by Senators Carlyle, Billig, Conway, Hawkins, Hunt, Mullet, Saldaña and Stanford).

Brief Summary of Substitute Bill

- Establishes the statewide Office of Renewable Fuels.
- Authorizes the director of the Department of Commerce to provide state funding assistance to help promote and strengthen applications to secure federal funding to develop a regional clean hydrogen hub.
- Directs the Utilities and Transportation Commission to submit a report to the Legislature addressing specific issues related to advancing the production and use of non-fossil feedstock hydrogen in Washington.
- Adds renewable hydrogen, electrolytic hydrogen, and energy storage facilities as alternative energy resources eligible to opt in to the Energy Facility Site Evaluation Council review and certification process.
- Authorizes public utility districts to produce, use, sell, and distribute electrolytic hydrogen.
- Authorizes municipal utilities to produce, use, sell, and distribute electrolytic hydrogen and renewable hydrogen.

Hearing Date: 2/22/22

Staff: Robert Hatfield (786-7117).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Federal Infrastructure Investment and Jobs Act.

The federal Infrastructure Investment and Jobs Act of 2021 provides \$8 billion over five years to support at least four regional clean hydrogen hubs to demonstrate the production, processing, delivery, storage, and end-use of clean hydrogen. The United States Department of Energy (DOE) must solicit proposals for regional clean hydrogen hubs by May 15, 2022, and select the four hubs one year later.

The Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) was established in 1970 to provide a single siting process for major energy facilities located in the state. The EFSEC coordinates all evaluation and licensing steps for siting certain energy facilities, as well as specifies the conditions of construction and operation. After evaluating an application, the EFSEC submits a recommendation either approving or rejecting an application to the Governor, who makes the final decision on site certification. This recommendation must be reported to the Governor within 12 months of application receipt, or at a later time if agreed to by the applicant and the EFSEC. If approved by the Governor, a site certification agreement is issued in lieu of any other individual state or local agency permits.

Municipal Utilities.

Municipalities are authorized to operate as utilities and set the rates and charges for the provision of gas, water, sewer, electric power, heating fuel, solid waste removal, and transportation facility services. Some municipal utilities provide electricity or natural gas to adjoining areas, both to incorporated cities and to unincorporated areas under county authority.

Public Utility Districts—Renewable Natural Gas and Renewable Hydrogen.

A public utility district (PUD) is authorized to produce and distribute biodiesel, ethanol, and ethanol fuel blends for use in internal operations and for sale or distribution. A PUD may also produce renewable natural gas and renewable hydrogen and use those fuels in internal operations or sell them at wholesale or directly to certain end-use customers through a gas pipeline or in pressurized containers.

"Renewable hydrogen" means hydrogen produced using renewable resources both as the source for the hydrogen and the source for the energy input into the production process.

Summary of Bill:

Office of Renewable Fuels.

The statewide Office of Renewable Fuels (Office) is established within the Department of Commerce (Commerce). The Office must report to the director of Commerce and may employ staff to carry out the Office's duties, subject to the availability of amounts appropriated. The purpose of the Office is to leverage, support, and integrate with other state agencies to:

- accelerate market development with assistance along the entire life cycle of renewable fuel

- projects;
- support research into the development and deployment of renewable fuel and electrolytic hydrogen production and distribution and end uses;
- drive job creation, improve economic vitality, and support the transition to clean energy;
- enhance resiliency by using renewable fuels and electrolytic hydrogen to support climate change mitigation and adaptation; and
- partner with overburdened communities to ensure communities equitably benefit from renewable and clean fuels efforts.

The Office must take certain specified actions, including:

- coordinate with specified local, state, and federal governments, private entities, and public four-year institutions of higher education to drive research, development, and deployment efforts in the production, distribution, and use of renewable fuels including electrolytic hydrogen;
- request recommendations from the Washington State Association of Fire Marshals regarding fire and safety standards adopted by the federal government and other authorities; and
- develop a plan and recommendations for consideration by the Legislature and the Governor on renewable fuels and electrolytic hydrogen policy and public funding, by December 1, 2023.

The Office may take all appropriate steps to seek and apply for federal funds, grants, and donations. These funds must be deposited in the Renewable Fuels Accelerator Account.

Regional Clean Energy Hub.

Subject to funds appropriated, the director of Commerce must seek to enter agreements with one or more nonprofit entities or public agencies for the purpose of preparing an application to secure federal funding to develop a regional clean hydrogen hub in Washington. If the director determines that a single agreement with an entity to prepare an application will be more competitive for federal funding than supporting multiple applications, the director may choose not to make more than one award of funding.

The director must seek to enter a funding agreement with an entity whose proposal demonstrates a broad assembly of participants in developing and implementing the infrastructure of a regional hydrogen hub, a strong and timely application, and commitments from manufacturing industries, transportation, utilities, and other sectors to incorporate hydrogen fuels into their transition to cleaner energy.

Utilities and Transportation Commission Hydrogen Fuel Study.

By December 1, 2024, the Utilities and Transportation Commission (UTC) must submit to the Legislature a report addressing the following:

- whether rates and services of hydrogen fuels distributed through natural gas distribution infrastructure are within the regulation of the UTC, or whether such jurisdiction should be assigned by the Legislature like other public service companies;

- whether electric utilities regulated by the UTC should analyze the costs and benefits of adopting special tariffs for the electrolytic production of hydrogen fuels;
- recommended standards, including safety standards, for blending non-fossil feedstock hydrogen into natural gas distribution infrastructure; and
- non-fossil feedstock hydrogen's role in the natural gas decarbonization study required in the 2021-23 Operating Budget.

Renewable Fuels Accelerator Account.

The Renewable Fuels Accelerator Account (Account) is created in the state treasury. Revenues to the Account consist of appropriations made by the Legislature, federal funds, gifts or grants from the private sector or foundations, and other sources deposited in the Account. Moneys in the Account may be spent only after appropriation. The director of the Office, or director's designee, may authorize expenditures from the Account for the Office.

Energy Facility Site Evaluation Council.

Renewable hydrogen, electrolytic hydrogen, and energy storage facilities are added to the list of alternative energy resources eligible to opt in to the EFSEC review and certification process.

Public Utility Districts—Electrolytic Hydrogen.

Public utility districts are authorized to produce, use, sell, and distribute electrolytic hydrogen to the same extent that they are currently authorized to produce, use, sell, and distribute renewable hydrogen.

Municipal Utilities—Renewable Hydrogen and Electrolytic Hydrogen.

Municipal utilities are authorized to produce, use, sell, and distribute renewable hydrogen and electrolytic hydrogen to the same extent that they are currently authorized to produce, use, sell, and distribute gas and electricity.

Electrolytic Hydrogen.

Electrolytic hydrogen is defined as hydrogen produced through electrolysis and does not include hydrogen manufactured using steam reforming or any other conversion technology that produces hydrogen from a fossil fuel feedstock.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.