

HOUSE BILL REPORT

SHB 1924

As Amended by the Senate

Title: An act relating to promoting the integration of fusion technology within state clean energy policies.

Brief Description: Promoting the integration of fusion technology within state clean energy policies.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Shavers, Ryu, Barnard, Stearns and Wylie).

Brief History:

Committee Activity:

Environment & Energy: 1/8/24, 1/16/24 [DPS].

Floor Activity:

Passed House: 2/6/24, 95-2.

Senate Amended.

Passed Senate: 2/27/24, 48-0.

Brief Summary of Substitute Bill

- Requires the state to support technologies like fusion energy in the context of the State Energy Strategy.
- Requires that the Interagency Clean Energy Siting Coordinating Council's annual report include recommendations on the use of nonproject environmental impact statements for fusion energy projects.
- Adds facilities that manufacture or assemble component parts for fusion energy facilities to the list of Projects of Statewide Significance.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.

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.

Signed by 13 members: Representatives Doglio, Chair; Mena, Vice Chair; Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Berry, Duerr, Fey, Goehner, Sandlin, Slatter and Street.

Minority Report: Without recommendation. Signed by 1 member: Representative Ramel.

Staff: Megan McPhaden (786-7114).

Background:

Washington State Energy Strategy.

The Department of Commerce (Commerce) was directed in 2019 to update the State Energy Strategy, and to align the strategy with the requirements of the Energy Independence Act, the Clean Energy Transformation Act, and the state's greenhouse gas emissions reduction targets. Commerce published the State Energy Strategy in 2021.

A successful State Energy Strategy must balance three goals:

1. maintaining competitive energy prices that are fair and reasonable for consumers and businesses, and support the state's continued economic success;
2. increasing competitiveness by fostering a clean energy economy and jobs through business and workforce development; and
3. meeting the state's obligations to reduce greenhouse gas emissions.

Nine principles guide the development and implementation of the State Energy Strategy in achieving these goals. One of these nine principles directs the state to reduce dependence on fossil fuel energy sources through improved efficiency and development of cleaner energy sources, such as bioenergy, low carbon energy sources, natural gas, and leveraging the indigenous resources of the state to produce clean energy.

Interagency Clean Energy Siting Coordinating Council.

Enacted legislation in 2023 created an Interagency Clean Energy Siting Coordinating Council (Coordinating Council), to be cochaired and costaffed by the Department of Ecology (Ecology) and Commerce. The Coordinating Council's responsibilities are enumerated and include:

- identifying actions to improve the siting and permitting of clean energy projects;
- tracking federal government efforts;
- soliciting input from parties with interests in clean energy project siting and permitting; and
- providing information to Ecology in support of the requirements for lead agencies conducting nonproject environmental impact statements (EISs) for clean energy projects.

The Coordinating Council must provide an annual report to the Governor and the Legislature beginning October 1, 2024. The report must summarize progress on clean energy project siting and permitting, areas of additional work, resource needs, recommendations for future nonproject EISs for categories of clean energy projects, and any needed policy changes to help the state achieve its clean energy goals.

Nonproject Environmental Impact Statements.

The State Environmental Policy Act (SEPA) establishes a review process for state and local governments to identify environmental impacts that may result from governmental decisions, such as the issuance of permits or the adoption of land use plans. The SEPA environmental review process involves a project proponent or the lead agency completing an environmental checklist to identify and evaluate probable environmental impacts. If an initial review of the checklist and supporting documents results in a determination that the government decision has a probable significant adverse environmental impact, known as a threshold determination, the proposal must undergo a more comprehensive environmental analysis in the form of an EIS. If the SEPA review process identifies significant adverse environmental impacts, the lead agency may deny a government decision or may require mitigation for identified environmental impacts.

The SEPA rules lay out the specifics for how a nonproject EIS may be conducted and then used for a specific project. A nonproject EIS is essentially an up-front, preproject environmental analysis of the types of environmental impacts that could be expected from a type of governmental decision. Under the rules, when a lead agency prepares an EIS on a nonproject proposal, the lead agency has less detailed information available on environmental impacts and the environmental impacts of any subsequent project proposals that may follow the EIS. The lead agency's nonproject EIS discusses impacts and alternatives in the level of detail appropriate to the scope of the proposal and the level of planning for the proposal. If a specific geographic area is the focus of a nonproject EIS, site specific analyses are not required but may be included for specific areas of concern. After the approval of a nonproject EIS by the lead agency, when a project is proposed that is consistent with the nonproject EIS, the EIS for the project proposal must focus on the impacts and alternatives, including mitigation measures, that are specific to the subsequent project and that were not analyzed in the nonproject EIS. The SEPA procedures allow for the adoption and use of portions of the nonproject EIS in a subsequent project-level SEPA review.

Legislation enacted in 2023 directed Ecology to prepare three nonproject EISs—one for solar energy projects, one for onshore wind energy projects, and one for green electrolytic or renewable hydrogen projects—and the Energy Facility Site Evaluation Council to prepare nonproject EISs for certain electrical transmission facilities.

Projects of Statewide Significance.

A project may apply to Commerce for designation as a Project of Statewide Significance, which provides for voluntary expedited permitting treatment by local government jurisdictions in partnership with the Governor's Office for Regulatory Innovation and Assistance.

The following are designated as Projects of Statewide Significance, with specifications:

- a border crossing project with private and public investments carried out with adjacent states or provinces;
- a development that will provide a net environmental benefit;
- a development in furtherance of the commercialization on innovations;
- a private industrial development with private capital investment in manufacturing or research and development;
- an aviation biofuels production facility;
- a pumped storage project using approved water rights; and
- any other project designated and codified by the Legislature.

Additional criteria for Projects of Statewide Significance include providing significant economic benefit to the local or state economy and alignment with the state's comprehensive plan for economic development.

Summary of Substitute Bill:

The State Energy Strategy.

The state must ensure that the pursuit of cleaner energy sources actively includes and supports innovative, emerging, and promising clean energy technologies, such as fusion energy, which is energy from the merger of atomic nuclei.

Interagency Clean Energy Siting Coordinating Council.

In its annual report, the Interagency Clean Energy Siting Coordinating Council must include a recommendation of whether and when fusion energy could be an appropriate category for nonproject EISs.

Projects of Statewide Significance.

Facilities that manufacture or assemble component parts for fusion energy facilities are added to the list of Projects of Statewide Significance.

EFFECT OF SENATE AMENDMENT(S):

The Senate amended bill removes: (1) the requirement for the Interagency Clean Energy

Siting Coordinating Council to deliver recommendations on whether and when fusion energy could be an appropriate category for a nonproject environmental impact statement; and (2) the addition of facilities manufacturing or assembling component parts for fusion energy facilities from the list of projects of statewide significance.

The Senate amendment requires the Energy Facility Site Evaluation Council and the Department of Health to establish a work group of state agencies to report on new and existing permitting, siting, licensing, and registration pathways for producing fusion energy, and requires an initial report by December 1, 2024. The Senate amendment also includes facilities that produce electricity with fusion energy as clean energy projects that are eligible to apply to the Department of Commerce for designation as a clean energy project of statewide significance.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Fusion energy is critical to meeting our energy goals and is the ultimate clean energy source. We need baseload nonintermittent dispatchable energy for the Clean Energy Transformation Act to succeed, and fusion meets that need. The fuel can be made on site, there's no mining involved, and this energy source provides near zero carbon emissions and does not include disastrous waste. We should be excited about this energy source because sometimes technological advancements happen quickly. This bill doesn't create new fusion plants: it integrates fusion into our existing climate laws so that when fusion becomes viable, we will be able to seamlessly integrate it in. Fusion energy will bring high paying jobs to the state. It is important to capitalize on the global fusion hub that is developing in the Pacific Northwest. The bill is critical to ensuring that Washington continues to lead the world in developing the first commercially available fusion technologies. This bill will help with permitting and siting, not just for fusion plants, but also for manufacturing plants. The fusion industry currently relies on international suppliers for component parts, so this bill gives Washington an opportunity to lead and develop a robust supply chain.

(Opposed) None.

(Other) There are not many incentives for the private sector, and there are no clear timelines. Fusion is always 10 years away. We should position ourselves to be ready but not waste time and public funds on something that is still just hypothetical. Fission energy is an available source but it's not part of the conversation. Fusion may not be able to address our environmental concerns. We should be more specific on resources and funding.

Persons Testifying: (In support) Representative Clyde Shavers, prime sponsor; James Conca; Jackie Siebens, Helion Energy; Ryan Umstattd, Zap Energy; and Hawkins DeFrance, Avalanche Energy Designs.

(Other) Eric Pratt; and Michael Easton.

Persons Signed In To Testify But Not Testifying: None.