

HOUSE BILL REPORT

HB 2349

As Reported by House Committee On:
Technology, Energy & Communications
Appropriations

Title: An act relating to new renewable energy standards.

Brief Description: Providing new renewable energy standards.

Sponsors: Representatives Morris, Hudgins, Chase, Murray, Darneille, Dickerson, B. Sullivan and Sells.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/10/06, 1/13/06 [DPS];
Appropriations: 1/26/06, 2/4/06 [DP2S(w/o sub TEC)].

Brief Summary of Second Substitute Bill

- Requires state agencies to purchase all available anaerobic digester power from local utilities at the green tag rate. Requires the local utility to pay the anaerobic digester producer at the green tag rate minus marketing costs.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Morris, Chair; Kilmer, Vice Chair; Haler, Assistant Ranking Minority Member; Ericks, Hankins, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

Staff: Kara Durbin (786-7133).

Background:

According to the state's 2004 electricity fuel mix report, hydroelectric power accounts for 66 percent of electricity sold; coal represents 18 percent; natural gas supplies 9 percent; and nuclear power supplies 6 percent. Non-hydro renewable sources such as wind, solar, landfill gas, and biomass represent 1.52 percent.

Beginning January 1, 2002, all electric utilities (other than small electric utilities) had to offer their customers the option to purchase electricity generated using alternative energy resources. This was a voluntary approach to encourage the use and development of electricity generation through a mix of renewable resources. The Department of Community, Trade and Economic Development (DCTED) and the Utilities and Transportation Commission (UTC)

must report annually on the products offered to customers, customer participation, and the investments made by each utility in qualifying alternative energy resources.

According to the 2005 Green Power Report submitted by DCTED and the UTC, customers purchased 14.88 average megawatts of green power through voluntary green power programs between January and September 2005. This represents a 57 percent increase over 2004 green power sales. In terms of customer participation, the green power program has seen an 11 percent increase in customer participation since 2004 and a 139 percent increase since the program's inception in 2002.

Summary of Substitute Bill:

The bill establishes renewable energy standards for state agencies. State agencies are directed to purchase a certain percentage of their total electricity from qualified alternative energy resources. The renewable energy standard is increased in phases:

- By July 1, 2006, state agencies must buy at least 5 percent of their total electricity from qualified alternative energy resources.
- By July 1, 2007, state agencies must buy at least 10 percent of their total electricity from qualified alternative energy resources.
- By July 1, 2008, state agencies must buy at least 15 percent of their total electricity from qualified alternative energy resources.
- By July 1, 2009, state agencies must buy at least 20 percent of their total electricity from qualified alternative energy resources.

A utility may purchase qualified alternative energy resources one of two ways: (1) through resources it owns in Washington or resources the utility contracts for; or (2) through purchasing credits through the green power program as outlined in RCW 19.29A.090.

A qualified alternative energy resource is defined as electricity produced from generation facilities fueled by any of the following sources: wind; solar energy; geothermal energy, biogas produced during treatment of human or animal waste or evolved from landfills; wave or tidal action; gas produced during the treatment of wastewater; qualified hydropower; combined heat and power or cogeneration; or biomass energy.

Qualified hydropower is defined as the additional energy produced by either (a) modernizations or upgrades that have been made after June 1, 1998, on existing hydropower facilities that do not obstruct the passage of anadromous fish; or (b) new hydropower facilities that operate with a head of twenty meters or less that do not obstruct the passage of anadromous fish.

Substitute Bill Compared to Original Bill:

The substitute bill amends the definition of "qualified hydropower" to reflect the additional energy produced by either (a) modernizations or upgrades that have been made after June 1, 1998, on existing hydropower facilities that do not obstruct the passage of anadromous fish; or

(b) new hydropower facilities that operate with a head of 20 meters or less that do not obstruct the passage of anadromous fish. It also specifies that the mechanism for issuing credits will be the green power program outlined in RCW 19.29A.090. Finally, it specifies that the act will become void in its entirety if a law is passed in the future that supersedes the renewable standards contained in the bill.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

(With concerns on original bill) This bill assumes that state agencies can subscribe through a standard tariff. Most agencies who purchase power through our company would meet these renewable standards. If the bill intends our company to meet these standards through a separate purchasing process, then this would create problems.

Testimony Against: None.

Persons Testifying: (With concerns on original bill) Collins Sprague, Avista Corporation.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Technology, Energy & Communications. Signed by 18 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Anderson, Assistant Ranking Minority Member; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Schual-Berke and P. Sullivan.

Minority Report: Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

Staff: Owen Rowe (786-7391).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Technology, Energy & Communications:

Strikes the original provisions of the bill. Requires state agencies to purchase all available anaerobic digester power from local utilities at the green tag rate. Requires the local utility to pay the anaerobic digester producer at the green tag rate minus marketing costs.

Appropriation: None.

Fiscal Note: Requested on February 6, 2006.

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

Testimony For: None.

Testimony Against: None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.