

HOUSE BILL REPORT

SSB 6692

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

Title: An act relating to allowing certain counties to participate and enter into ownership agreements for electric generating facilities powered by biomass.

Brief Description: Allowing certain counties to participate and enter into ownership agreements for electric generating facilities powered by biomass.

Sponsors: Senate Committee on Environment, Water & Energy (originally sponsored by Senators Pridemore, Hargrove, Ranker and Haugen).

Brief History:

Committee Activity:

Technology, Energy & Communications: 2/17/10, 2/22/10 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Specifies the conditions in which a county may own and operate a biomass energy facility.
- Authorizes the joint ownership of a county-owned and operated biomass energy facility.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: Do pass as amended. Signed by 16 members: Representatives McCoy, Chair; Finn, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Eddy, Hasegawa, Hinkle, Hudgins, Jacks, McCune, Morris, Nealey, Takko, Taylor and Van De Wege.

Staff: Scott Richards (786-7156).

Background:

County Authority to Construct Electricity Generating Facilities Using Biomass.

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.

In 2009 the Legislature authorized any county, with a public utility district (PUD) that owns or operates a plant or system for the generation, transmission, and distribution of electricity for sale within the county, to construct and operate a facility to generate electricity from the following types of fuel: (1) biomass classified as a renewable resource under Initiative 937, (2) lignin in spent pulping liquors, or (3) liquors derived from algae and other sources. The county's legislative authority is authorized to regulate and control the use, distribution, sale, and price of the electricity produced from the biomass facility.

Agreements for the Joint Ownership of Eligible Renewable Resource.

In 2008 the Legislature authorized cities, PUDs, or joint operating agencies to enter into agreements, either directly or as co-owners of a separate legal entity, for the ownership of any type of electric generating plant powered by an eligible renewable resource as defined under the Initiative 937 and transmission facilities related to the power plant. Additionally, for the purpose of joint ownership of an eligible electric generating plant, cities, PUDs, and joint operating agencies may enter into a cooperative agreement with any of the following entities:

- any eligible public agency;
- electric utilities subject to regulation by the Utilities and Transportation Commission;
- rural electric cooperatives and their wholly owned subsidiaries; and
- electric generation and transmission cooperatives and their wholly owned subsidiaries.

An agreement for joint ownerships of an eligible power plant must contain the following provisions:

- each city, PUD, or joint operating agency participating in the agreement must own a percentage of any common facility or a percentage of any separate legal entity equal to the percentage of the money furnished or the value of property supplied by it for the acquisition and construction; and
- each city, PUD, or joint operating agency, or participating entity must own and control, or have a right to own and control in the case of a separate legal entity, a like percentage of the electrical output of the common facility.

Energy Independence Act of 2006 (Initiative 937).

Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for the use of eligible renewable resources.

Eligible renewable resource includes: wind; solar; geothermal energy; landfill and sewage gas; wave and tidal power; biomass; and biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999. 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. Incremental electricity produced from efficiency improvements at hydropower facilities owned by qualifying utilities is also an eligible renewable resource, if the improvements were completed after March 31, 1999.

Biomass energy is defined under Initiative 937 as an eligible renewable resource if, among other things, it is based on animal waste or solid organic fuels from wood, forest, or field

residues, or dedicated energy crops that do not include the following: (1) wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (2) black liquor byproduct from paper production; (3) wood from old growth forests; or (4) municipal solid waste.

Summary of Amended Bill:

County-Owned and Operated Biomass Energy Facilities.

For a county legislative authority to be eligible to construct, purchase, acquire, operate, and maintain a biomass energy facility, the county must have a PUD that owns and operates within its boundaries a natural gas-fueled, combined-cycle combustion turbine plant capable of generating at least 240 megawatts of electricity. An eligible county is limited to one biomass energy facility located within the county.

Joint Ownership of County-Owned and Operated Biomass Energy Facilities.

A county eligible to own and operate a biomass energy facility may enter into agreements with a broad variety of governmental entities; private electric utilities; rural electric cooperatives; and generation and transmission cooperatives to plan, finance, acquire, construct, operate, and maintain a biomass energy facility. The agreements must provide that participating public entities have ownership interests equal to the percentage of money or property they supplied for the undertaking, and that they own and control a like percentage of the electrical output.

Amended Bill Compared to Substitute Bill:

The bill specifies that eligible counties are limited to one biomass energy facility. The bill further specifies that for a county to be eligible to own and operate a biomass energy facility, it must have a PUD that owns and operates within its boundaries a natural gas-fueled, combined-cycle combustion turbine plant capable of generating at least 240 megawatts of electricity.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Last year the Legislature adopted legislation that allowed counties to enter into agreements for the construction and operation of biomass energy facilities. This bill allows counties to partner with private entities which give them more ways to get these facilities built and in operation.

(Opposed) None.

Persons Testifying: Mike Burgess, Clark County.

Persons Signed In To Testify But Not Testifying: None.