

SENATE BILL REPORT

SSB 6044

As Amended by House, February 29, 2012

Title: An act relating to the supply of water by public utility districts bordered by the Columbia river to be used in pumped storage projects.

Brief Description: Concerning the supply of water by public utility districts bordered by the Columbia river to be used in pumped storage projects.

Sponsors: Senate Committee on Energy, Natural Resources & Marine Waters (originally sponsored by Senator Honeyford).

Brief History:

Committee Activity: Energy, Natural Resources & Marine Waters: 1/16/12, 1/18/12 [DPS].

Passed Senate: 1/27/12, 44-0.

Passed House: 2/29/12, 98-0.

SENATE COMMITTEE ON ENERGY, NATURAL RESOURCES & MARINE WATERS

Majority Report: That Substitute Senate Bill No. 6044 be substituted therefor, and the substitute bill do pass.

Signed by Senators Ranker, Chair; Delvin, Ranking Minority Member; Morton, Ranking Minority Member; Fraser and Hargrove.

Staff: William Bridges (786-7416)

Background: Public Utility Districts (PUDs). Formed in 1931 by Initiative 1, PUDs are municipal corporations authorized to provide electricity, water and sewer services, and wholesale telecommunications. There are 28 operating PUDs in Washington, 15 of which border the Columbia River. While PUDs are generally authorized to buy and sell electricity and water, they may not sell water to a privately owned utility for the production of electric energy.

Pumped Storage. Pumped storage projects generate electricity by moving water between two bodies of water at different elevations. During times of low electricity demand, less-expensive electricity is used to pump water to an upper reservoir, which is released during periods of high electricity demand to generate electricity in the same manner as a conventional hydropower facility.

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.

Summary of Substitute Bill: Authorizing PUDs to Sell Water for Pumped Storage Projects. A PUD bordered by the Columbia River may supply any water, as authorized by a previously perfected water right under its control, to be used in a pumped storage generating facility. Among other conditions, contracts concerning the sale of these resources must be approved by a vote of a PUD's commissioners after a minimum of ten days public notice.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: Klickitat PUD owns the water right formerly held by the Goldendale aluminum plant, and PUD may use this water right for pump storage. PUD is planning on constructing a \$2-\$2.5 billion, 1000-1200 MW, pump storage project. The electricity supplied by the pump storage project will be used to balance the wind farms that are abundant in the Columbia Gorge. A pump storage project could also be used to absorb excess electricity produced during high wind events. The bill is needed to update restrictions in the law that are over 80 years old and have outlived their usefulness. The bill needs to pass this session in order for PUD to maintain its preliminary license from the Federal Energy Regulatory Commission.

OTHER: There are concerns about the impact on other water rights in the area. Pump storage could be good for supplementing river flows to assist fish migration.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Bill Clarke, WA Public Utility District Assn.; Randy Knowles, Klickitat PUD.

OTHER: Miguel Perez-Gibson, Colville Tribes.

House Amendment(s): Limits the effect of the legislation to PUDs that have previously obtained a water right from an industrial user and are not currently using the water for its original industrial uses.