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## Environment Committee

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### HB 1221

**Brief Description:** Regarding coal transition power.

**Sponsors:** Representatives Upthegrove, Short and Ryu.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Allows a qualifying utility, when calculating load under the Energy Independence Act, to subtract any coal transition power that is delivered to its retail customers in Washington.</li></ul>
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**Hearing Date:** 2/12/13

**Staff:** Scott Richards (786-7156).

**Background:**

Approved by voters in 2006, the Energy Independence Act (EIA), also known as Initiative 937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources. Utilities that must comply with the EIA are called qualifying utilities.

Eligible Renewable Resource Targets and Compliance Dates.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

Load means the amount of kilowatt-hours of electricity a qualifying utility delivered to its Washington retail customers in the most recently completed year.

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*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.*

### Eligible Renewable Resource.

The term eligible renewable resource means electricity generated from a resource such as wind, solar, geothermal energy, landfill and sewage gas, wave and tidal power, and certain biodiesel fuels. In addition, an eligible renewable resource must be generated in a facility that started operating after March 31, 1999, and 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. Under certain conditions, incremental electricity produced as a result of efficiency improvements to hydroelectric generation facilities may also count as an eligible renewable resource.

### Renewable Energy Credit (REC).

A REC is a tradable certificate of proof of at least one megawatt hour (MWh) of an eligible renewable resource where the generation facility is not powered by fresh water. Under the EIA, a REC represents all the nonpower attributes associated with the power. RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

### Greenhouse Gas (GHG) Emissions Performance Standard (EPS) for Electric Generation Plants.

Electric utilities may not enter into a long-term financial commitment for baseload electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of:

- 1,100 pounds of GHG per MWh; or
- the average available GHG emissions output as updated by the Department of Commerce.

Baseload electric generation means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. Long-term financial commitment means either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or a new or renewed contract for baseload electric generation with a term of five or more years for the provision of retail power or wholesale power to end-use customers in this state.

### EPS and Coal Transition Power.

In 2011 the Legislature established a schedule for applying the EPS to the Centralia coal-fired electric generation facility (Centralia). In addition, the EPS was amended to allow long-term contracts for Centralia's generated electricity, called coal transition power. Furthermore, a process was created to allow an investor-owned electric utility to petition the Washington Utilities and Transportation Commission for approval of a power purchase agreement for coal transition power.

### **Summary of Bill:**

The definition of load is changed in the Energy Independence Act. When calculating its load, a qualifying utility does not include any coal transition power that it delivered to its retail customers in Washington.

**Appropriation:** None.

**Fiscal Note:** Available.

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