

HOUSE BILL REPORT

SJM 8031

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

Brief Description: Encouraging re-authorization and full funding of the renewable energy production incentive.

Sponsors: Senators Hale and Fraser.

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 2/20/02 [DP].

Brief Summary of Bill

- Requests that Congress and the President re-authorize the Renewable Energy Production Incentive (REPI) program for an additional 10 years and that adequate funding be provided.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: Do pass. Signed by 19 members: Representatives Morris, Chair; Ruderman, Vice Chair; Crouse, Ranking Minority Member; Anderson, Berkey, Bush, Casada, DeBolt, Delvin, Esser, Hunt, Linville, Lysen, Nixon, Pflug, Reardon, Romero, Sullivan and Wood.

Staff: Pam Madson (786-7166).

Background:

The Renewable Energy Production Incentive (REPI) is part of an integrated strategy in the federal Energy Policy Act of 1992 to promote increases in the generation and use of electricity from renewable energy sources and to further the advances of renewable energy technologies. Congressional authorization for the REPI program expires in 2003.

The REPI program provides financial incentive payments for electricity generated and sold by new qualifying renewable energy facilities that are owned by public and not-for-profit entities, such as municipal utilities, public utility districts, and rural electric cooperatives. Qualifying facilities must use solar, wind, or certain geothermal or

biomass generation technologies.

Qualifying facilities are eligible for annual incentive payments of 1.5 cents per kilowatt-hour for the first 10 years of operation. Payments are subject to the availability of annual appropriations in each federal fiscal year. Appropriations have not been sufficient to make full incentive payments to all qualifying facilities since 1996. When funds are insufficient, payments are made first to Tier I facilities (which include those that use solar, wind, geothermal, or dedicated energy crop biomass technologies), and then pro-rated, as available, to Tier II facilities (which include other biomass technologies such as landfill methane gas, digester gas, and co-fired plant waste).

Two Washington State public utilities have received more than \$4.75 million in REPI payments since the beginning of the program.

The REPI program is the public-sector counterpart to the production tax credit program authorized in the same Energy Policy Act for private utilities that build new qualifying renewable generating facilities by December 31, 2001. The production tax credit program provides a credit against federal taxes of 1.5 cent per kilowatt-hour produced for the first 10 years of operation.

Summary of Bill:

The Legislature requests the President and Congress to re-authorize the Renewable Energy Production Incentive (REPI) for an additional 10 years, with such modifications as are needed to provide greater certainty of payment and, therefore, greater incentives to qualified renewable energy projects. The Legislature also requests a level of funding that maximizes the potential for development of new renewable resources by not-for-profit utilities.

Appropriation: None.

Fiscal Note: Not Requested.

Testimony For: There are currently two recipients of this program in Washington state, Snohomish PUD and Klickitat PUD. A third project is under development which is the Nine Canyon wind project which will be one of the largest in the state. This is an excellent program that provides money for not-for-profit energy producers and would help remove economic barriers to renewable energy.

Testimony Against: None.

Testified: Senator Hale, prime sponsor.

