

SENATE BILL REPORT

HB 2669

As Reported By Senate Committee On:
Environment, Energy & Water, March 1, 2002

Title: An act relating to use of animal waste as a qualified alternative energy resource.

Brief Description: Including animal waste as a qualified alternative energy resource.

Sponsors: Representatives Linville, Schoesler, Hunt, Chase and Wood.

Brief History:

Committee Activity: Environment, Energy & Water: 2/28/02, 3/1/02 [DPA, DNPA].

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

Majority Report: Do pass as amended.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Honeyford, Jacobsen and Keiser.

Minority Report: Do not pass as amended.

Signed by Senators Hale, McDonald and Morton.

Staff: Andrea McNamara (786-7483)

Background: In 2001, the Legislature enacted a requirement that all electric utilities (other than small electric utilities) must offer their retail consumers a voluntary choice to purchase electricity generated from alternative energy resources beginning January 1, 2002. "Alternative energy resources" are defined as electric generating facilities fueled by wind, solar energy, geothermal energy, landfill gas, wave or tidal action, gases from wastewater treatment, qualified hydro power, or biomass energy.

Current law defines biomass energy to include solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood treated with chemical preservatives.

There are a variety of sources of biomass energy. Generally, biomass energy can generate electricity, heat, or other fuels utilizing the energy content of (1) agricultural residues (from crops such as sugarcane, corn fiber and rice straw, and nutshells); (2) wood waste (such as sawdust, timber slash, or mill waste); (3) energy crops and grasses (such as fast growing trees like poplars or willows, as well as switch grass and elephant grass); and (4) methane from landfills, waste water treatment, and manure lagoons on cattle, poultry and hog farms.

Summary of Amended Bill: Animal waste is included as a source of biomass energy that qualifies as an "alternative energy resource." Utilities may use biomass energy generated from animal waste to satisfy the requirement that they offer retail customers an option to purchase electricity from an alternative energy resource.

Utilities may allocate the costs of promoting their qualified alternative energy resources to all rate payers, but they may not shift the costs of acquiring those resources to any customers other than the customers who voluntarily choose such option. It is not the Legislature's intent to prohibit or discourage utilities from acquiring additional renewable resources on behalf of all customers and including them in the utility's general fuel mix.

Amended Bill Compared to Original Bill: The striking amendment allows costs which are prudently incurred to encourage customers to choose green options to be recovered in general rates, while clarifying that the cost of acquiring such resources may not be shifted to any customers other than those choosing the options. It also clarifies that the Legislature does not intend to prohibit or discourage utilities from acquiring additional renewable resources on behalf of all customers and including renewables in the utility's general fuel mix.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Adding animal waste as an eligible source of biomass energy provides an excellent economic and environmental opportunity for the areas of our state with large dairy operations. The proposed amendment will allow utilities to spend more money on promoting green power. It is appropriate that these costs be part of the utility's general advertising budgets that are paid for by all ratepayers.

Testimony Against: None.

Testified: PRO: Kathryn Crumb, Avista; Danielle Dixon, Northwest Energy Coalition.