

HOUSE BILL REPORT

E2SHB 2349

As Passed House:
February 13, 2006

Title: An act relating to new renewable energy standards.

Brief Description: Providing new renewable energy standards.

Sponsors: By House Committee on Appropriations (originally sponsored by Representatives Morris, Hudgins, Chase, Murray, Darneille, Dickerson, B. Sullivan and Sells).

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/10/06, 1/13/06 [DPS];
Appropriations: 1/26/06, 2/4/06 [DP2S(w/o sub TEC)].

Floor Activity:

Passed House: 2/13/06, 61-36.

Brief Summary of Engrossed Second Substitute Bill

- Requires certain state agencies to purchase all available anaerobic digester power from their local utility at a rate no less than the rate charged under the utility's voluntary green power program.
- Requires the local utility to pay the anaerobic digester producer at a rate no less than the rate charged under the utility's voluntary green power program minus administrative costs.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Morris, Chair; Kilmer, Vice Chair; Haler, Assistant Ranking Minority Member; Ericks, Hankins, Hudgins, Nixon, P. Sullivan, Sump, Takko and Wallace.

Staff: Kara Durbin (786-7133).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Technology, Energy & Communications. Signed by 18 members: Representatives Sommers, Chair; Fromhold, Vice

Chair; Anderson, Assistant Ranking Minority Member; Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Schual-Berke and P. Sullivan.

Minority Report: Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Chandler, Clements, Hinkle, Pearson, Priest, Talcott and Walsh.

Staff: Owen Rowe (786-7391).

Background:

Anaerobic Digestion:

Anaerobic digestion is the bacterial breakdown of organic materials in the absence of oxygen. This biological process produces biogas, which is principally composed of methane and carbon dioxide. Biogas is typically produced from feedstocks such as sewage sludge, livestock manure, and wet organic materials. Anaerobic digesters use the natural process of anaerobic digestion to treat waste, produce energy, or both.

Voluntary Green Power Program:

Beginning January 1, 2002, all electric utilities in the state (other than small electric utilities) were required to offer their customers the option to purchase electricity generated using qualified alternative energy resources. This was a voluntary approach to encourage the use and development of electricity generation through a mix of renewable resources. The Department of Community, Trade and Economic Development (DCTED) and the Utilities and Transportation Commission (UTC) must report annually on the products offered to customers, customer participation, and the investments made by each utility in qualifying alternative energy resources.

A "qualified alternative energy resource" is defined as electricity produced from generation facilities fueled by wind; solar energy; geothermal energy; landfill gas; wave or tidal action; gas produced during the treatment of wastewater; qualified hydropower; or biomass energy based on animal waste or solid organic fuels from wood, forest or field residues, or certain types of dedicated energy crops.

Summary of Engrossed Second Substitute Bill:

At the request of an anaerobic digester producer, the state agency with the largest electricity load in its service territory must purchase all available anaerobic digester power from their local utility, provided that doing so does not exceed the agency's local annual electricity consumption. State agencies shall purchase the power at a rate no less than the retail price of a qualified alternative energy product that their local utility charges its customers under its voluntary green power program. State agencies are exempt from this requirement if their local utility is exempt from offering a qualified alternative energy product.

To the extent that a utility purchases power from an anaerobic digester power producer in its service territory, the utility must pay the producer for electricity at a rate no less than the retail

price the utility charges its customers under its voluntary green power program minus administrative costs.

Appropriation: None.

Fiscal Note: Requested on February 6, 2006.

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

Testimony For: (Technology, Energy & Communications) None.

(With concerns on original bill) This bill assumes that state agencies can subscribe through a standard tariff. Most agencies who purchase power through our company would meet these renewable standards. If the bill intends our company to meet these standards through a separate purchasing process, then this would create problems.

Testimony For: (Appropriations) None.

Testimony Against: (Technology, Energy & Communications) None.

Testimony Against: (Appropriations) None.

Persons Testifying: (Technology, Energy & Communications) (With concerns on original bill) Collins Sprague, Avista Corporation.

Persons Testifying: (Appropriations) None.

Persons Signed In To Testify But Not Testifying: (Technology, Energy & Communications) None.

Persons Signed In To Testify But Not Testifying: (Appropriations) None.