

SENATE BILL REPORT

E2SHB 2349

As Reported By Senate Committee On:
Water, Energy & Environment, February 23, 2006

Title: An act relating to new renewable energy standards.

Brief Description: Providing new renewable energy standards.

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

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

Committee Activity: Water, Energy & Environment: 2/22/06, 2/23/06 [DPA-WM, DNP].

SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Fraser, Honeyford, Pridemore and Regala.

Minority Report: Do not pass.

Signed by Senators Delvin and Mulliken.

Staff: William Bridges (786-7424)

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 are devices that use the natural process of anaerobic digestion to treat waste, produce energy, or both.

Voluntary Green Power Program. All electric utilities in the state, other than small electric utilities, are required to offer their customers the option to purchase electricity generated from qualified alternative energy resources. A "qualified alternative energy resource" is electricity produced from 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 Amended Bill: A state agency that is served by a public or private utility, must purchase all available anaerobic digestion power from the local utility when an in-state producer of the power sends a written request to the agency. Purchases by a state agency must not exceed the agency's annual electricity consumption. A state agency must pay for anaerobic digestion power at no less than the retail price that the local utility charges that customer.

A state agency is exempt from the purchase requirement if the local utility is exempt from offering a qualified alternative energy resource under the green power program.

If a utility purchases power from an anaerobic digestion power producer in its service territory, the utility must pay the producer no less than the retail price the utility charges a state agency in this section, although administrative costs may be charged that do not exceed five percent.

"Anaerobic digestion power" means the electricity generated from an in-state facility that processes manure or other organic substrates into biogas using microorganisms in a decomposition process within a closed, oxygen-free container.

Amended Bill Compared to Original Bill: The bill as referred to committee was not considered.

Appropriation: None.

Fiscal Note: Preliminary note available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Digesters are expensive investments and the power they produce needs a market. The bill will support the development of this market by the state voluntarily participating as a buyer in the green power program. There is no cost shift to customers, although state agencies may pay 30 percent more for their power. The bill will help preserve farms. The farm is a place of discovery for children, where they learn problem solving, time management, and the importance of duty and responsibility. Farmers are stewards of the land, providing food and jobs for the state. After wind, digester produced power is the second largest potential source of renewable power in the state.

Testimony Against: Some utilities are already working with biogas developers. This undermines federal process that all small renewable energy developers successfully use. The bill will unfairly raise customer rates and ignores basic utility costs and transmission and distribution services. The bill would establish an unusual, unprecedented, and confusing pricing scheme for a particular renewable resource, and it raises interstate commerce concerns.

Who Testified: PRO: Rep. Morris, prime sponsor; Brian Bookey, National Foods; Dan DeRuyter, DNA Dairy; George DeRuyter, George DeRuyter & Sons Dairy; Jay Gordon, Wash. State Dairy Federation; John Sayre, NW Chinook Recovery; Andy Werkhoven, Workhoven Dairy; Rachel Workhoven Dairy.

CON: Kathleen Collins, PacifiCorp; Mike Gianunzio, SnoPUD; Collins Sprague, Avista; Dave Warren, Wash. PUD Assoc.