

SB 5383 - H COMM AMD

By Committee on Technology, Energy & Communications

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 15.110.005 and 2006 c 171 s 1 are each amended to
4 read as follows:

5 The legislature finds that:

6 (1) Washington's dependence on energy supplied from outside the
7 state and volatile global energy markets makes its economy and citizens
8 vulnerable to unpredictable and high energy prices;

9 (2) Washington's dependence on petroleum-based fuels increases
10 energy costs for citizens and businesses;

11 (3) Diesel soot from diesel engines ranks as the highest toxic air
12 pollutant in Washington, leading to hundreds of premature deaths and
13 increasing rates of asthma and other lung diseases;

14 (4) The use of biodiesel results in significantly less air
15 pollution than traditional diesel fuels;

16 (5) Improper disposal and treatment of organic waste from farms and
17 livestock operations can have a significant negative impact on water
18 quality;

19 (6) Washington has abundant supplies of organic wastes from farms
20 that can be used for energy production and abundant farmland where
21 crops could be grown to supplement or supplant petroleum-based fuels;

22 (7) The use of energy and fuel derived from these sources can help
23 citizens and businesses conserve energy and reduce the use of
24 petroleum-based fuels, would improve air and water quality in
25 Washington, reduce environmental risks from farm wastes, create new
26 markets for farm products, and provide new industries and jobs for
27 Washington citizens;

28 (8) The bioenergy industry is a new and developing industry that
29 is, in part, limited by the availability of capital for the

1 construction of facilities for converting farm and forest products into
2 energy and fuels;

3 (9) Wind-generated electricity provides a pollution-free source of
4 electricity, the utilization of which would be a valuable step toward
5 improving the health of the regional environment;

6 (10) Instead of leaving our economy at the mercy of global events,
7 and the policies of foreign nations, Washington state should adopt a
8 policy of energy independence; and

9 ((+10)) (11) The energy freedom program is meant to lead
10 Washington state towards energy independence.

11 Therefore, the legislature finds that it is in the public interest
12 to encourage the rapid adoption and use of wind power and bioenergy, to
13 develop a viable wind and bioenergy industry within Washington state,
14 to promote public research and development in wind and bioenergy
15 sources and markets, and to support wind power production and a viable
16 agriculture industry to grow bioenergy crops. To accomplish this, the
17 energy freedom program is established to promote public research and
18 development in wind power and bioenergy, and to stimulate the
19 construction of facilities in Washington to generate energy from wind
20 and farm sources, or to convert organic matter into fuels.

21 **Sec. 2.** RCW 15.110.010 and 2006 c 171 s 2 are each amended to read
22 as follows:

23 The definitions in this section apply throughout this chapter
24 unless the context clearly requires otherwise.

25 (1) "Applicant" means any political subdivision of the state,
26 including port districts, counties, cities, towns, special purpose
27 districts, and other municipal corporations or quasi-municipal
28 corporations. "Applicant" may also include federally recognized tribes
29 ((and)), state institutions of higher education with appropriate
30 research capabilities, and not for profit or nonprofit corporations as
31 defined in RCW 24.03.005.

32 (2) "Assistance" includes loans, leases, product purchases, or
33 other forms of financial or technical assistance.

34 (3) "Department" means the department of ((agriculture)) community,
35 trade, and economic development.

36 (4) "Director" means the director of the department of
37 ((agriculture)) community, trade, and economic development.

1 (5) "Peer review committee" means a board, appointed by the
2 director, that includes wind or bioenergy specialists, energy
3 conservation specialists, scientists, and individuals with specific
4 recognized expertise.

5 (6) "Project" means the construction of facilities, including the
6 purchase of equipment, to convert farm products or wastes into
7 electricity or gaseous or liquid fuels or other coproducts associated
8 with such conversion. These specifically include fixed or mobile
9 facilities to generate electricity or methane from the anaerobic
10 digestion of organic matter, and fixed or mobile facilities for
11 extracting oils from canola, rape, mustard, and other oilseeds.
12 "Project" may also include the construction of facilities associated
13 with such conversion for the distribution and storage of such
14 feedstocks and fuels, or wind power up to five megawatts.

15 (7) "Research and development project" means research and
16 development, by an institution of higher education as defined in
17 subsection (1) of this section, relating to:

18 (a) Wind power;

19 (b) Bioenergy sources including but not limited to biomass and
20 associated gases; or

21 (~~(b)~~) (c) The development of markets for bioenergy coproducts.

22 **Sec. 3.** RCW 15.110.020 and 2006 c 171 s 3 are each amended to read
23 as follows:

24 (1) The energy freedom program is established within the
25 department. The director may establish policies and procedures
26 necessary for processing, reviewing, and approving applications made
27 under this chapter.

28 (2) When reviewing applications submitted under this program, the
29 director shall consult with those agencies having expertise and
30 knowledge to assess the technical and business feasibility of the
31 project and probability of success. These agencies may include, but
32 are not limited to, Washington State University, the University of
33 Washington, the department of ecology, the department of community,
34 trade, and economic development, and the Washington state conservation
35 commission.

36 (3) The director, in cooperation with the department of community,

1 trade, and economic development, may approve an application only if the
2 director finds:

3 (a) The project will convert farm products, wind, or wastes
4 directly into electricity or into gaseous or liquid fuels or other
5 coproducts associated with such conversion;

6 (b) The project demonstrates technical feasibility and directly
7 assists in moving a commercially viable project into the marketplace
8 for use by Washington state citizens;

9 (c) The facility will produce long-term economic benefits to the
10 state, a region of the state, or a particular community in the state;

11 (d) The project does not require continuing state support;

12 (e) The assistance will result in new jobs, job retention, or
13 higher incomes for citizens of the state;

14 (f) The state is provided an option under the assistance agreement
15 to purchase a portion of the fuel or feedstock to be produced by the
16 project, exercisable by the department of general administration, if
17 applicable;

18 (g) The project will increase energy independence or diversity for
19 the state;

20 (h) The project will use feedstocks produced in the state, if
21 feasible, except this criterion does not apply to the construction of
22 facilities used to distribute and store fuels that are produced from
23 farm products or wastes, nor does it apply to wind projects;

24 (i) Any product produced by the project will be suitable for its
25 intended use, will meet accepted national or state standards, and will
26 be stored and distributed in a safe and environmentally sound manner;

27 (j) The application provides for adequate reporting or disclosure
28 of financial and employment data to the director, and permits the
29 director to require an annual or other periodic audit of the project
30 books; and

31 (k) For research and development projects, the application has been
32 independently reviewed by a peer review committee as defined in RCW
33 15.110.010 and the findings delivered to the director.

34 (4) The director may approve an application for assistance up to
35 five million dollars. In no circumstances shall this assistance
36 constitute more than fifty percent of the total project cost.

37 (5) The director shall enter into agreements with approved
38 applicants to fix the terms and rates of the assistance to minimize the

1 costs to the applicants, and to encourage establishment of a viable
2 bioenergy industry. The agreement shall include provisions to protect
3 the state's investment, including a requirement that a successful
4 applicant enter into contracts with any partners that may be involved
5 in the use of any assistance provided under this program, including
6 services, facilities, infrastructure, or equipment. Contracts with any
7 partners shall become part of the application record.

8 (6) The director may defer any payments for up to twenty-four
9 months or until the project starts to receive revenue from operations,
10 whichever is sooner.

11 NEW SECTION. **Sec. 4.** This act expires June 30, 2016."

12 Correct the title.

EFFECT: Strikes all references to community action agencies in the original bill. Allows nonprofit organizations to apply for funding from the Energy Freedom Program. Expands the scope of eligible projects under the Energy Freedom Program to include wind projects of up to 5 megawatts. Moves the Energy Freedom Program from the Department of Agriculture to the Department of Community, Trade, and Economic Development.

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