

---

**SUBSTITUTE HOUSE BILL 1160**

---

**State of Washington**

**60th Legislature**

**2007 Regular Session**

**By** House Committee on Technology, Energy & Communications (originally sponsored by Representatives B. Sullivan, Linville, Morris, Hankins, P. Sullivan, Chase, Upthegrove, Dickerson, Lovick, Sells, Hudgins, Kenney, Ormsby, Schual-Berke, Simpson, Goodman, Springer, Kagi, Moeller, Green and Haler)

READ FIRST TIME 02/20/07.

1       AN ACT Relating to the energy freedom program, including activities  
2 to promote green highways; amending RCW 15.110.005, 15.110.010, and  
3 15.110.020; adding a new chapter to Title 43 RCW; recodifying RCW  
4 15.110.005, 15.110.010, 15.110.020, 15.110.030, 15.110.040, 15.110.050,  
5 15.110.060, 15.110.900, and 15.110.901; and providing an expiration  
6 date.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8       **Sec. 1.** RCW 15.110.005 and 2006 c 171 s 1 are each amended to read  
9 as follows:

10       The legislature finds that:

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

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

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

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

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

6 (6) Landfill methane gas and wastewater treatment gas, if vented  
7 into the atmosphere, poses a great risk to Washington's climate.

8 (7) Washington has abundant supplies of landfill methane gas,  
9 wastewater treatment gas, and organic wastes from farms (~~that~~), which  
10 can be used for energy production and abundant farmland where crops  
11 could be grown to supplement or supplant petroleum-based fuels;

12 (~~(7)~~) (8) The use of energy and fuel derived from these sources  
13 can help citizens and businesses conserve energy and reduce the use of  
14 petroleum-based fuels, would improve air and water quality in  
15 Washington, reduce environmental risks from farm landfills, wastewater  
16 treatment plants, and wastes, create new markets for farm products, and  
17 provide new industries and jobs for Washington citizens;

18 (~~(8)~~) (9) The bioenergy industry is a new and developing industry  
19 that is, in part, limited by the availability of capital for the  
20 construction of facilities for converting farm and forest products and  
21 waste gases into energy and fuels;

22 (~~(9)~~) (10) Instead of leaving our economy at the mercy of global  
23 events, and the policies of foreign nations, Washington state should  
24 adopt a policy of energy independence; and

25 (~~(10)~~) (11) The energy freedom program is meant to lead  
26 Washington state towards energy independence.

27 Therefore, the legislature finds that it is in the public interest  
28 to encourage the rapid adoption and use of bioenergy, to develop a  
29 viable bioenergy industry within Washington state, to promote public  
30 research and development in bioenergy sources and markets, (~~and~~) to  
31 support a viable agriculture industry to grow bioenergy crops. To  
32 accomplish this, the energy freedom program is established to promote  
33 public research and development in bioenergy, (~~and~~) to stimulate the  
34 construction of facilities in Washington to generate energy from farm  
35 sources or convert organic matter, landfill methane gas, or wastewater  
36 treatment gas into fuels.

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

3       The definitions in this section apply throughout this chapter  
4 unless the context clearly requires otherwise.

5       (1) "Applicant" means any political subdivision of the state,  
6 including port districts, counties, cities, towns, special purpose  
7 districts, and other municipal corporations or quasi-municipal  
8 corporations. "Applicant" may also include federally recognized tribes  
9 and state institutions of higher education with appropriate research  
10 capabilities.

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

13       (3) "Department" means the department of (~~(agriculture)~~) community,  
14 trade, and economic development.

15       (4) "Director" means the director of the department of  
16 (~~(agriculture)~~) community, trade, and economic development.

17       (5) "Peer review committee" means a board, appointed by the  
18 director, that includes bioenergy specialists, energy conservation  
19 specialists, scientists, and individuals with specific recognized  
20 expertise.

21       (6) "Project" means the construction of facilities, including the  
22 purchase of equipment, to convert landfill methane gas, wastewater  
23 treatment gas, or farm products or wastes into electricity or gaseous  
24 or liquid fuels or other coproducts associated with such conversion.  
25 These specifically include fixed or mobile facilities to generate  
26 electricity or methane from the anaerobic digestion of organic matter,  
27 and fixed or mobile facilities for extracting oils from canola, rape,  
28 mustard, and other oilseeds. "Project" may also include the  
29 construction of facilities associated with such conversion for the  
30 distribution and storage of such feedstocks and fuels.

31       (7) "Refueling project" means the construction of new alternative  
32 fuel refueling facilities, as well as upgrades and expansion of  
33 existing refueling facilities, that will enable these facilities to  
34 offer alternative fuels to the motoring public.

35       (8) "Research and development project" means research and  
36 development, by an institution of higher education as defined in  
37 subsection (1) of this section, relating to:

1 (a) Bioenergy sources including but not limited to biomass and  
2 associated gases, landfill methane gas, and wastewater treatment gas;  
3 or

4 (b) The development of markets for bioenergy coproducts.

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

7 (1) The energy freedom program is established within the  
8 department. The director may establish policies and procedures  
9 necessary for processing, reviewing, and approving applications made  
10 under this chapter.

11 (2) When reviewing applications submitted under this program, the  
12 director shall consult with those agencies having expertise and  
13 knowledge to assess the technical and business feasibility of the  
14 project and probability of success. These agencies may include, but  
15 are not limited to, Washington State University, the University of  
16 Washington, the department of ecology, (~~the department of community,~~  
17 ~~trade, and economic development,~~) and the Washington state  
18 conservation commission.

19 (3) Except as provided in subsection (4) of this section, the  
20 director(~~, in cooperation with the department of community, trade, and~~  
21 ~~economic development,~~) may approve an application only if the director  
22 finds:

23 (a) The project will convert landfill methane gas, wastewater  
24 treatment gas, or farm products or wastes directly into electricity or  
25 into gaseous or liquid fuels or other coproducts associated with such  
26 conversion;

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

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

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

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

35 (f) The state is provided an option under the assistance agreement  
36 to purchase a portion of the fuel or feedstock to be produced by the  
37 project, exercisable by the department of general administration;

1 (g) The project will increase energy independence or diversity for  
2 the state;

3 (h) The project will use landfill methane gas, wastewater treatment  
4 gas, or feedstocks produced in the state, if feasible, except this  
5 criterion does not apply to the construction of facilities used to  
6 distribute and store fuels that are produced from landfill methane gas,  
7 wastewater treatment gas, or farm products or wastes;

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

11 (j) The application provides for adequate reporting or disclosure  
12 of financial and employment data to the director, and permits the  
13 director to require an annual or other periodic audit of the project  
14 books; and

15 (k) For research and development projects, the application has been  
16 independently reviewed by a peer review committee as defined in RCW  
17 15.110.010 (as recodified by this act) and the findings delivered to  
18 the director.

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

22 (5) The director shall enter into agreements with approved  
23 applicants to fix the terms and rates of the assistance to minimize the  
24 costs to the applicants, and to encourage establishment of a viable  
25 bioenergy industry. The agreement shall include provisions to protect  
26 the state's investment, including a requirement that a successful  
27 applicant enter into contracts with any partners that may be involved  
28 in the use of any assistance provided under this program, including  
29 services, facilities, infrastructure, or equipment. Contracts with any  
30 partners shall become part of the application record.

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

34 NEW SECTION. **Sec. 4.** The following sections are recodified as a  
35 new chapter in Title 43 RCW:

36 RCW 15.110.005

37 RCW 15.110.010

1 RCW 15.110.020  
2 RCW 15.110.030  
3 RCW 15.110.040  
4 RCW 15.110.050  
5 RCW 15.110.060  
6 RCW 15.110.900  
7 RCW 15.110.901

8 NEW SECTION. **Sec. 5.** Sections 1 through 3 of this act expire June  
9 30, 2016.

--- END ---