

SENATE BILL REPORT

SB 5194

As of January 27, 2009

Title: An act relating to the generation of electricity in energy parks.

Brief Description: Concerning the generation of electricity in energy parks.

Sponsors: Senators Delvin, Holmquist, Hewitt, Honeyford, Sheldon, Hatfield, Rockefeller, Shin and Roach.

Brief History:

Committee Activity: Environment, Water & Energy: 1/27/09.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: Karen Epps (786-7424)

Background: The Energy Facility Site Evaluation Council (EFSEC) is the permitting and certificating authority for the siting of major energy facilities in Washington. Approved facilities are issued site certification agreements, which list the conditions for constructing and operating the projects.

EFSEC does not have the authority to issue water right permits. It does, however, have the exclusive authority to specify the operational conditions of a project, which may include an authorization to use water.

In the 1970s EFSEC certified five nuclear power projects owned by the Washington Public Power Supply System (Supply System), now called Energy Northwest. Two projects were located in Satsop and three in Hanford. WNP-2 in Hanford, later renamed the Columbia Generating Station, is the only project that was completed.

In 1996 the Legislature authorized the transfer of the Satsop site restoration responsibilities from the Supply System to a local public development district. The legislation included a process for transferring surface water rights to the district.

According to the legislation, water rights were best transferred using existing statutes and administrative rules. If an administrative transfer was not possible, the legislation required the Department of Ecology (DOE) to create a trust water right for the benefit of the public development district. The water for redeveloping the Satsop sites was subsequently obtained

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by a transfer from the city of Aberdeen. The process created in 1996 to transfer water rights at Satsop is no longer in effect.

The site certification agreement for the two unfinished sites at Hanford is still in effect. The certificate authorizes the Supply System to withdraw a 30-day average of 55,200,000 gallons per day from the Columbia River, or about 85 cubic feet per second.

Summary of Bill: If an EFSEC certificate holder transfers all or a portion of a site to an energy park, EFSEC must amend the site certification agreement to release those portions of the site that are transferred. "Energy park" is defined as an unfinished site for a nuclear power project that is partially or wholly developed to generate electricity with a production capacity of not less than ten megawatts.

If a site is transferred to an energy park after January 1, 2009, the DOE must continue any EFSEC water authorization up to 15 cubic feet per second as requested by the recipient of all or a portion of the site.

Additionally, an energy park would be exempt from retail sales tax on machinery and equipment to be used to generate electricity in energy parks or labor and services necessary to install the machinery and equipment that is used to generate electricity in energy parks. An energy park would be exempt from use tax on machinery and equipment used to generate electricity in energy parks.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Energy Northwest is interested in building a carbonless energy park on these sites. Energy Northwest believes they have a non-perfected water right permit and would like to transfer a portion of that to the new energy park, which this bill would authorize.

CON: There is opposition to providing a tax break for any type of electrical generation as it would make more sense to encourage renewable energy and energy efficiency through tax breaks. It appears that the natural recipient of these tax breaks would be natural gas plants, and tax incentives should not be used for traditional fossil-based technology.

OTHER: There is concern about what the legal status of the water authorization is once the two nuclear power plants were abandoned. If the water authorization can be transferred, the bill is unclear how that authorization would relate to other water rights on the Columbia River.

Persons Testifying: PRO: Jim Rowland, Energy Northwest.

CON: Carrie Dolwick, Northwest Energy Coalition.

OTHER: Ken Slattery, Department of Ecology.