

SENATE BILL REPORT

SB 6090

As Reported by Senate Committee On:
Environment, Water & Energy, February 25, 2009

Title: An act relating to the greenhouse gas emissions performance standard under chapter 80.80 RCW.

Brief Description: Modifying provisions of the greenhouse gas emissions standards under chapter 80.80 RCW.

Sponsors: Senator Pridemore.

Brief History:

Committee Activity: Environment, Water & Energy: 1/27/09, 2/25/09 [DPS].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: That Substitute Senate Bill No. 6090 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rockefeller, Chair; Pridemore, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Hatfield, Holmquist, Marr, Morton and Ranker.

Staff: William Bridges (786-7416)

Background: Greenhouse Gas (GHG) Emissions Performance Law for Electric Generation Plants. In 2007 the Legislature established a GHG emissions performance standard (EPS) for electric generation. Under the law, electric utilities may not enter into long-term financial commitments for baseload electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of:

- 1,100 pounds of GHG per megawatt-hour; or
- the average available GHG emissions output as updated by Community, Trade and Economic Development (CTED).

"Baseload electric generation" means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. "Long-term financial commitment" means (1) either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or (2) a new or renewed contract for baseload electric generation with a term of five or more years for the provision of retail power or wholesale power to end-use customers in this state.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Applicability of EPS to Electricity Generated Outside the State. The GHG emissions performance law defines "power plant" as an electric generation facility permitted by the Energy Facility Site Evaluation Council (EFSEC) "or a local jurisdiction." During the rulemaking conducted by the Department of Ecology, an issue arose about the applicability of the EPS to electricity generated outside the state. Some asserted that because power plants outside the state are not sited by EFSEC or local governments in Washington, it could be argued that the electricity purchased from those plants would not be subject to the EPS. The department rejected this argument. It interpreted the EPS to apply to all sources of power in a new or renewed long-term contract for electricity, regardless of where the generating source is located.

Unspecified Sources of Power. An "unspecified source" of power is electricity that cannot be matched to a particular generating facility. It can result from a number of factors, including market purchases used to balance transmission and relieve short-term interruptions. Unspecified sources may also include such things as power purchased from independent producers that own a fleet of generating facilities or power purchased from BPA, which markets blended power from the region's federal dams, a nuclear power plant, a few wind farms, and other sources. Historically, BPA's unspecified sources of power have been no higher than 12 percent of its system sales.

It is difficult to ascribe emissions to unspecified sources of power. The Legislature charged the Department of Ecology to the extent practicable, to address long-term purchases of electricity from unspecified sources in a manner consistent with the emissions performance law. Accordingly, the department adopted by rule a time-weighted average formula that assigns the default emission value of an average pulverized coal plant to an unspecified source of power.

Summary of Bill (Recommended Substitute): Changing the Definition of Power Plant. The definition of "power plant," which currently means a single plant sited by EFSEC or a local jurisdiction is changed to mean a facility that includes one or more generating units at the same location.

Creating an Exemption for Power Marketed by the Bonneville Power Administration. Long-term financial commitments with the Bonneville Power Administration are exempt from the EPS.

Technical changes are made.

EFFECT OF CHANGES MADE BY ENVIRONMENT, WATER & ENERGY COMMITTEE (Recommended Substitute): The deferred accounting provision is removed. An exemption for long-term financial commitments with BPA is added.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This bill is a work in progress intended to fix some issues arising out of the rulemaking for ESSB 6001 (2007). The current language on deferred accounting needs to be changed to clear up some ambiguity on which resources qualify for the accounting, such as intermittent renewable resources like wind and solar power.

CON: The expanded deferred accounting provision poses a significant risk to ratepayers. The current law was carefully negotiated and now it is being changed without a demonstrated need.

OTHER: The bill removes some ambiguities and clarifies the Legislature's original intent about the emissions performance law applying to power generated outside the state. The bill needs to be amended to deal with power that has unspecified emissions. The formula for unspecified sources of power adopted by the Department of Ecology could allow hydro power to be blended with up to 43 percent pulverized coal. Ecology's rule on unspecified sources of power was crafted to accommodate the concerns of the public utilities, many of whom will be increasingly relying on the Bonneville Power Administration to supply their future load.

Persons Testifying: PRO: Sen. Craig Pridemore, prime sponsor; Kathleen Collins, PacifiCorp; Ken Johnson, Puget Sound Energy.

CON: Tim Boyd, Industrial Customers of NW Utilities.

OTHER: Jessica Finn Coven, Climate Solutions; Carrie Dolwick, NW Energy Coalition; Craig Engelking, Sierra Club; Dave Warren, Washington Public Utility District Association.