

# HOUSE BILL REPORT

## HB 1712

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**As Reported by House Committee On:**  
Environment

**Title:** An act relating to null power.

**Brief Description:** Regarding null power.

**Sponsors:** Representatives Harris, Crouse, Short, Jacks and McCune.

**Brief History:**

**Committee Activity:**

Environment: 2/10/11, 2/11/11 [DPS].

**Brief Summary of Substitute Bill**

- Modifies the fuel mix disclosure reporting requirements to include null power and renewable resources.

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### HOUSE COMMITTEE ON ENVIRONMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Upthegrove, Chair; Rolfes, Vice Chair; Short, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Fitzgibbon, Jacks, Jinkins, Moscoso, Nealey, Pearson, Takko, Taylor and Tharinger.

**Minority Report:** Do not pass. Signed by 1 member: Representative Morris.

**Staff:** Scott Richards (786-7156).

**Background:**

Fuel Mix Disclosure.

Each retail electric utility in the state must disclose its actual or imputed annual fuel mix used to generate electricity. The disclosure must provide the percentage attributable to each of the following generation sources: coal; hydroelectric; natural gas; nuclear; or other. Utilities

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may separately report a subcategory of natural gas generation to identify high efficiency cogeneration.

If a source categorized as other is more than 2 percent of a utility's total mix, then it must identify the component sources, such as the following examples: biomass; geothermal; landfill gas; oil; solar; waste incineration; or wind.

Utilities that do not declare their actual sources must report the fuel mix to the Northwest Power Pool, called the net system power mix. In 2009 the net system power mix contained about 43 percent coal and 35 percent hydropower, among other resources. Utilities that purchase electricity from the Bonneville Power Administration (BPA) may disclose the source as the BPA system mix.

The Department of Commerce compiles fuel mix data from all retail electric utilities in the state, calculates the net system power mix, and publishes an annual fuel mix report.

#### Null Power.

The term null power generally refers to renewable electricity from which Renewable Energy Credits (RECs) have been separated. Under the fuel mix reporting law, null power is assigned the net system power mix.

#### Renewable Energy Credit.

Approved by voters in 2006, the Energy Independence Act (I-937) requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources or RECs. Under the I-937, a REC is a tradable certificate of proof of at least one megawatt hour of an eligible renewable resource where the generation facility is not powered by fresh water. A REC represents all the nonpower attributes associated with the power. The RECs can be bought and sold in the marketplace, and they may be used to satisfy the I-937 requirements during the year they are acquired, the previous year, or the subsequent year.

#### Eligible Renewable Resources Under the I-937.

An eligible renewable resource includes wind; solar; geothermal energy; landfill and sewage gas; wave and tidal power; and certain biomass and biodiesel fuels. Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999. The facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis. Incremental electricity produced from efficiency improvements at hydropower facilities owned by qualifying utilities is also an eligible renewable resource, if the improvements were completed after March 31, 1999.

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#### **Summary of Substitute Bill:**

### Defining Null Power for Fuel Mix Disclosure Reports.

The term null power means energy, capacity, reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource that are separated from its nonpower attributes by the severing or unbundling of the associated RECs, as defined in the I-937.

### Fuel Mix Categories for Renewable Resources and Null Power.

When developing its fuel mix report, a retail electric utility must identify the percentage of its total electricity sold from renewable resources and null power. The definition of renewable resources includes null power as well as water; wind; solar energy; geothermal energy; landfill gas; or biomass energy based on solid organic fuels from wood, forest, or field residues or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives.

The bill makes technical corrections; for example, the references to the Department of Community, Trade and Economic Development are corrected to the Department of Commerce.

### **Substitute Bill Compared to Original Bill:**

Provisions relating to how null power is treated under the state's greenhouse gas emissions performance standards are removed from the bill.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) Fuel mix reporting is like a nutritional label that shows customers where their electrical utilities get their electricity. When an electric utility goes out onto the spot market to buy electricity, part of the electricity purchase gets attributed to coal and reported as the Northwest Power Pool's net system fuel mix. Even wind power purchased on the spot market gets attributed to the net system fuel mix. The issue of attributing wind as having coal emissions needs to be cleared up to make sure our customers know where their power comes from.

The important point to consider is that null power derives from renewable energy. All that is different is that its environmental attributes, in the form of a REC, have been separated from the underlying power. The power still comes from a renewable energy resource. The bill

does not change that fact, it recognizes it. The bill does not implicate the I-937 and it does not impact the laws of other states in how they define renewable energy. Null power is renewable energy without the RECs and should be treated the same as renewable energy under rules governing the state's greenhouse gas emissions performance standards.

Coal-fired power generation is considered by many to be a high risk energy resource for the future and customers like to think about Washington as a coal-free state. When the fuel mix disclosure reporting system overstates the amount of coal a utility uses, then this adds to customer confusion.

(In support with concerns) When the Legislature passed the fuel mix disclosure law 10 years ago, RECs were not in existence in the state. Defining the null power category under the fuel mix disclosure is worth pursuing. The bill should focus exclusively on the fuel mix disclosure part of the bill.

(With concerns) The I-937 requires that the nonpower attributes of renewable energy, including greenhouse gas emissions, stay as part of the REC. By declaring null power as compliant with the state's greenhouse gas emissions performance standard, this bill puts the nonpower attributes with the power. This could lead to double counting of the environmental attributes and add to customer confusion. Additionally, this could have implications to the implementation of the I-937. The issue of how to count null power has been part of a larger discussion ongoing across the West. If Washington decides to establish a greenhouse gas emissions reporting system in the future, then we must be careful today with how we define and treat null power and the environmental attributes of renewable energy. We recommend that this issue needs more time and discussion.

(Opposed) The power we believe will be there for the future may not be there. We need to go slowly on these issues.

**Persons Testifying:** (In support) Representative Harris, prime sponsor; Lisa Thatcher, Clark Public Utilities; Collins Sprague, AVISTA Corporation; Bob Mackt, Tacoma Public Utilities; and Steve Klein, Snohomish County Public Utilities Department.

(In support with concerns) Tony Usibelli, Department of Commerce; and Ann Rendahl, Utilities and Transportation Commission.

(With concerns) Danielle Dixon, Northwest Energy Coalition.

(Opposed) Randy Robbins, Boilermakers Local 502.

**Persons Signed In To Testify But Not Testifying:** None.