
Environment Committee

HB 1825

Brief Description: Strengthening local economies by reducing emissions from coal-fired power generation through decommissioning.

Sponsors: Representatives Liias, Morris, Upthegrove, Rolfes, Fitzgibbon, Frockt, McCoy, Billig, Goodman, Moscoso, Pedersen, Reykdal, Jenkins, Maxwell, Green, Hudgins and Darneille.

Brief Summary of Bill

- Applies the greenhouse gas emission performance standard to electricity generating power plants (a qualifying plant) located in Washington that combusted more than one million tons of coal per year.
- Requires a qualifying plant to prepare a preliminary decommissioning plan.
- Requires a qualifying plant to pay an annual fee to a decommissioning trust account until the facility ceases operations.
- Establishes a transition and decommissioning advisory board to review and authorize the decommissioning plans of a qualifying plant.
- Directs the Community Economic Revitalization Board and the Public Works Board to fund projects to attract new industrial and commercial activities in areas effected by the closure of a qualifying facility.

Hearing Date: 2/15/11

Staff: Scott Richards (786-7156).

Background:

Greenhouse Gas Emission Reductions.

The state is required to achieve the following statewide greenhouse gas (GHG) emission reductions:

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- by 2020 reduce overall GHG emissions in the state to 1990 levels;
- by 2035 reduce overall GHG emissions in the state to 25 percent below 1990 levels; and
- by 2050 reduce overall GHG emissions in the state to 50 percent below 1990 levels, or 70 percent below the state's expected GHG emissions that year.

Greenhouse Gas Emissions Performance Standard for Electric Generation Plants.

Electric utilities may not enter into a long-term financial commitment 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 Commerce.

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.

Executive Order.

In 2009 the Governor issued an executive order directing the Department of Ecology (DOE) to work with the existing coal-fired plant within Washington that burns over one million tons of coal per year, TransAlta Centralia Generation LLC, to establish an agreed order to apply the emission performance standard (EPS) to the facility by no later than December 31, 2025. The agreed order must include a schedule of major decision making and resource investment milestones. Discussions between DOE and TransAlta are continuing.

The Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) is the permitting and certifying authority for the siting of major energy facilities in Washington, such as thermal electric power plants 350 megawatts or greater. In addition, energy facilities of any size that exclusively use alternative energy resources (e.g. wind, solar, geothermal, landfill gas, wave or tidal action, or biomass energy) can opt-in to the EFSEC process. The EFSEC must process an application within 12 months of receipt, or a later mutually agreed date.

Community Economic Revitalization Board.

Comprised of 20 members appointed by the Governor, the Community Economic Revitalization Board (CERB) funds public infrastructure improvements, such as the acquisition, construction, or repair of water and sewer systems, bridges, railroad spurs, telecommunication systems, roads, structures, and port facilities.

Public Works Board.

Comprised of 13 members appointed by the Governor, the Public Works Board administers the public works assistance account to provide loans to local governments and to special purpose districts with infrastructure projects.

Bonneville Power Administration.

The Bonneville Power Administration (BPA) is a federal nonprofit agency based in the Pacific Northwest. The BPA markets wholesale electrical power from 31 federal hydro projects in the Columbia River Basin, one nonfederal nuclear plant and several other small nonfederal power plants. The BPA also operates and maintains about three-fourths of the high-voltage transmission in its service territory. BPA's service territory includes Idaho, Oregon, Washington, western Montana and small parts of eastern Montana, California, Nevada, Utah, and Wyoming.

The Surface Mine Reclamation Act.

The Surface Mine Reclamation Act is a reclamation law that requires a permit for each mine that: (1) results in more than three acres of mine-related disturbance, or (2) has a high-wall that is both higher than 30 feet and steeper than 45 degrees. The Department of Natural Resources (DNR) is responsible for ensuring that reclamation follows completion of surface and underground mining. The DNR has exclusive authority to regulate mine reclamation and approve reclamation plans.

Summary of Bill:

Greenhouse Gas Emissions Performance Standard.

Qualifying plants located in Washington that combusted more than one million tons of coal per year for the purpose of generating electricity, in any of the five years preceding the effective date of this act, are not deemed to be in compliance with the greenhouse emission performance standard (GHG EPS) and must meet the GHG EPS by December 31, 2015. If the Bonneville Power Administration determines that there are technical barriers related to operation and reliability of the electrical transmission grid as a result of meeting the GHG EPS by December 31, 2015, then these power plants must meet the GHG EPS by December 31, 2017. The state may not require early or additional reductions of greenhouse gas emissions for coal-fired power plants except as may be required for these plants under a federal program.

Preliminary Decommissioning Plan.

Every qualifying plant is required to prepare a preliminary decommissioning plan as prescribed by the rules developed by the DOE. The preliminary decommissioning plan must address the following: Decontamination of toxic materials at the facility; dismantling and disposal of nonfungible infrastructure, equipment, and material; either repurposing or rehabilitation, or both, of fungible infrastructure; and preparation of the facility for either future use or sale, or both.

By July 1, 2013, the DOE must adopt rules for the preparation of a preliminary decommissioning plan. The DOE must consult with the Energy Facility Site Evaluation Council (EFSEC) to harmonize the standards developed by the EFSEC for site restoration and preservation applicable to facilities subject to a site certification agreement with the rules developed the DOE. Also, the

DOE must consult with the DNR to harmonize the standards with the site reclamation requirements under the surface mining reclamation laws.

The rules developed by the DOE must require the preliminary decommissioning plan to include, but not be limited to:

- a written policy articulating management and corporate support for the preliminary decommissioning plan and a commitment to implementing planned activities and achieving established goals;
- the preliminary decommissioning plan scope and objectives;
- a full description of toxic materials at the site and plans for decontamination and disposal of the material;
- a full description of infrastructure at the site that may be useful for purposes other than coal combustion and analysis of how that infrastructure may be used or sold;
- a selection of decommissioning options to be implemented and an analysis of impediments to implementing the options;
- a specific performance goals for preserving, repurposing, or improving fungible infrastructure that will remain at the site after decommissioning;
- plans for coordinating with the local community for the future of the site and facilities;
- a description of how toxic materials will be recycled, managed, and disposed;
- a financial description of the preliminary decommissioning plan;
- a preliminary decommissioning plan implementation schedule;
- documentation of toxic material reduction efforts completed before commencement of decommissioning; and
- an executive summary of the preliminary decommissioning plan.

Upon completion of a preliminary decommissioning plan, the person with the authority to commit management to the preliminary decommissioning plan shall sign and submit the preliminary decommissioning plan to the DOE and to the Transition and Decommissioning Advisory Board. The preliminary decommissioning plan must be updated and revised in coordination with the DOE and the Transition and Decommissioning Advisory Board.

Decommissioning Fee.

Beginning on September 1, 2012, a qualifying plant must pay annually until coal combustion at the facility ceases, a decommissioning fee to a trust account set up to receive a fee for the purpose of decommissioning a qualifying plant. The fee is assessed on total annual electricity generated from the combustion of coal in the amount of \$1 per megawatt hour.

The DOE may receive no more than 5 percent of fee proceeds from 2012 to perform its duties in developing preliminary decommissioning plan rules and consulting with the EFSEC to harmonize decommissioning standards and the to harmonize mine site restoration standards.

The corporation or company that owns or operates a qualifying plant is responsible for any costs associated with eliminating toxic contamination at the plant, dismantling infrastructure at the plant, or disposing of waste created by the dismantling of infrastructure at the facility, if those costs exceed the amount reserved in the trust account.

Decommissioning Trust Account.

Fees paid by a qualifying plant for the purpose of decommissioning must be deposited in a trust account maintained for the purpose of holding such decommissioning funds. Expenditures from the trust account may only be made in accordance with an authorized decommissioning plan.

Transition and Decommissioning Advisory Board.

The Transition and Decommissioning Advisory Board (Advisory Board) is created to review and authorize the decommissioning plan of a qualifying plant.

The Advisory Board consists of nine members. Five members are voting members appointed by the Governor. The voting members include: a representative of the owner of the qualifying plant; a representative of the county economic development council where the qualifying plant is located; a representative of the majority of employees at the qualifying plant, chosen by those employees or a bargaining entity established to represent those employees; and the two voting board members who represent the general public. The Governor must appoint one of the general public members of the Advisory Board as the chair. The Governor must appoint the voting members of the board by October 1, 2011.

In addition to the five voting members, the following four government officials serve as ex officio nonvoting members of the Advisory Board: The Director of the DOE; the mayor of the city in which the qualifying plant is located; a representative of the city council in which the qualifying plant is located; and the chair of the county council in which the qualifying plant is located.

In making the appointments to the Advisory Board, the Governor shall seek a board membership that collectively provide the expertise necessary to provide strong fiscal and environmental oversight of the decommissioning plan and that provides extensive knowledge of local government processes and functions and an understanding of issues relevant to the environment and economic development in the state.

Economic Development.

The CERB and the Public Works Board must each solicit projects to plan, design, and construct public facilities needed to attract new industrial and commercial activities in areas impacted by the closure or potential closure of large coal-fired electric generating facilities that have combusted more than one million tons per year of coal in each year between 2006 and 2010. The CERB and the Public Works Board must provide for funding of projects at the following levels:

- at least \$500,000 for 2011-13 biennium,
- at least \$500,000 for 2013-15 biennium,
- at least \$1 million for 2015-17 biennium,
- at least \$1 million for the 2017-19 biennium,
- at least \$2 million for the 2019-21 biennium, and
- at least \$2 million for the 2021-23 biennium.

Definitions.

Authorized decommissioning plan means the plan to accomplish transition and decommissioning that has been approved by the Advisory Board.

Decommissioning means actions taken to reduce or eliminate the potential public health and safety impacts of a building, structure, or plant that has permanently ceased operations, including, but not limited to, actions such as decontamination, demolition, disposition of waste materials, and rehabilitation or preparation of the facility for future use.

Qualifying plant means a facility within Washington that, in each of the five years preceding the effective date of this section, combusted more than one million tons of coal per year for the purpose of generating electricity for sale.

Appropriation: None.

Fiscal Note: Requested 2/3/2011.

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