

# HOUSE BILL REPORT

## ESHB 2664

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### As Passed Legislature

**Title:** An act relating to the voluntary option to purchase qualified energy resources.

**Brief Description:** Concerning the voluntary option to purchase qualified energy resources.

**Sponsors:** House Committee on Technology, Energy & Communications (originally sponsored by Representative Morris).

#### **Brief History:**

##### **Committee Activity:**

Technology, Energy & Communications: 1/27/12 [DPS].

##### **Floor Activity:**

Passed House: 2/9/12, 97-0.

Passed Senate: 2/29/12, 47-1.

Passed Legislature.

#### **Brief Summary of Engrossed Substitute Bill**

- Modifies the definition of "qualified alternative energy resource" to include thermal energy produced from certain generation facilities.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Short, Assistant Ranking Minority Member; Anderson, Billig, Carlyle, Dahlquist, Haler, Harris, Hasegawa, Kelley, Liias, McCune, Morris, Nealey and Wylie.

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

#### **Background:**

Electric utilities must provide to their retail electricity customers a voluntary option to purchase qualified alternative energy resources. On at least a quarterly basis, electric utilities must include with their retail customers regular billing statement a voluntary option to purchase qualified alternative energy resources. A utility may provide qualified alternative

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energy resource options through either resources it owns or contracts for, or the purchase of credits issued by a clearinghouse, or other system.

Qualified alternative energy resource is defined to mean the electricity produced from generation facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas produced during the treatment of wastewater; (g) qualified hydropower; or (h) biomass energy based on animal waste or 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 such as creosote, pentachlorophenol, or copper-chrome-arsenic.

Each consumer-owned utility must report annually to the Department of Commerce (Department) and each investor-owned utility must report annually to the Utilities and Transportation Commission (Commission) describing the option or options it is offering its customers, the rate of customer participation, the amount of qualified alternative energy resources purchased by customers, the amount of utility investments in qualified alternative energy resources, and the results of pursuing aggregated purchasing opportunities. The Department and the Commission together must report annually to the Legislature with the results of the utility reports. The reporting requirement expires on October 1, 2012.

**Summary of Engrossed Substitute Bill:**

The definition of "qualified alternative energy resource" is modified to include thermal energy produced from certain generation facilities.

Annual reporting requirements are removed for electric utilities relating to the voluntary option to purchase qualified alternative energy resources (voluntary option). Electric utilities must maintain information relating to the voluntary option and make available the information upon request of the Department or the Commission. The Department and the Commission must report the information to the appropriate committees of the Legislature upon request.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) No one envisioned that when this policy was put in statute years ago that thermal energy using alternative fuels such as solar energy would not qualify for use. This bill would allow thermal energy produced by renewable resources to qualify for Renewable Energy Credits. This bill could encourage large-scale private investment and help to diversify the energy resources in Washington. Thermal energy produced by excess renewable electricity can provide energy storage to balance periods of excess wind and hydro generation, protecting the state from negative pricing. The proposed changes in the bill represent the

first step in many by the State of Washington that recognizes thermal energy for its energy efficiency and sustainability goals.

(Opposed) None.

**Persons Testifying:** Chuck Collins, Cascade Power Group; Stan Gent, Seattle Steam Company; and Christine Brewer, AVISTA Corporation.

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