

# SENATE BILL REPORT

## 2ESHB 1365

---

---

As of Second Reading

**Title:** An act relating to distributed generation.

**Brief Description:** Concerning distributed generation.

**Sponsors:** House Committee on Environment (originally sponsored by Representatives Eddy, Warnick, Morris and Hinkle).

**Brief History:** Passed House: 2/26/11, 95-2; 5/24/11, 91-3.

**Committee Activity:**

**Staff:** William Bridges (786-7416)

**Background:** Energy Independence Act. Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources.

Energy Conservation Assessments and Targets. Each qualifying electric utility must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessments every two years for the next ten-year period. Beginning January 2010 each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessments.

Eligible Renewable Resource Targets. Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

Eligible Renewable Resource. The term eligible renewable resource includes wind; solar; geothermal energy; landfill and sewage gas; wave and tidal power; and certain biodiesel fuels. The following biomass is also classified as an eligible renewable resource: animal

---

*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.*

waste and solid organic fuels from wood, forest, or field residues and dedicated energy crops. The following biomass is not an eligible renewable resource: wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; black liquor by-product from paper production; wood from old growth forests; and municipal solid waste.

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.

Renewable Energy Credit (REC). 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. Under I-937, a REC represents all the nonpower attributes associated with the power. RECs can be bought and sold in the marketplace; and they may be used during the year they are acquired, the previous year, or the subsequent year.

Distributed Generation. Under I-937 qualifying utilities may count distributed generation at double the facilities output. Distributed generation means an eligible renewable resource where the generation facility has a generating capacity of not more than five megawatts.

**Summary of Bill:** Creating a Double Multiplier for Solar Energy Systems in I-937. A new section is added to I-937 that allows a qualifying utility to count the output from a solar energy system at double the system's electrical output if at least one-half of the system is manufactured in Washington and the system (1) is located in Washington; (2) is capable of generating not more than 20 average megawatts in a calendar year; and (3) has by July 31, 2012, either an EFSEC site certification or a land-use permit from a local government. The output of such a system may not be double counted as distributed generation under I-937.

A solar energy system means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity.

Finding. The Legislature finds that distributing generation from new solar energy systems broadly throughout the state advances the state energy policy.

**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.