

SENATE BILL REPORT

SHB 2422

As Reported by Senate Committee On:
Energy, Natural Resources & Marine Waters, February 16, 2012

Title: An act relating to aviation biofuels production.

Brief Description: Supporting the development of aviation biofuels production.

Sponsors: House Committee on Technology, Energy & Communications (originally sponsored by Representatives Billig, Haler, Stanford, McCoy, Maxwell, Eddy, Nealey, Crouse, Probst, Liias, Parker, Van De Wege, Upthegrove, Ormsby, Kenney, Morris and Moscoso).

Brief History: Passed House: 2/09/12, 86-11.

Committee Activity: Energy, Natural Resources & Marine Waters: 2/15/12, 2/16/12 [DP].

SENATE COMMITTEE ON ENERGY, NATURAL RESOURCES & MARINE WATERS

Majority Report: Do pass.

Signed by Senators Ranker, Chair; Regala, Vice Chair; Delvin, Ranking Minority Member; Morton, Ranking Minority Member; Fraser, Hargrove, Murray, Stevens and Swecker.

Staff: William Bridges (786-7416)

Background: Sustainable Aviation Fuels Northwest (SAFN). Led by Alaska Airlines; the Boeing Company; the Ports of Seattle, Portland, and Spokane; and Washington State University (WSU), SAFN is a broad-based stakeholder group that explores the opportunities and challenges surrounding the production of sustainable aviation fuels. In May 2011 SAFN released a report which concluded, among other things, that the Northwest offers significant assets to meet a portion of jet fuel demands from sustainable regional feedstocks.

State Energy Strategy. The 2012 state energy strategy, prepared by the Department of Commerce (Commerce), is designed to promote a clean energy economy, competitive energy prices, and lower greenhouse gas emissions. Among other things, the strategy highlights Washington's unique opportunity to become a hub for the production and use of sustainable biofuels for aviation.

Projects of Statewide Significance. In order to encourage major investments for industrial development, environmental improvement, and innovation activities the Legislature created a

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process, called projects of statewide significance, in order to expedite the completion of projects that meet certain capital investment or job creation requirements. Commerce designates projects of statewide significance, and local governments with such projects must work with the Office of Regulatory Assistance to expedite their permitting.

Washington State Housing Finance Commission (HFC). Created by the Legislature to assist in making affordable housing available throughout the state, HFC is authorized by federal law to issue tax-exempt revenue bonds to fund low-cost housing. HFC does not use public funds, nor does it lend the credit of the state. Under 2009 legislation, HFC bonds may be used to provide financing for energy efficiency improvements or net-metered systems.

Innovate Washington. Created by the Legislature in 2011, Innovate Washington is the primary state agency focused on the innovation-based economic sectors of the state and the technology transfer needs of the state's existing businesses. It is also the state's lead entity for coordinating clean energy initiatives.

Summary of Bill: Designates Aviation Biofuels Production Facilities as Projects of Statewide Significance. Aviation biofuels production facilities are added to the definition of projects of statewide significance, which makes the biofuel facilities eligible for expedited local permitting. The term aviation biofuels production facility means a facility primarily for the processing of nonfossil biogenic feedstocks to produce aviation fuels that meet the fuel quality technical standards of the American Society for Testing Materials for aviation fuels and coproducts.

Authorizes HFC Financing for Aviation Biofuels Production Facilities. HFC may finance facilities that are primarily for the production, processing, or handling of aviation biofuels or the nonfossil biogenic feedstocks of such fuels. Various terms are defined, including aviation biofuels, facilities, financing document, and project costs.

Requires Innovate Washington to Convene a Sustainable Aviation Biofuels Workgroup. Among other things, the workgroup must further the development of a sustainable aviation fuel industry in the state, using as a foundation the assessment prepared by SAFN. The workgroup's membership is specified, and must include legislative members. The workgroup may not meet more than twice per year, and must provide annual updates of its findings and recommendations to the Governor and legislative committees. The workgroup expires in June 2015.

Findings. Various findings are made, such as the environmental and energy independence benefits of supporting the regional production of aviation biofuels.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: Yes.

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

Staff Summary of Public Testimony: PRO: The prime sponsor worked on this issue during the 2011 interim with a broad coalition of sustainable energy advocates, aviation companies, and biofuel researchers. The coalition identified two gaps that need to be addressed if Washington is to be a leader in the aviation biofuels market: (1) the lack of aviation biofuel refineries in Washington, and (2) the need to continue the work of SAFN. This bill supports the efforts of the Department of Natural Resources (DNR) in developing forest-based aviation biofuels feedstocks. The bill also builds on WSU's leadership in sustainable fuels, bio-products, and bio-energy research.

Persons Testifying: PRO: Representative Billig, prime sponsor; Chris Mulick, WSU; Rachael Jamison, DNR; Miguel Perez-Gibson, Climate Solutions.