

SENATE BILL REPORT

ESHB 2545

As Reported by Senate Committee On:
Energy, Natural Resources & Marine Waters, February 23, 2012

Title: An act relating to fuel usage by local governments.

Brief Description: Including compressed natural gas, liquefied natural gas, or propane in fuel usage requirements for local governments.

Sponsors: House Committee on Technology, Energy & Communications (originally sponsored by Representatives Zeiger, Ladenburg, Dammeier, Seaquist, Angel, Dahlquist, Wilcox, Jinkins, McCune and Kelley).

Brief History: Passed House: 2/09/12, 97-0.

Committee Activity: Energy, Natural Resources & Marine Waters: 2/22/12, 2/23/12 [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: Angeline Thomas (786-7470)

Background: In 2007 the Legislature enacted alternative fuel usage requirements for state and local governments. These requirements specify that by 2015, all state agencies and local governments, to the extent practicable as determined by the Department of Commerce (Commerce), must satisfy 100 percent of their fuel needs for all vessels, vehicles, and construction equipment using electricity or biofuel.

In 2009 an interim alternative fuel usage requirement was adopted for state agencies. By June 1, 2015, state agencies, to the extent practicable as determined by Commerce, must achieve 40 percent fuel usage from electricity or biofuel for publicly owned vessels, vehicles, and construction equipment. In 2011 legislation was enacted that granted local government subdivisions three additional years to comply with the requirement.

By June 1, 2015, Commerce must adopt rules to define practicability and clarify how local government will be evaluated to determine whether they have met associated goals. In

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developing state and local government compliance rules, Commerce must at least consider the following factors: (1) the regional availability of fuels; (2) vehicle costs; (3) differences between types of vehicles, vessels, or equipment; (4) the cost of program implementation; and (5) cost differentials in different parts of the state. Commerce must also develop a schedule for phased-in progress towards meeting the goal, and that may include different schedules for different fuel applications or different quantities of biofuel.

Summary of Bill: In satisfying their fuel usage requirements, local governments and state agencies may substitute compressed natural gas, liquefied natural gas, and propane for electricity or biofuel if Commerce determines that electricity and biofuel are not reasonably available.

Transit agencies using compressed natural gas on June 1, 2018, are exempt from fuel usage requirements.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This bill is good for the environment, cost effective, and allows local governments greater flexibility in meeting the fuel usage requirements. It was brought to the attention of legislators by Pierce Transit who uses CNG to fuel its buses. Pierce Transit began operating with CNG in 1986 and it has seen significant environmental results from the use of CNG, such as a 20 percent reduction in greenhouse gas emissions and an 80 percent reduction of smog. Additionally, Pierce Transit has enjoyed financial benefits and fared better in the current economic recession given its ability to secure a locked-in \$0.71 price per gallon of CNG compared with the cost of diesel fuel.

Without this bill, Pierce Transit would have to abandon its CNG vehicles, resulting in a costly transition to build an infrastructure to support other fuels. In addition, Pierce Transit would have to return American Recovery and Reinvestment Act funding for the installation of CNG fueling stations. The bill gives local jurisdictions more fuel options that may keep the price of providing services lower.

Propane gas is recognized as a renewable fuel under the Energy Policy Act of 1992. Propane is clean burning and will reduce harmful emissions associated with diesel fuel. Local governments such as the Texas Department of Transportation, the Mississippi Gulf Coast Department of Transportation, the Los Angeles Department of Transportation, and the Portland School District power buses using propane. Propane is efficient and a product already widely available on the market.

Persons Testifying: PRO: Representative Hans Zeiger, prime sponsor; Brianna Taylor, Al Ralston, Pierce Transit; Collins Sprague, AVISTA Corporation; James Curry, Pacific Propane Gas Association; Miguel Perez-Gibson, Climate Solutions.