

SENATE BILL REPORT

SB 5431

As of February 17, 2011

Title: An act relating to null generation electricity.

Brief Description: Defining the attributes of null generation electricity.

Sponsors: Senators Rockefeller and Nelson.

Brief History:

Committee Activity: Environment, Water & Energy:

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: William Bridges (786-7416)

Background: Fuel Mix Disclosure. Each retail electric utility in the state must disclose its actual or imputed annual fuel mix used to generate electricity. The disclosure must provide the percentage attributable to each of the following generation sources: coal, hydroelectric, natural gas, nuclear, or other. Utilities may separately report a subcategory of natural gas generation to identify high efficiency cogeneration.

If a source categorized as other totals more than 2 percent of a utility's total mix, it must identify the component sources, which may include the following: biomass, geothermal, landfill gas, oil, solar, waste incineration, or wind.

Utilities that do not declare their actual sources must report the fuel mix of the Northwest power pool, called the net system power mix. In 2009 the net system power mix contained about 43 percent coal and 35 percent hydropower, among other resources. Utilities that purchase electricity from the Bonneville Power Administration (BPA) may disclose the source as the BPA system mix.

The Department of Commerce (Commerce) compiles fuel mix data from all retail electric utilities in the state, calculates the net system power mix, and publishes an annual fuel mix report.

Greenhouse Gas (GHG) Emissions Performance Standard (EPS) for Electric Generation Plants. Electric utilities may not enter into long-term financial commitment for baseload

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electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of:

- 1100 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.

Renewable Resources Under the EPS. Electric generation plants powered exclusively by renewable resources are deemed to be in compliance with the EPS. Renewable resources means the following: water; wind; solar energy; geothermal energy; landfill gas; biomass energy utilizing animal waste, dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives, or solid organic fuels from wood, forest, or field residues; by-products of pulping or wood manufacturing processes, including but not limited to bark, wood chips, sawdust, and lignin in spent pulping liquors; ocean thermal, wave, or tidal power; or gas from sewage treatment facilities. This definition is the same as that used for integrated resource planning.

Unspecified Sources of Power. An unspecified source of power is electricity that cannot be matched to a particular generating facility. It can result from a number of factors, including market purchases used to balance transmission and relieve short-term interruptions. Under the EPS, the Department of Ecology has adopted a time-weighted average formula that assigns the default emission value of an average pulverized coal plant to an unspecified source of power.

Renewable Energy Credit (REC). Approved by voters in 2006, the Energy Independence Act (I-937) requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources or RECs. Under I-937, 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. 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 to satisfy I-937 requirements during the year they are acquired, the previous year, or the subsequent year.

Eligible Renewable Resources Under I-937. An eligible renewable resource includes wind; solar; geothermal energy; landfill and sewage gas; wave and tidal power; and certain biomass and biodiesel fuels. 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.

Null Generation or Null Power. The terms null generation or null power generally refer to renewable electricity from which RECs have been separated. Under the fuel mix reporting law, null power is assigned the net system power mix. On January 19, 2011, the issue of null power was discussed during a work session held by the Senate Environment, Water & Energy Committee. The committee subsequently heard two bills addressing null power: SB 5510 on February 8, 2011, and SB 5809 on February 16, 2011.

Summary of Bill: Defining Null Generation for Fuel Mix Reports and the EPS. The term null generation means electricity generated from renewable resources that is separated from its renewable attributes by the use of renewable energy credits or other tradable evidence of nonpower attributes. Renewable energy credit has the same meaning as defined in I-937.

Creating Fuel Mix Category for Null Generation. When developing its fuel mix report, a retail electric utility must identify the percentage of its total electricity sold from null generation.

Assigning Zero Emissions to Null Generation Under the EPS. Commerce must assign the measured emissions rate of zero to null generation for purposes of the EPS.

Making Technical Corrections. References to the Departments of Community, Trade, and Economic Development are corrected to the Department of Commerce.

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.