

SENATE BILL REPORT

SB 5510

As of February 10, 2011

Title: An act relating to null power.

Brief Description: Defining the attributes of null power.

Sponsors: Senators Rockefeller and Nelson.

Brief History:

Committee Activity: Environment, Water & Energy: 2/08/11.

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:

- 1,100 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, 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; 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 Power. The term null power generally refers to renewable electricity from which RECs have been separated. Under the fuel mix reporting law, null power is assigned the net system power mix.

Summary of Bill: Defining Null Power for Fuel Mix Reports and the EPS. The term null power means energy, capacity, reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource that are separated from its nonpower attributes by the severing or unbundling of the associated renewable energy credits, as defined in I-937.

Creating Fuel Mix Categories for Renewable Resources and Null Power. When developing its fuel mix report, a retail electric utility must identify the percentage of its total electricity sold from renewable resources and null power. The definition of renewable resources includes null power as well as water; wind; solar energy; geothermal energy; landfill gas; or biomass energy based on 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.

Deeming Null Power in Compliance with the EPS. Null power is deemed to be in compliance with the EPS.

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

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: The genesis of the bill was a committee work session that revealed anomalies in the state fuel mix reporting system where attributed emissions are different from reality. For example, the state fuel mix report lists Franklin PUD has having 10.4 percent coal in its portfolio, which in reality is wind power stripped of its RECs. Klickitat PUD generates renewable electricity from land-fill gas but sells the RECs to California. It is not clear if the PUD's electricity will be assigned the emissions value of coal under the emissions performance standard. An improvement can be made to the fuel mix disclosure process by creating a null power category, but the EPS should not be amended.

OTHER: To classify null power as renewable will facilitate double counting of the renewable attributes by the REC holder and the generator. Renewable attributes should either be carried by the null power or RECs, but not both. Null power is an issue of great discussion in the West and there is no consensus answer. Different definitions of renewable power under the EPS and I-937 will create confusion in the regulatory process.

Persons Testifying: PRO: Senator Rockefeller, prime sponsor; Ed Brost, Franklin PUD; Anna Miles, Public Generating Pool; Ann Rendahl, WA Utilities and Transportation Commission; Tony Usibelli, Dept. of Commerce; Dave Warren, WA Public Utility Districts Assn.

OTHER: Nancy Hirsch, NW Energy Coalition.