

# SENATE BILL REPORT

## SB 5510

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As Reported by Senate Committee On:  
Environment, Water & Energy  
Environment, January 20, 2012

**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.  
Environment: 1/20/12 [DPS, DNP].

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

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

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### SENATE COMMITTEE ON ENVIRONMENT

**Majority Report:** That Substitute Senate Bill No. 5510 be substituted therefor, and the substitute bill do pass.

Signed by Senators Nelson, Chair; Rolfes, Vice Chair; Chase, Fraser and Pridemore.

**Minority Report:** Do not pass.

Signed by Senators Ericksen, Ranking Minority Member; Honeyford, Morton and Sheldon.

**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.

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*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.*

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.

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.

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 (Recommended Substitute):** Defining Null Power for Fuel Mix Reports. The term null power means electricity, measured in megawatt hours, that has been separated from its nonpower attributes; a megawatt hour of null power is not renewable and cannot be represented as such.

Defining Nonpower Attributes. The term nonpower attributes means all environmentally related characteristics, exclusive of energy, capacity, reliability, and other electrical power service attributes, that are associated with the generation of electricity, including but not limited to the facility's fuel type, geographic location, vintage, and avoided emissions of pollutants to the air, soil, or water, and avoided emissions of carbon dioxide and other greenhouse gases.

Creating a Fuel Mix Category for Null Power. When developing its fuel mix report, a retail electric utility must identify the percentage of its total null power. Each disclosure label must include a footnote stating null power is electricity where the environmentally related characteristics have been sold separately.

Making Other Changes. A reference to the Department of Community, Trade, and Economic Development is corrected to Commerce. It is clarified that a retail electric utility with no declared resources must report its fuel mix in the manner provided by Commerce.

**EFFECT OF CHANGES MADE BY ENVIRONMENT COMMITTEE (Recommended Substitute):** The cross-reference to I-937 in the definition of nonpower attributes is removed in favor of a new definition of the term. A new definition of null power is added that clarifies it cannot be represented as renewable. Fuel mix disclosure labels must include a footnote stating Null power is electricity where the environmentally related characteristics have been sold separately. References to the emissions performance standard are removed. It is clarified that a utility with no declared resources must report its fuel mix in the manner provided by Commerce. Other technical changes are made.

**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 on Original Bill (Environment, Water & Energy):**  
Testimony From 2011 Regular Session.

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 (Environment, Water & Energy):**

Persons Testifying From 2011 Regular Session.

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.

**Staff Summary of Public Testimony on Proposed Substitute (Environment):** No public hearing was held.

**Persons Testifying (Environment):** N/A.