

SENATE BILL REPORT

SB 5809

As of February 17, 2011

Title: An act relating to prohibiting the use of tradable evidence of nonpower attributes as a declared resource for electric utility fuel mix disclosures.

Brief Description: Prohibiting the use of tradable evidence of nonpower attributes as a declared resource for electric utility fuel mix disclosures.

Sponsors: Senator Rockefeller.

Brief History:

Committee Activity: Environment, Water & Energy: 2/16/11.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: William Bridges (786-7416)

Background: Fuel Mix Disclosure Program. 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, the utility must identify the component sources, which may include the following: biomass, geothermal, landfill gas, oil, solar, waste incineration, or wind.

Declared and Undeclared Resources. Under the Fuel Mix Disclosure Program, any specifically identified source of electricity, such as wind or natural gas, is called a declared resource. Utilities that do not declare their resources must report the fuel mix of the Northwest power pool, called the net system power mix. In addition, a renewable resource where the renewable attributes are separated and transferred to another entity must be reported as the net system power mix.

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.

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.

Annual Reports. The Department of 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.

Summary of Bill: Under the Fuel Mix Disclosure Program, a retail electric utility may declare a resource regardless of the disposition of any nonpower attributes. A renewable energy credit or other tradable evidence of nonpower attributes may not be used as a declared resource.

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.

Staff Summary of Public Testimony: PRO: Imputed power in fuel mix reports is potentially confusing to consumers. This bill will promote true and accurate information in fuel mix reports. Appreciation is expressed to the sponsor for opening the dialogue on this issue but additional clarifications are needed to prevent double-counting. Additional language should be added to require the reporting of renewable energy credits to Commerce. Fuel mix reports are like a nutrition label on food and they should be accurate and transparent; the current fuel mix report is neither. Under the current fuel mix reports, consumers in Washington can be told their utility's wind power is really coal, while in California a utility purchasing the wind renewable energy credits can tell its consumers that its power is wind.

CON: As written, the bill would allow sellers of renewable energy credits to double-count the value of their renewable power, which would harm the value of Washington renewable energy credits and possibly violate Federal Trade Commission and federal EPA policies. This is a complicated issue that should be assigned to a working group. This is a situation where the market is dictating how renewable resources and renewable energy credits should be treated, and the law must adapt to the market. Puget Sound Energy makes millions of dollars selling renewable energy credits, which directly benefits its ratepayers, and this bill could jeopardize those sales. The bill as written does not really solve the issue of how to treat renewable power that has been separated from its renewable energy credits.

Persons Testifying: PRO: Sen. Rockefeller, prime sponsor; Lisa Thatcher, Clark Public Utility District (PUD); Tony Usibelli, Commerce; Dave Warren, Washington PUD Association; Brenda White, SnoPUD.

CON: Nancy Hirsh, NW Energy Coalition; Ken Johnson, PSE; Ian McGowan, 3Degrees Group; Adam Schumaker, Renewable NW Project.