

# SENATE BILL REPORT

## SB 6019

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As of February 2, 2012

**Title:** An act relating to defining null power for fuel mix disclosures prepared by electric utilities.

**Brief Description:** Defining null power for fuel mix disclosures prepared by electric utilities.

**Sponsors:** Senator Ranker.

**Brief History:**

**Committee Activity:** Energy, Natural Resources & Marine Waters: 2/02/12.

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### SENATE COMMITTEE ON ENERGY, NATURAL RESOURCES & MARINE WATERS

**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 generally provide the percentage attributable to each of the following generation sources: coal, hydroelectric, natural gas, nuclear, or other. 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. 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.

Net System Power Mix. 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 2010 the net system power mix contained about 47 percent coal and 32 percent hydropower, among other resources. Utilities that purchase electricity from the Bonneville Power Administration (BPA) may disclose the source as the BPA system mix.

Renewable Energy Credit (REC). Approved by voters in 2006, Initiative 937 (I-937), the Energy Independence Act, 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 (MWh) 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

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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.

Greenhouse Gases (GHG) Emissions Performance Standard (EPS) for Electric Generation Plants. Electric utilities may not enter into a long-term financial commitment for baseload electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of:

- 1100 pounds of GHG per MWh; 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.

Memorandum of Agreement (MOA) Concerning the Centralia Coal-Fired Electric Generation Facility. In 2011 the Legislature passed E2SSB 5769, which required the Governor to enter into an MOA that would significantly reduce GHG emissions from the Centralia coal-fired electric generation facility (Centralia) and provide replacement capacity by 2025. The Governor and the owners of Centralia signed the MOA in January 2012, and it will take effect on April 1, 2012.

EPS and Coal Transition Power. E2SSB 5769 established a schedule for applying the EPS to Centralia. The EPS was also amended to allow long-term contracts for Centralia's generated electricity, called coal transition power (transition power). Furthermore, a process was created to allow an investor-owned electric utility to petition the Washington Utilities and Transportation Commission for approval of a power purchase agreement for transition power.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Defining Null Power for Fuel Mix Reports. The term null power means: (1) electricity, measured in MWh, that has been separated from its nonpower attributes; or (2) the output of a coal-fired electric generation facility that is subject to the EPS. 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 GHG.

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 (1) electricity where the environmentally related characteristics have been sold separately; or (2) the output of a coal-fired electric generation facility that is subject to an obligation to meet state GHG standards established for large coal-fired baseload electric generation facilities.

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.

**Appropriation:** None.

**Fiscal Note:** Requested on February 1, 2012.

**Committee/Commission/Task Force Created:** No.

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