Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology & Economic Development Committee

SSB 6058

Brief Description: Allowing incremental electricity produced as a result of efficiency improvements to hydroelectric generation projects whose energy output is marketed by the Bonneville power administration to qualify as an eligible renewable resource under the energy independence act.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Brown, Dansel, Benton, Rivers, Schoesler, Padden, Bailey, Becker and Honeyford).

Brief Summary of Substitute Bill

- Allows incremental electricity produced as a result of efficiency improvements to hydroelectric generation projects whose energy output is marketed by the Bonneville Power Administration (BPA) to qualify as an eligible renewable resource under the Energy Independence Act.
- Allows renewable energy credits (RECs) allocated through the BPA's Residential Exchange Program to qualify as an eligible renewable resource under the Energy Independence Act.

Hearing Date: 2/20/14

Staff: Scott Richards (786-7156).

Background:

The Energy Independence Act.
Approved by voters in 2006 the Energy Independence Act (EIA), also known as Initiative 937 or I-937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources. Utilities that must comply with the EIA are called qualifying utilities.

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.

Eligible Renewable Resource Targets and Compliance Dates.
Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits (RECs), or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

Eligible Renewable Resource.
For a renewable resource to be considered an eligible renewable resource, the electricity must be produced by a renewable resource such as wind, solar, geothermal energy, landfill gas, wave or tidal power, gas from sewage treatment facilities, certain biomass, and certain biofuels. Additionally, the electricity produced from a renewable resource must be generated in a facility that started operating after March 31, 1999 and 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 Hydroelectricity as an Eligible Renewable Resource.
Incremental electricity produced as a result of efficiency improvements to the following hydroelectric generation facilities may also count as an eligible renewable resource if the improvements do not result in new water diversions or impoundments, and the improvements are completed after March 31, 1999:

- hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest; and
- hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest.

Incremental electricity marketed by the Bonneville Power Administration (BPA) is not an eligible renewable resource because BPA is not defined as a qualifying utility under EIA.

Renewable Energy Credit.
A REC is a tradable certificate of proof, verified by the Western Renewable Energy Generation Information System, of at least 1-megawatt hour of an eligible renewable resource, where the generation facility is not powered by fresh water. Under the EIA, a REC represents all the nonpower attributes associated with the power. The RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Bonneville Power Administration.
The Bonneville Power Administration (BPA) is a non-profit, federal agency that markets wholesale electrical power from 31 federal hydro projects in the Columbia River Basin, one nonfederal nuclear plant and several other small nonfederal power plants. The dams are operated by the U.S. Army Corps of Engineers and the Bureau of Reclamation. About one-third of the electric power used in the Northwest comes from the BPA.

Residential Exchange Program.
Under the Federal Northwest Power Act, the Residential Exchange Program (REP) provides residential and small-farm customers of participating investor-owned utilities (IOUs) in the

Pacific Northwest access to low-cost power from the Federal Columbia River Power System, in the form of credits on their power bills. The program now operates under a legal settlement involving the BPA and numerous regional utilities. The REP settlement generally requires the BPA to transfer to participating IOUs their proportional share of environmental attributes associated with the federal power.

Summary of Bill:

Federal Incremental Hydroelectric Generation.
Beginning January 1, 2016, a qualifying utility may use as an eligible renewable resource that portion of incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, attributable to a qualifying utility's share of the electricity output to hydroelectric generation projects whose energy output is marketed by the Bonneville Power Administration (BPA) where the additional generation does not result in new water diversions or impoundments. A qualifying utility may not transfer or sell these eligible renewable resources to another utility for compliance purposes under the EIA.

Renewable Energy Credits Allocated through the Bonneville Power Administration's Residential Exchange Program.
Beginning January 1, 2016, a qualifying utility may use as an eligible renewable resource the environmental attributes of incremental hydroelectricity, including RECs, transferred to investor-owned utilities pursuant to the BPA's REP. The RECs allocated under the REP may not be transferred or sold to another qualifying utility for compliance under the EIA. The definition of a REC is modified to recognize freshwater RECs allocated under the REP.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.