

SENATE BILL REPORT

SB 5412

As of February 6, 2013

Title: An act relating to adding incremental hydroelectricity that is marketed by the Bonneville power administration to the definition of an eligible renewable resource for the purposes of chapter 19.285 RCW

Brief Description: Adding incremental hydroelectricity that is marketed by the Bonneville power administration to the definition of an eligible renewable resource for the purposes of chapter 19.285 RCW.

Sponsors: Senators Ericksen, Smith, Sheldon and Carrell.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/06/13.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Staff: William Bridges (786-7416)

Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (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 I-937 are called qualifying utilities.

Eligible Renewable Resource Targets and Compliance Dates. Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, 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. The term eligible renewable resource means electricity generated from a resource such as wind, solar, geothermal energy, landfill and sewage gas, wave and tidal power, and certain biodiesel fuels. In addition, an eligible renewable resource must be generated in a facility that started operating after March 31, 1999, and the facility

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.

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.

Renewable Energy Credit (REC). 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. Under I-937, 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 during the year they are acquired, the previous year, or the subsequent year.

Summary of Bill: Adding Federal Incremental Hydroelectricity as an Eligible Renewable Resource Under I-937. The following is added as an eligible renewable resource under I-937: a qualifying utility's proportionate share of incremental electricity produced as a result of efficiency improvements to equipment completed after March 31, 1999, to hydroelectric generation projects located in the Pacific Northwest, where the electricity is marketed by the Bonneville Power Administration (BPA), and where the additional generation does not result in new water diversions or impoundments.

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: This is a common-sense recognition of hydroelectricity that is within the spirit of I-937. It creates parity between non-federal and federal incremental hydroelectricity. Three utilities in the state were able to use incremental hydroelectricity to meet their I-937 targets, but 13 customers of BPA could not apply federal incremental hydroelectricity toward their I-937 targets. Recognizing federal incremental hydroelectricity allows Washington dollars to stay in Washington and not go to wind farms in Idaho. It is unfair that BPA customers pay for efficiency upgrades but they don't get the I-937 benefit. Clarification is needed to allow utilities that are parties to BPA's residential exchange settlement to also benefit from BPA incremental hydroelectricity. Care should be taken that utilities which made early investments in eligible renewable resources are not harmed by making it easier for other utilities to comply with I-937.

CON: Recognizing BPA incremental hydroelectricity means a decrease in investment in other renewable resources and represents a 10 percent reduction in the I-937 diversified portfolio. Changes in I-937 should be done in a comprehensive fashion, not piecemeal through individual bills. I-937 recognizes the value of the region's hydroelectricity heritage but its purpose is to diversify beyond hydroelectricity.

Persons Testifying: PRO: Nancy Atwood, Puget Sound Energy; Tim Boyd, Industrial Customers of NW Utilities; Chad Jensen, Inland Power & Light; John Rothlin, Avista.

CON: Nancy Hirsh, NW Energy Coalition; Michael O'Brien, Renewable NW Project; Cliff Traisman, WA Environmental Council, WA Conservation Voters.