
**Technology & Economic Development
Committee**

HB 1607

Brief Description: Recognizing hydroelectricity as an eligible renewable resource in the energy independence act.

Sponsors: Representatives Griffey, MacEwen, Taylor, Haler, Stokesbary, Dent, Wilson, Scott, Muri and Condotta.

Brief Summary of Bill

- Expands the definition of an "eligible renewable resource," allowing hydroelectricity from additional types of generation facilities to count toward annual renewable energy targets under the Energy Independence Act (EIA).
- Amends the definition of a "renewable energy credit" (REC), allowing all eligible renewable resources, including where the generation facility is powered by freshwater, to produce RECs under the EIA.

Hearing Date: 2/5/15

Staff: Nikkole Hughes (786-7156).

Background:

The Energy Independence Act.

The Energy Independence Act, also known as Initiative 937 or I-937, was approved by voters in 2006. Initiative 937 requires an electric utility with 25,000 or more customers in the state to meet targets for energy conservation and to meet a certain percent of its annual load with 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:

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.

- 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.

A qualifying utility may alternatively be considered in compliance with an annual target under certain circumstances, including if:

- the utility's weather-adjusted load for the previous 3 years on average did not increase over that time period;
- the utility invested at least 1 percent of its total annual retail revenue requirement that year on eligible renewable resources, renewable energy credits, or a combination of both; and
- events beyond the reasonable control of the utility prevented it from meeting the renewable energy target.

Renewable Resource.

"Renewable resource" is defined in I-937 to mean: water; wind; solar energy; geothermal energy; landfill gas; wave, ocean, or tidal power; gas from sewage treatment facilities; certain biodiesel fuel; or biomass energy.

Eligible Renewable Resource, Other Than Incremental Hydroelectricity.

"Eligible renewable resource" includes electricity from a generation facility, powered by a renewable resource other than freshwater, that commences operation after March 31, 1999, where the facility is located in the Pacific Northwest or the electricity from the facility is delivered into the state on a real-time basis.

Electricity from a generation facility powered by freshwater, except for incremental hydroelectricity and hydroelectricity from certain irrigation and municipal pipes, is not considered an eligible renewable resource.

Incremental Hydroelectricity as an Eligible Renewable Resource.

Incremental electricity produced as a result of efficiency improvements to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest may 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.

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 I-937.

Renewable Energy Credit.

A renewable energy credit (REC) is a tradable certificate of proof, verified by the Western Renewable Energy Generation Information System, of at least one megawatt-hour of an eligible renewable resource, where the generation facility is not powered by freshwater. Under I-937, a REC represents all the nonpower attributes associated with the power. Renewable energy credits can be bought and sold in the marketplace to comply with annual renewable energy targets, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Summary of Bill:

Eligible Renewable Resource.

Incremental electricity produced as a result of efficiency improvements to hydroelectric generation projects is removed as an eligible renewable resource. Instead, the definition of "eligible renewable resource" is expanded to include:

- electricity from a generation facility powered by any renewable resource, including freshwater, that commences operation after March 31, 1999, where the facility is located in the Pacific Northwest or the electricity from the facility is delivered into the state on a real-time basis; and
- electricity from a generation facility powered by water that commenced operation before March 31, 1999, where the facility is located in the Pacific Northwest.

Renewable Energy Credit.

A renewable energy credit (REC) is a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource, including where the generation facility is powered by freshwater.

Appropriation: None.

Fiscal Note: Available.

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