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**Technology & Economic Development  
Committee**

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**HB 2455**

**Brief Description:** Allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act.

**Sponsors:** Representatives Morris, Smith, Rossetti, Magendanz, Muri, Haler and Blake.

**Brief Summary of Bill**

- Amends the definition of an "eligible renewable resource" to include incremental electricity produced as a result of a capital investment project completed after March 31, 1999, that increases, relative to a baseline level of generation prior to the capital investment project, the amount of electricity generated by a generation facility that commenced operation before March 31, 1999, and is powered by a renewable resource other than freshwater.
- Authorizes the Department of Commerce to adopt rules concerning the development of a methodology for calculating baseline levels of generation for generation facilities that commenced operation before March 31, 1999.

**Hearing Date:** 1/21/16

**Staff:** Nikkole Hughes (786-7156).

**Background:**

The Energy Independence Act.

The Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with 25,000 or more customers to meet targets for energy conservation and to

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meet a certain percent of its annual load with eligible renewable resources. Utilities that must comply with the EIA 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 (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 Resources.

For a renewable resource to be considered an eligible renewable resource under the EIA, the electricity must be produced 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 is delivered into the state on a real-time basis;
- certain incremental hydroelectricity due to efficiency improvements;
- hydroelectricity from a project completed after March 31, 1999, where the facility is located in irrigation pipes, irrigation canals, municipal water pipes, and wastewater pipes;
- qualified biomass energy; or
- a generation facility owned or under contract by a qualifying utility where the facility is located outside the Pacific Northwest.

The only electricity from a generation facility that commenced operation before March 31, 1999, that is considered an eligible renewable resource is qualified biomass energy.

#### Renewable Energy Credits.

A REC is a tradable certificate of proof, verified by the Western Renewable Energy Generation Information System (WREGIS), of at least one megawatt-hour of an eligible renewable resource, where the generation facility is not powered by freshwater. Under the EIA, 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.

#### Department of Commerce.

The Department of Commerce is required to adopt rules only in regards to process, timelines, and documentation to ensure the implementation of the EIA as it applies to consumer-owned utilities.

#### **Summary of Bill:**

Eligible Renewable Resources.

A qualifying utility may use as an eligible renewable resource that portion of incremental electricity produced as a result of a capital investment project completed after March 31, 1999, that increases, relative to a baseline level of generation prior to the capital investment project, the amount of electricity generated by a generation facility that commenced operation before March 31, 1999, and is powered by a renewable resource other than freshwater.

Department of Commerce.

The Department of Commerce may adopt rules to develop a methodology for calculating baseline levels of generation for generation facilities that commenced operation before March 31, 1999.

**Appropriation:** None.

**Fiscal Note:** Requested on January 14, 2016.

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