

SENATE BILL REPORT

ESB 5424

As Passed Senate, March 3, 2015

Title: An act relating to allowing public utility districts to produce and distribute renewable natural gas.

Brief Description: Allowing public utility districts to produce and distribute renewable natural gas.

Sponsors: Senators King, McCoy, Ericksen and Hobbs.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/28/15, 2/04/15 [DP].
Passed Senate: 3/03/15, 48-0.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Minority Member; Braun, Brown, Cleveland, Habib and Honeyford.

Staff: William Bridges (786-7416)

Background: Public Utility Districts (PUDs). Formed in 1931 by Initiative 1, PUDs are municipal corporations authorized to provide electricity, water and sewer services, and wholesale telecommunications. There are 28 operating PUDs in Washington, 23 of which provide electricity, 19 provide water or wastewater services, and 13 provide wholesale broadband telecommunications services. PUDs are not generally subject to the jurisdiction of the Utilities and Transportation Commission (UTC).

In 2007 the Legislature granted PUDs the authority to produce and distribute biodiesel, ethanol, and ethanol blend fuels. PUDs were also authorized to enter into crop purchase contracts for dedicated energy crops for the purpose of generating electricity or producing biodiesel from Washington feedstocks.

Summary of Engrossed Bill: Authorizing PUDs to Produce and Use Renewable Natural Gas (RNG) for Internal Operations. PUDs are authorized to produce and use RNG for internal operations.

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.

Authorizing PUDs to Sell RNG Under Specified Conditions. PUDs may generally sell RNG delivered into a gas transmission pipeline located in the state or in pressurized containers: (1) at wholesale; or (2) to end-use customers if the RNG is delivered through a pipeline pursuant to appropriate transportation tariffs, among other conditions. PUDs may also sell RNG through a pipeline directly from an RNG production facility to a facility that compresses, liquefies, or dispenses natural gas as a transportation fuel.

Limiting the Authority of PUDs to Sell RNG. PUDs are not authorized to sell RNG delivered by pipeline to an end-use customer of a gas company. Furthermore, PUDs are not authorized to own or operate natural gas distribution pipeline systems used to serve retail customers; however, PUDs may generally own and operate the following: (1) pipelines that interconnect RNG production facilities to gas transmission pipelines; and (2) pipelines and facilities to provide RNG as a transportation fuel if the pipelines and facilities are located in the county in which the PUD is authorized to provide utility service.

Authorizing Limited Jurisdiction Over PUDs by the UTC. PUDs exercising their RNG authority are not subject to UTC jurisdiction except for pipeline safety administration and enforcement.

Defining RNG. RNG means a gas consisting largely of methane and other hydrocarbons derived from the decomposition of organic material in landfills, wastewater treatment facilities, and anaerobic digesters.

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 simple, common-sense approach that will let PUDs with landfills located in their districts to produce and sell renewable natural gas. Klickitat PUD currently burns landfill gas to generate renewable electricity. Because of growing interest in using landfill gas as a renewable transportation fuel, the PUD is seeking authority to build a pipeline to connect the landfill with a nearby major pipeline so it can sell the gas to others as a transportation fuel. The PUD does not seek to become a natural gas distributor and will work with other stakeholders to clarify the intent of the bill.

OTHER: The bill needs to be clarified so that PUDs are not granted authority to become natural gas distributors.

Persons Testifying: PRO: Senator King, prime sponsor; Jim Smith, General Manager, Klickitat PUD; Dave Warren, WA PUD Assn.

OTHER: Charlie Brown, Cascade Natural Gas Company.