Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology & Economic Development Committee

SB 5232

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: Senators Brown, Palumbo, Walsh, Dansel, Takko, Chase and Sheldon.

Brief Summary of 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 to qualify as an eligible renewable resource under the Energy Independence Act.
- Allows renewable energy credits allocated through the Bonneville Power Administration's Residential Exchange Program to qualify as an eligible renewable resource under the Energy Independence Act.

Hearing Date: 3/21/17

Staff: Nikkole Hughes (786-7156).

Background:

Energy Independence Act.

The Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with more than 25,000 customers 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 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 Resources.

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 commenced 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.

Renewable Energy Credits.

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 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.

Bonneville Power Administration.

The Bonneville Power Administration (BPA) is a federal nonprofit agency that markets wholesale electrical power from 31 federal hydroelectric projects in the Columbia River Basin, one nonfederal nuclear plant, and several other small nonfederal power plants. The dams are operated by the United States 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. All three IOUs in Washington currently participate in the REP.

Summary of Bill:

Federal Incremental Hydroelectric Generation.

Beginning January 1, 2018, 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 its share of the electricity output from hydroelectric generation projects whose energy output is marketed by the BPA. The additional generation cannot 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 Residential Exchange Program.

Beginning January 1, 2018, a qualifying utility may use as an eligible renewable resource the environmental attributes, including RECs, transferred to IOUs pursuant to the REP. Renewable energy credits allocated under the REP may not be transferred or sold to another qualifying utility for compliance purposes under the EIA. The definition of a REC is modified to recognize freshwater RECs allocated under the REP.

Appropriation: None.

Fiscal Note: Available.

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