

# SENATE BILL REPORT

## SB 5128

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As Reported by Senate Committee On:  
Energy, Environment & Telecommunications, February 1, 2017

**Title:** An act relating to allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act.

**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:** Senators Takko, Rivers and Chase.

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 1/26/17, 2/01/17 [DP, DNP].

**Brief Summary of Bill**

- Allows a qualifying utility to use incremental electricity produced as a result of a capital investment completed after March 31, 1999, as an eligible renewable resource to comply with Initiative 937, the Energy Independence Act.
- Requires the capital investment to be made to a facility that is powered by a renewable resource other than freshwater.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Majority Report:** Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Brown, Hobbs, Honeyford and Short.

**Minority Report:** Do not pass.

Signed by Senators Carlyle, Ranking Minority Member; Ranker and Wellman.

**Staff:** Kimberly Cushing (786-7421)

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*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.*

**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 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 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. Under certain conditions, incremental electricity produced as a result of efficiency improvements to hydroelectric generation facilities may also count as an eligible renewable resource.

In addition, eligible renewable resources include qualified biomass energy, which is electricity produced from a biomass energy facility that commenced operation before March 31, 1999, contributes to a qualifying utility's load, and is owned by either (a) a qualifying utility or (b) an industrial facility that is directly interconnected with electricity facilities owned by the qualifying utility.

**Summary of Bill:** A qualifying utility may use incremental electricity produced as a result of a capital investment project completed after March 31, 1999, as an eligible renewable resource to comply with I-937. The increase in the amount of electricity generated must be relative to a baseline level of generation prior to the capital investment project at a facility that began operation before March 31, 1999. The facility must be powered by a renewable resource other than freshwater.

The Department of Commerce must adopt rules to develop a methodology for calculating baseline levels of generation of electricity produced prior to a capital investment project.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: If we want renewable resources such as biomass, we need to move meter forward. Facilities have made big investments that generate additional energy but do not count under I-937. The renewable energy produced counts in California but not Washington. The company provides durable jobs and invests in the company. Allowing a facility to sell excess green energy to other utilities helps reinvest in the community. The language that passed the Legislature last year is okay.

CON: The bill does not define "capital investment." We are in general support of efficiency improvement in facilities, but we need to define the geography where the renewable resource could be invested. Any further amendments should be incorporated into a more comprehensive set of changes to I-937.

OTHER: The bill needs a technical fix removing the mention of freshwater to avoid confusion with other areas of I-937.

**Persons Testifying:** PRO: Senator Dean Takko, Prime Sponsor; Senator Ann Rivers, Sponsor; Michael Roberts, KapStone; Steve Gano, KapStone.

CON: Nancy Hirsh, NW Energy Coalition.

OTHER: Dave Arbaugh, Chelan PUD.

**Persons Signed In To Testify But Not Testifying:** No one.