SENATE BILL REPORT
ESB 5128

As Passed Senate, March 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].
　　Floor Activity:
　　Passed Senate: 3/01/17, 49-0.

Brief Summary of Engrossed 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 facility to demonstrate through direct or calculated measurement the increase in electricity as a result of the capital investment.

- Requires the capital investment to be made to a facility that commenced operation before March 31, 1999, and generates qualified biomass energy.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.
　　Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; Brown, Hobbs, Honeyford and Short.

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.

Minority Report: Do not pass.
 Signed by Senators Carlyle, Ranking Minority Member; Ranker and Wellman.

Staff: Kimberly Cushing (786-7421)

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 Engrossed Bill: A qualifying utility may use incremental electricity produced as a result of a capital investment completed after January 1, 2010, 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 at a facility. Beginning January 1, 2007, the facility must demonstrate its baseline level of generation over a three-year period prior to the capital investment. The facility must have commenced operation before March 31, 1999, and generate qualified biomass energy.

The facility must demonstrate through direct or calculated measurement the increase in electricity as a result of the capital investment. The Department of Commerce must adopt rules to develop a methodology for calculating baseline levels of generation of electricity produced prior to the capital investment.

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 on Original Bill: 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.