SENATE BILL REPORT
SB 6253

As of February 2, 2018

Title: An act relating to establishing a clean, efficient, renewable energy standard.

Brief Description: Establishing a clean, efficient, renewable energy standard.

Sponsors: Senators Ranker, Carlyle, Palumbo, Keiser, Liias, Frockt, Kuderer, Chase, Hunt and Saldaña.

Brief History:
Committee Activity: Energy, Environment & Technology: 1/23/18.

Brief Summary of Bill

- Requires all electric utilities and market customers to only meet new electricity needs with distributed-energy and carbon-free resources.
- Requires all electric utilities and market customers to meet all electricity needs with distributed-energy and carbon-free resources by December 31, 2045.
- Requires all electric utilities to eliminate from electric rates all costs associated with coal-fired generation by January 1, 2030.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: Initiative 937 (I-937). I-937, also called the Energy Independence Act, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources.

Greenhouse Gas Emissions Performance Standard (EPS) for Electric Generation Plants. Electric utilities may not enter into a long-term financial commitment for baseload electric generation on or after July 1, 2008, unless the generating plant's emissions are the lower of:

- 1100 pounds of greenhouse gas (GHG) per megawatt hour (MWh); or
- the average available GHG output as updated by the Department of Commerce (Commerce), which is currently set at 970 pounds per MWh.

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.

Baseload electric generation means electric generation from a power plant that is designed and intended to provide electricity at an annualized plant capacity factor of at least 60 percent. Long-term financial commitment means (1) either a new ownership interest in baseload electric generation or an upgrade to a baseload electric generation facility; or (2) a new or renewed contract for baseload electric generation with a term of five or more years for the provision of retail power or wholesale power to end-use customers in this state.

EPS and Coal Transition Power. In 2011, the Legislature established a schedule for applying the EPS to the Centralia coal-fired electric generation facility. In addition the EPS was amended to allow long-term contracts for Centralia's generated electricity, called coal transition power. Furthermore, a process was created to allow electric investor-owned utilities (IOUs) to petition the Utilities and Transportation Commission (UTC) for approval of a power purchase agreement for coal transition power.

Summary of Bill: Electricity Needs. All consumer-owned utilities (COUs), IOUs, and market customers:

- may only meet new electricity needs with distributed energy resources and carbon-free resources; and
- must meet all electricity needs with distributed energy resources and carbon-free resources by December 31, 2045.

A carbon-free resource is defined as a resource that emits no GHG pollution as part of its generation activity or a renewable resource. Other terms, including distributed energy resource, market customer, and new electricity needs, are defined.

Until December 31, 2045, new electricity needs may also be met with specific resources including current system resources marketed by the federal Bonneville Power Administration, short-term spot market purchases, renewal or extension of current contracts that do not increase energy or capacity, and increased MWhs from a generation facility already owned by a market customer or utility.

Coal-Fired Generation. By January 1, 2030, all COUs and IOUs must eliminate from electric rates all costs associated with coal-fired generation. These costs do not include those associated with decommissioning and remediation of a coal-fired electric generation facility. The UTC may accelerate depreciation schedules for such facilities owned by IOUs.

Penalties and Reporting. Any COU, IOU, or market customer that fails to comply with the requirements for electricity needs must pay $50 for each MWh of electricity from an ineligible generation resource. Beginning in 2020 the penalty is adjusted by inflation.

If the UTC, in the case of IOUs, or Commerce, in the case of COUs, determines the utility is unable to comply due to reasons beyond the utility's reasonable control, the UTC or Commerce may waive all or a portion of the penalties. Events or circumstances that could not be reasonably foreseen and ameliorated that are outside of a utility's reasonable control include:

- weather-related damage;
- natural disasters;

- mechanical or resource failure;
- failure of electrical energy producers to meet carbon-free resource contract obligations;
- labor strikes or lockouts;
- government action that adversely affects generation, transmission, or distribution of electrical energy;
- inability to obtain permits or land use approval for carbon-free energy projects;
- inability to acquire sufficient electrical energy from renewable resources; and
- substantial limitations, restrictions, or prohibitions on utility renewable energy projects.

Beginning June 1, 2020, COUs, IOUs, and market customers must annually report to Commerce on the electricity sources used for any new energy or capacity needs, the amount of MWh needed in total and by type of resource. This information must also be provided to the UTC for the IOUs, the auditor for the COUs, and the attorney general for the market customers. Additionally, each utility must make make reports available to customers.

Studies on Barriers for Low-Income Customers. By January 1, 2019, Commerce, with input from relevant state agencies and the public, must complete the following three studies on the barriers for low-income customers to:

- access solar photovoltaic energy generation and other renewable energy and contracting opportunities for local small business in disadvantaged communities;
- energy efficiency and weatherization investments; and
- zero emissions and near-zero emission transportation options.

Appropriation: None.

Fiscal Note: Requested on January 18, 2018.

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: Citizens recognize we must take action on climate change and move to a carbon-free future. As we rely more and more on electricity as we electrify transportation we need to eliminate carbon emissions. A carbon-free grid is the first step. Fossil fuel prices are projected to rise. Birds are indicators of problems in the environment and more than half of birds are at risk of extinction. The bill provides a 30-year runway. The study is incredibly important to learn about barriers for low-income people. This approach allows carbon-free technologies to progressively displace resources that produce climate altering emissions. This is a good way to expand renewables, which creates jobs, creates energy independence, and keeps the air and water clean. An integrated mix of all clean resources includes nuclear.

OTHER: Carbon-free resources should not include nuclear. Nuclear power is a dirty process, expensive, and unsafe. GHG emissions are associated with parts of the nuclear life cycle. Uranium mining is dangerous. We need to include BPA Tier 1 product beyond 2045. This pathway does not provide for accountability, there is no direction for capping costs, and

no benchmarks to get to 2045 goals. We need to consider technical achievability and costeffectiveness. For a utility that is 92 percent carbon free, it is very expensive to get the last 8 percent.

CON: A zero-carbon goal is laudable, but not realistic. To get close is expensive if new technology comes along. Grid reliability has to be major concern. We need baseload power to replace coal. Natural gas is transitional fuel. Under this bill, natural gas is phased out early. This will be costly to utilities and ratepayers. Hydro is not dangerous like nuclear energy. We are never going to get to a 100 percent carbon free society.

Persons Testifying: PRO: Senator Kevin Ranker, Prime Sponsor; Jorgen Rasmussen, Solar Acres Farm; Vlad Gutman-Britten, Climate Solutions; Gail Gatton, Audubon Washington; Peter Dykstra, Trust for Public Land; Barb Wilson, Vulcan; Zach Stednick, citizen; Matthew Hepner, IBEW; Joe Kendo, WSLC; Rebecca Canright; John Patterson, citizen.

CON: Tim Boyd, Industrial Customers of NW Utilities; Elyette Weinstein, Washington League of Women Voters; Leslie March, No Nukes Northwest; Arthur West, citizen.

OTHER: Malcolm Chaddock, Veterans For Peace; Mimi German, No Nukes Northwest; Kent Lopez, General Manager, Washington Rural Electric Cooperative Association; Amy Wheeless, NW Energy Coalition; Laura Skelton, Washington Physicians for Social Responsibility; Helen Wheatley, Heart of America Northwest; Jesse Piedfort, Director, Sierra Club, Washington State Chapter; Mike Paoli, Chief Communication Officer, Energy Northwest; Jo Deutsch, TechNet; Cathryn Chudy, Oregon Conservancy Foundation; Isaac Kastama, Benton and Franklin PUD; Lon Freeman, citizen.

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