

HOUSE BILL REPORT

SHB 1236

As Passed Legislature

Title: An act relating to enhancing access to clean fuel for agencies providing public transportation.

Brief Description: Enhancing access to clean fuel for agencies providing public transportation.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Hackney, Abbarno, Senn, Reed, Doglio, Ramel and Lekanoff).

Brief History:

Committee Activity:

Environment & Energy: 1/30/23, 2/2/23 [DPS].

Floor Activity:

Passed House: 2/16/23, 98-0.

Passed Senate: 4/12/23, 49-0.

Passed Legislature.

Brief Summary of Substitute Bill

- Authorizes all public transit agencies to produce, use, sell, or distribute green electrolytic hydrogen and renewable hydrogen, and to own and operate related pipelines and dispensing facilities for transportation fuel.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Doglio, Chair; Mena, Vice Chair; Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Berry, Couture, Duerr, Fey, Goehner, Lekanoff, Ramel, Slatter and Street.

Staff: Megan McPhaden (786-7114).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Public Transit Agencies.

There are seven different governance structures for funding and operating public transit systems in the state, which include:

- public transportation benefit areas;
- counties that have assumed the transportation functions of a metropolitan municipal corporation;
- city transportation authorities;
- unincorporated transportation benefit areas;
- regional transit areas; and
- transit agencies that establish a high-capacity transportation corridor area.

The majority of the 32 total transit systems in the state are public transportation benefit areas, of which there are 21.

Green Electrolytic and Renewable Hydrogen.

Green electrolytic hydrogen is hydrogen produced through electrolysis, and does not include hydrogen manufactured using steam reforming or any other conversion technology that produces hydrogen from a fossil fuel feedstock.

Renewable hydrogen is hydrogen produced using renewable resources both as the source for the hydrogen and the source for the energy input into the production process. Renewable resources include water, wind, solar energy, geothermal energy, and renewable natural gas, among other resources.

Utilities and Transportation Commission.

The Utilities and Transportation Commission (UTC) is a three-member commission appointed by the Governor and confirmed by the Senate. The UTC regulates the rates, services, facilities, and practices of utilities and transportation services.

Summary of Substitute Bill:

A public transportation benefit area authority, county that has assumed the transportation functions of a metropolitan municipal corporation, city transportation authority, county transportation authority, public transportation authority, unincorporated transportation benefit area, regional transit authority, or transit agency that establishes a high-capacity transportation corridor area (public transportation agencies) may:

- produce, distribute, and use green electrolytic hydrogen and renewable hydrogen for internal operations;
- produce, distribute for sale, and sell green electrolytic hydrogen and renewable hydrogen at wholesale or to an end-use customer; and
- not sell hydrogen delivered by pipeline to an end-use customer of a gas company.

For sales to an end-use customer, public transportation agencies may sell green electrolytic and renewable hydrogen to or through facilities that distribute, compress, store, liquify, or dispense these types of hydrogen for transportation fuel.

For the purposes of such a sale, public transportation agencies may own, operate, or own and operate, pipelines or dispensing facilities if the pipelines and dispensing facilities are located:

- where the public transportation agencies may provide service; or
- within the county where the public transportation agencies may provide service, and:
 - are service connected; or
 - are in accordance with a partnership or agreement with one or more private partners.

Public transportation agencies are not subject to the jurisdiction of the Utilities and Transportation Commission (UTC) due to exercising these new authorities, except for administration and enforcement of state and federal pipeline safety requirements, including applicable fees payable to the UTC.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) As transit agencies are considering options to transition to a zero-emission future, hydrogen-powered electric fuel cell vehicles are a viable option. Transit agencies have expressed the need for options and are considering both battery electric and hydrogen fuel cell vehicles as they develop fleet transition plans. While battery electric vehicles are a proven solution, and are great for cities, they pose some challenges for transit agencies, especially in counties that are more rural and where there are longer distances to drive, and where there is severe weather and terrain. Hydrogen fills that gap; it is more energy dense and hydrogen vehicles can serve longer ranges, which would also allow for fewer vehicles in fleets and do not require on-route battery chargers. They can be refueled faster, and work more efficiently in cold weather. This bill launches the hydrogen effort in a strategic way. Many transit agencies are located along interstate and other corridors. Transit agencies can work together along the Interstate 5 corridor to integrate these vehicles. For example, a transit agency could develop a fueling station and a hydrogen electrolyzer that could fuel 40 busses. Then nearby transit agencies who don't make that investment could collaborate to make sure they have access to these emerging vehicle types. This bill would allow transit agencies to produce fuel in smaller quantities for their own purposes but also to serve other public and private fleets. Once the vehicles move in, the private sector will clearly take

over the fueling function. By jump-starting the infrastructure, this would also help build the private vehicle market. The ability for these benefit areas to produce hydrogen would allow for public-private partnerships and allow for original equipment manufacturers to produce and distribute hydrogen vehicles. Washington is a leader in the renewable hydrogen sector. The Legislature recently provided public utility districts the authority to produce and sell hydrogen and transit should be included in the larger hydrogen conversation. Regulations and incentives are building demand for and supply of green electrolytic and renewable hydrogen. This bill complements federal and state efforts. Transit agency sustainability departments are very excited about this. Could other transit agencies also have this authority? The transit agencies that are not included in the bill all voiced support of this bill, and that they would want to be included as well. In terms of costs, it costs about \$180,000 a year to run a diesel bus, and \$125,000 a year to run an electric bus. Hydrogen busses will be a little more expensive than electric but not as much as diesel, so this is a combined resource. This bill would address equity and public health, because many transit customers live in disadvantaged communities disproportionately impacted by vehicle pollution and climate change. Transit agencies could maintain reliable service while reducing emissions and helping those who rely mainly on public transportation get to where they need to go.

(Opposed) None.

Persons Testifying: Representative David Hackney, prime sponsor; Michelle Detwiler, Renewable Hydrogen Alliance; Michael Shaw, Washington State Transit Association; Joseph Clark, Twin Transit; Alexandra Mather, Pierce Transit; and Dave Warren, Washington Green Hydrogen Alliance.

Persons Signed In To Testify But Not Testifying: None.