
Capital Budget Committee

HB 2417

Brief Description: Establishing the development of renewable energy for Washington revolving loan program and account.

Sponsors: Representatives Barnard and Hackney.

Brief Summary of Bill

- Establishes a revolving loan fund available to public and private entities for certain types of renewable energy projects.

Hearing Date: 2/1/24

Staff: Dawn Eychaner (786-7135).

Background:

The State Energy Office at the Department of Commerce (COM) is required to develop, implement, and periodically update a State Energy Strategy. The 2021 State Energy Strategy includes recommended steps towards achieving a clean energy economy by 2050 and cites the Clean Energy Transformation Act (CETA) as the foundation for Washington's equitable, inclusive, and resilient clean energy economy. The CETA identifies transforming the state's energy supply and modernizing its electricity system as elements of transitioning to a clean energy economy.

The COM administers state and federal funding to support clean energy projects through operating and capital budget appropriations, among which is funding appropriated for the Clean Energy Fund (CEF). The CEF was first authorized in the 2013-15 Biennial Capital Budget and has subsequently been reauthorized in each biennial capital budget. The 2023-25 Biennial Capital Budget appropriated \$60 million to the CEF, largely for competitive grants to eligible

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entities for projects that provide a public benefit through research, development, demonstration, or deployment of clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or increase energy independence for the state.

All state spending must have a public benefit or public purpose. When state funds go to private entities in the form of grants or loans, state constitutional lending of credit provisions raise additional considerations.

Summary of Bill:

Subject to the availability of amounts appropriated for this specific purpose, the COM may provide loans to private and public entities to develop projects that will implement the state's policy goals related to the development of a prosperous clean energy economy.

A legislative finding is included that states that providing funding to public and private entities for the purposes of this program will provide a benefit to the public.

The loans may be used for all or part of the project costs for:

- electric vehicle or hydrogen vehicle fleets, charging, or refueling stations;
- siting evaluations and permitting for energy generation or transmission projects;
- installation of solar, wind, geothermal, or hydrogen infrastructure to assist with supplying the underlying applicant's energy needs;
- buildout of advanced nuclear reactor technology including, but not limited to, small modular reactors; and
- promoting decarbonization of an applicant's facility.

The Development of Renewable Energy for Washington Revolving Loan Account (Account) is established in the state treasury.

Payments of principal and interest on loans awarded by the COM must be deposited into the Account. The Account may also receive legislative appropriations and transfers, bond proceeds authorized by the legislature, federal funds, grants, and other forms of financial assistance. Moneys in the Account may be spent only after appropriation. Expenditures may only be used for loan awards and up to one percent of the costs incurred by the COM to administer the loans.

When soliciting and evaluating proposals, awarding contracts, and monitoring projects the COM must ensure compliance with all applicable laws, including disclosure by applicants with potential conflicts of interest under the Ethics in Public Service Act (Ethics Act). If a violation of the Ethics Act occurs, the department may cancel the loan and require repayment.

The Act is null and void if specific funding for the Act is not provided by June 30, 2024, in the omnibus appropriations act.

Appropriation: None.

Fiscal Note: Requested on January 23, 2024.

Effective Date: The bill contains multiple effective dates. Please see the bill.