

# SENATE BILL REPORT

## SSB 5400

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As Passed Senate, March 11, 2013

**Title:** An act relating to allowing utilities serving customers in Washington and in other states to use eligible renewable resources in their other states to comply with chapter 19.285 RCW, the energy independence act

**Brief Description:** Allowing utilities serving customers in Washington and in other states to use eligible renewable resources in their other states to comply with chapter 19.285 RCW, the energy independence act.

**Sponsors:** Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Honeyford, Erickson and Hewitt).

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 2/06/13, 2/19/13 [DPS, DNP, w/oRec].

Passed Senate: 3/11/13, 25-23.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Majority Report:** That Substitute Senate Bill No. 5400 be substituted therefor, and the substitute bill do pass.

Signed by Senators Erickson, Chair; Sheldon, Vice Chair; Brown, Honeyford and Litzow.

**Minority Report:** Do not pass.

Signed by Senators Ranker, Ranking Member; Billig.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Chase and Cleveland.

**Staff:** William Bridges (786-7416)

**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 for using eligible renewable resources. Utilities that must comply with I-937 are called qualifying utilities.

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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.*

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.

Incremental Hydroelectricity as an Eligible Renewable Resource. Incremental electricity produced as a result of efficiency improvements to the following hydroelectric generation facilities may also count as an eligible renewable resource if the improvements do not result in new water diversions or impoundments, and the improvements are completed after March 31, 1999:

- hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest; and
- hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest.

Renewable Energy Credit (REC). A REC is a tradable certificate of proof of at least one megawatt hour of an eligible renewable resource where the generation facility is not powered by fresh water. Under I-937, a REC represents all the nonpower attributes associated with the power. RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Western Electricity Coordinating Council (WECC). WECC is a regional electric reliability council that coordinates and ensures the reliability of the Western Interconnection Bulk Power System. Its membership includes transmission operators, utilities, utility customers, and state and provincial regulators. The WECC territory covers the provinces of Alberta and British Columbia, the northern portion of Baja California, Mexico, and all or portions of the 14 western states.

**Summary of Substitute Bill: Expanding the Geographic Boundary for Eligible Renewable Resources.** For a qualifying utility that serves customers in other states, the following is classified as an eligible renewable resource: electricity from a generation facility powered by a renewable resource other than freshwater that commences operation after March 31, 1999, where the facility is located within a state in which the qualifying utility serves retail electrical customers, and the qualifying utility owns the facility in whole or in part or has a long-term contract with the facility of at least 12 months or more.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Original Bill:** PRO: PacifiCorp is a unique, multistate utility that has a service territory larger than the Bonneville Power Administration's. I-937 does not recognize PacifiCorp's entire renewable portfolio, which will make it difficult to meet the 2016 targets. Wind is unpredictable and difficult to integrate. Recognition of PacifiCorp's wind resources in Wyoming will help alleviate the wind integration issues in the Northwest. This bill will help keep rates low and synchronize Washington with other states.

CON: There is no compelling reason for this bill. Other utilities do not have problems developing resources in the Northwest. PacifiCorp has enough renewable resources in Washington, Oregon, and Idaho to meet its I-937 obligations; the real issue is cost allocation of its resources before the Washington Utilities and Transportation Commission.

**Persons Testifying:** PRO: Senator Honeyford, prime sponsor; Scott Bolton, Kathleen Collins, PacifiCorp; Tim Boyd, Industrial Customers of NW Utilities.

CON: Nancy Hirsh, NW Energy Coalition.