

WASHINGTON CLEAN TECH ALLIANCE

Weekly Report

PREPARED BY: BOSWELL CONSULTING

Friday, February 8, 2013

There were several hearings regarding initiative 937 this week. The Senate majority coalition has indicated a desire to make substantial changes to the Initiative. On Wednesday Senator Ericksen, chair of the Energy, Environment and Telecommunications committee said that "any time you create an artificial energy market [like the one Initiative 937 created], the legislature has to come in and change it to make the market usable for the people of Washington." With both the House and the Governor signaling opposition to the major changes being proposed by the Senate it is still unclear if any reforms will gain momentum this year. The Senate Energy and Environment Committee also held a work session this week on the Challenges and opportunities of wind power and the TVW recording of the work session is attached. (???) The following are some of the 937 reform bills that were discussed this week.

SB 5297: Amending an Alternative Compliance Method in I-937 to Allow the Use of Coal Transition Power. This legislation would primarily benefit the Centralia coal-powered electric plant as it transitions away from coal. The environmental community testified that the bill does not meet I-937's goals because coal power is not considered a renewable power source.

SB 5412: An act relating to adding incremental hydroelectricity that is marketed by the Bonneville power administration to the definition of an eligible renewable resource. Sponsored by Senators Ericksen several utilities expressed support for this legislation however the environmental community express concerns about further weakening I-937 and the market for new renewable energy.

The conversations around energy innovation and I-937 continue next week in the Senate Energy, Environment and Telecommunications Committee with two controversial bills and work sessions on Western Washington University's role in growing the energy economy in Washington State and examining issue related to forest biomass.

The following I-937 bill will be heard on Tuesday February 12th at 1:30:

SB 5438 Using conservation achieved by a qualifying utility in excess of its biennial acquisition target under the energy independence act which would allow a qualifying utility to use conservation as a mechanism to meet their compliance obligations under I-937. <http://apps.leg.wa.gov/billinfo/summary.aspx?year=2013&bill=5438>

SB 5648 Making energy conservation a top priority by adding new incentives and aligning the timing of the acquisitions of eligible renewable resources, electricity, or equivalent renewable energy credits, with the need for additional electric generating resources to serve consumers' loads, without changing the eligible renewable targets. <http://apps.leg.wa.gov/billinfo/summary.aspx?year=2013&bill=5648>

Both of these are bills that seek to address how and when a utility must meet its compliance obligation for the purchase of renewable energy. They are expected to both be very controversial and will draw strong opposition from both the environmental community and some utilities that have already made significant investment in renewable energy projects.

BILL TRACKING SUMMARY

MEDIUM PRIORITY BILLS

		<u>Sponsor</u>	<u>Position</u>	<u>Status</u>
S1017	Creating new efficiency standards. (DIGEST OF PROPOSED 1ST SUBSTITUTE)	Morris	Monitor	H, Apps Gen Govt
1030	Adopting the electric transmission line siting compact.	Morris	Monitor	H, Environment
1154	Modifying the definition of nonpower attributes in the energy independence act.	Upthegrove	Monitor	H, Environment

1301	Creating clean energy jobs in Washington state through renewable energy incentives.	Morris	Monitor	H, Tech & Econ D
1347	Allowing incremental electricity produced as a result of efficiency improvements to hydroelectric generation projects whose energy output is marketed by the Bonneville power administration to qualify as an eligible renewable resource under the energy independence act.	Short	Monitor	H, Environment
1443	Providing for property tax exemption for the value of new construction of industrial/manufacturing facilities in targeted urban areas.	Sells	Monitor	H, Tech & Econ De
1690	Permitting entities to qualify for cost recovery incentives from solar energy systems located on real property of the entity's controlling owner.	Orcutt	Monitor	H, Finance
1693	Providing tax relief for new businesses in high growth business sectors.	Habib	Monitor	H, Tech & Econ D
1699	Making energy conservation a top priority by adding new incentives and aligning the timing of the acquisitions of eligible renewable resources, electricity, or equivalent renewable energy credits, with the need for additional electric generating resources to serve consumers' loads, without changing the eligible renewable targets.	Pollet	Monitor	H, Environment
4200	Amending the state Constitution to require that hydroelectric generation be recognized as a renewable resource.	Haler	Monitor	H, Environment
5032	Extending the tax credit expiration date for certain contributions made to electric utility rural economic development revolving funds.	Ericksen	Monitor	S, Ways & Means
5041	Implementing recommendations related to the tax preference review process conducted by the joint legislative audit and review committee and the citizen commission for performance measurement of tax preferences.	Hasegawa	Monitor	S, Ways & Means
5189	Concerning photovoltaic electrical systems.	Smith	Monitor	S, Commerce and La
5294	Recognizing hydroelectricity as an eligible renewable resource in the energy independence act.	Ericksen	Monitor	S, Energy, Enviro
5369	Concerning the use of geothermal resources.	Kline	Monitor	S, Energy, Enviro
5382	Promoting economic development through tax relief for start-up firms.	Benton	Monitor	S, Trade & Econom
5400	Allowing utilities serving customers in Washington and in other states to use eligible renewable resources located within the western electricity coordinating council area to comply with chapter 19.285 RCW, the energy independence act.	Honeyford	Monitor	S, Energy, Enviro
5408	Modifying the definition of nonpower attributes in the energy independence act.	Ericksen	Monitor	S, Energy, Environ
5409	Extending the sales and use tax exemption of machinery and equipment that generate electricity from specified sources.	Ericksen	Monitor	S, Ways & Means
5412	Adding incremental hydroelectricity that is marketed by the Bonneville power administration to the definition of an eligible renewable resource for the purposes of chapter 19.285 RCW.	Ericksen	Monitor	S, Energy, Enviro
5429	Increasing accountability for the tax preferences for manufacturing machinery and equipment by requiring a net benefit to the state and deferring sales and use tax.	Chase	Monitor	S, Trade & Econom
5431	Recognizing hydroelectricity as an eligible renewable resource in the energy independence act.	Ericksen	Monitor	S, Energy, Enviro
5438	Using conservation achieved by a qualifying utility in excess of its biennial acquisition target under the energy independence act.	Ericksen	Monitor	S, Energy, Enviro
5448	Narrowing the requirement that utilities purchase electricity, renewable energy credits, or electric generating facilities that are not needed to serve their customers' loads.	Ericksen	Monitor	S, Energy, Enviro

CALENDAR ITEMS

2/12/2013	1693	New businesses/ tax relief	Technology & Economic Development	10:00 AM	HHR C
2/12/2013	5369	Geothermal resources	Energy, Environment & Telecommunications	1:30 PM	SHR 4
2/12/2013	5438	Conservation by utility	Energy, Environment & Telecommunications	1:30 PM	SHR 4
2/14/2013	5429	Tax prefs/manufacturing	Trade & Economic Development	8:00 AM	SHR 3
2/14/2013	5555	Space heating	Energy, Environment & Telecommunications	1:30 PM	SHR 4

BILL TRACKING DETAILS

S 1017 **EFFICIENCY STANDARDS** **MORRIS**

House Committee on Environment (originally sponsored by Representatives Morris, Fitzgibbon, Fey, Liias, McCoy, Hudgins, Farrell, Morrell, Ormsby, Upthegrove, and Pollet)

Establishes minimum energy efficiency standards for battery charger systems, battery backup, and uninterruptible power supplies.
Establishes minimum water conservation standards for water closets, urinals, showerheads, and various types of faucets.
Authorizes a city or county to enact an ordinance authorizing the sale and installation of certain plumbing fixtures.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1017-s.pdf>

1030 **ELECTRIC TRANSMISSION LINES** **MORRIS**

Representative Morris

Adopts the electric transmission line siting compact.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1030.pdf>

1154 **NONPOWER ATTRIBUTES** **UPTHEGROVE**

Representatives Upthegrove and Ryu

Provides exclusions to the definition of "nonpower attributes" for purposes of the energy independence act.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1154.pdf>

1301 **CLEAN ENERGY JOBS** **MORRIS**

Representatives Morris, Ryu, McCoy, Hudgins, Morrell, and Pollet

Promotes the development of clean energy jobs in the state by: (1) Modifying a tax credit encouraging energy consumers to meet their on-site electricity demands by installing renewable energy systems;
(2) Establishing a fund to incubate clean energy manufacturing in the state by awarding tax credits through a competitive process that gives preference to systems built in the state; and
(3) Establishing performance milestones to measure the level of success achieved.
Creates the green jobs tax credit account within the sustainable energy trust program.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1301.pdf>

1347 **HYDROELECTRIC GENERATION/BPA** **SHORT**

Representatives Short, Takko, Kretz, Kristiansen, Klippert, Pike, Haler, Angel, Harris, Smith, Hayes, Magendanz, Vick, Buys, Schmick, Holy, Warnick, Dahlquist, Shea, Condotta, Fagan, and Parker

Authorizes a qualifying utility, under the energy independence act, to use certain eligible renewable resources to meet its compliance obligation with regard to annual targets.
Prohibits a qualifying utility from transferring or selling these eligible renewable resources to another utility for compliance purposes.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1347.pdf>

1443 INDUSTRIAL/MANUF. FACILITIES **SELLS**
Representatives Sells and Hope

Provides property tax exemptions to encourage new manufacturing and industrial uses on undeveloped or underutilized lands zoned for industrial and manufacturing uses in targeted urban areas.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1443.pdf>

1690 SOLAR ENERGY COST RECOVERY **ORCUTT**
Representative Orcutt

Allows entities to qualify for cost recovery incentives from certain solar energy systems.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1690.pdf>

1693 NEW BUSINESSES/TAX RELIEF **HABIB**
Representatives Habib, Magendanz, Morris, and Tarleton

Authorizes certain new businesses to deduct up to two million dollars of business and occupation taxes in each calendar year.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1693.pdf>

1699 ENERGY CONSERVATION **POLLET**
Representatives Pollet, Nealey, Fey, Blake, Haler, Morrell, Wylie, Kretz, Tharinger, Moscoso, and Ryu

Encourages the acquisition of energy conservation and eligible renewable resources by allowing utilities greater flexibility to meet conservation and eligible renewable targets and consumers' energy needs in the most prudent and cost-effective manner.
Removes unintended economic hardship on electric consumers and reinforces the policy intentions of Initiative Measure No. 937 (2006), including stabilizing electric prices, increasing conservation, and creating high quality local jobs.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/1699.pdf>

4200 HYDROELECTRIC GENERATION **HALER**
Representative Haler

Proposes an amendment to the state Constitution to require that hydroelectric generation be recognized as a renewable resource.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/House Bills/4200.pdf>

5032 ELECTRIC UTILITY FUNDS **ERICKSEN**
Senator Ericksen

Extends the expiration date, from June 30, 2011, to June 30, 2018, on the tax credit for certain contributions made to electric utility rural economic development revolving funds.

Full Text URL: <http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5032.pdf>

5041

TAX PREFERENCES

HASEGAWA

Senators Hasegawa and Conway

Implements recommendations related to the tax preference review process conducted by the joint legislative audit and review committee and the citizen commission for performance measurement of tax preferences.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5041.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5041.pdf)

5189

PHOTOVOLTAIC ELECTR. SYSTEMS

SMITH

Senators Smith, Benton, Braun, Becker, Padden, Hill, Bailey, Sheldon, Dammeier, Honeyford, and Roach

Allows a person with a valid limited energy system electrician certificate or a valid telecommunications electrician certificate to obtain an endorsement from the department of labor and industries allowing the person to install, maintain, replace, or repair photovoltaic electrical systems.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5189.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5189.pdf)

5294

HYDROELECTRICITY

ERICKSEN

Senators Ericksen, Holmquist Newbry, Roach, Sheldon, Becker, Rivers, Bailey, Padden, Delvin, Smith, Honeyford, Pearson, King, Braun, Parlette, Schoesler, Hewitt, and Carrell

Revises the energy independence act by recognizing hydroelectricity as an eligible renewable resource.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5294.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5294.pdf)

5369

GEOTHERMAL RESOURCES

KLINE

Senators Kline, King, Honeyford, and Mullet

Clarifies that ownership of geothermal resources resides with the surface owner unless the interest is otherwise reserved or conveyed. Provides that no water uses associated with a geothermal well impair any water use authorized through appropriation under Title 90 RCW (water rights--environment). Creates the geothermal account.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5369.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5369.pdf)

5382

START-UP FIRMS TAX RELIEF

BENTON

Senators Benton, Holmquist Newbry, Rivers, Carrell, Padden, and Shin

Provides businesses with a fifty percent credit against business and occupation tax owed for the first five years of their operation.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5382.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5382.pdf)

5400

UTILITIES/ENERGY INDEP. ACT

HONEYFORD

Senators Honeyford, Ericksen, and Hewitt

Authorizes qualifying utilities serving retail customers to use eligible renewable resources located within the western electricity coordinating council area to comply with the energy independence act.

Companion Bill: 1426 Utilities/energy indep. act H, Environment

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5400.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5400.pdf)

5408

NONPOWER ATTRIBUTES

ERICKSEN

Senator Ericksen

Provides exclusions for the definition of "nonpower attributes" for purposes of the energy independence act.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5408.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5408.pdf)

5409 **MACHINERY & EQUIP TAX EXEMP** **ERICKSEN**
Senators Ericksen, Ranker, Litzow, Cleveland, Fain, Carrell, and Holmquist Newbry

Delays, until June 30, 2015, the expiration of the sales and use tax exemption on machinery and equipment that generate electricity from specified sources.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5409.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5409.pdf)

5412 **INCREMENTAL HYDROELECTRICITY** **ERICKSEN**
Senators Ericksen, Smith, Sheldon, and Carrell

Revises the definition of "eligible renewable resource" for purposes of the energy independence act.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5412.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5412.pdf)

5429 **TAX PREFS/MANUFACTURING** **CHASE**
Senators Chase, Hasegawa, Conway, Nelson, Kohl-Welles, Keiser, and Kline

Requires an applicant to show a net benefit to the state in order to claim certain manufacturing machinery and equipment tax preferences.

Requires the department of revenue to issue a sales and use tax deferral certificate for certain sales and use taxes.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5429.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5429.pdf)

5431 **HYDROELECTRICITY** **ERICKSEN**
Senators Ericksen, Carrell, Pearson, Benton, Padden, Smith, and Bailey

Revises the energy independence act by recognizing hydroelectricity as an eligible renewable resource.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5431.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5431.pdf)

5438 **CONSERVATION BY UTILITY** **ERICKSEN**
Senators Ericksen and Chase

Revises the energy independence act to allow conservation achieved by a qualifying utility in excess of its biennial acquisition target to be used to meet its subsequent biennial target.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5438.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5438.pdf)

5448 **UTILITY PURCHASES** **ERICKSEN**
Senators Ericksen, Hewitt, Carrell, Schoesler, Honeyford, Delvin, Sheldon, Hatfield, Smith, Benton, Padden, and Chase

Revises the energy independence act to narrow the requirement that utilities purchase electricity, renewable energy credits, or electric generating facilities that are not needed to serve their customers' loads.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5448.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5448.pdf)

5555 **SPACE HEATING** **ERICKSEN**
Senator Ericksen

Establishes the Washington state renewable energy space heating act.

Encourages the increased use and production of densified biomass wood pellets and the development and installation of densified biomass wood pellet space heating and water heating devices.

Full Text URL: [http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate Bills/5555.pdf](http://www.leg.wa.gov/pub/billinfo/2013-14/Pdf/Bills/Senate%20Bills/5555.pdf)