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WA-18

Manager's Message

Global warming, climate change or whatever you choose to call it, is real. I am not sure it is all caused by humans, but we cannot change what nature does, whether that is long-term warming trends after the ice ages or forest fires or volcanoes.

As a society, we can do better. Your PUD has worked hard the past 20 years to use local resources to benefit our ratepayers and communities, and to support a sustainable future.

Greenhouse gas legislation has been in place for many years and continues to be developed. The federal government created the renewable fuel standard program in 2005. This plan is responsible for the 10 percent methanol in our gasoline today. Whether you like methanol in your gasoline or not, the program has been successful.

This program also requires the use of advanced biofuels, such as methane generated from landfills. That means the fuel we use from the landfill to generate electricity at the H.W. Hill Landfill Gas Project could be further processed and sold as a transportation fuel. Given the low wholesale markets where we currently sell our surplus power and the potential for our existing generation facility to be taxed, using methane from the landfill may offer a better return on our investment than our current use of the fuel.

Washington implemented a renewable portfolio standard, commonly referred to as RPS, in 2006. This plan requires electric utilities with more than 25,000 meters to obtain renewable energy as part of their power supply. California and Oregon have RPS programs as well. These programs have spurred renewable energy development, which we have seen in our county and across the river.

The federal government created the Clean Power Plan in August 2015. It focused on carbon emission reduction with initial state plans due by September 2016. The plan focuses on the electricity sector's power plants. However, it has been challenged in court and is now on hold after the Supreme Court's decision to freeze the rule.

This year, Washington is implementing the Clean Air Rule, or CAR, specifically to address greenhouse gas emissions. This program also appears to focus on the electric sector to add more requirements to existing RPS standards, which creates conflict.

It appears this program could lead to our renewable energy facility at Roosevelt paying a carbon tax under the CAR while generating renewable energy credits under the RPS program. This seems like an unreasonable situation, but we are yet to encourage the Department of Ecology to recognize and correct this contradiction.

Transportation emissions also must be addressed. However, programs that target transportation directly affect end users and are therefore very visible. By that, I mean it affects fuel prices for consumers—and consumers are voters. So far, how RPS standards and the CAR have affected utilities' rates and the cost impacts are masked. I think this has prevented more fully coordinated decisions among our legislators and the Department of Ecology.

Jim Smith
General Manager