

Multiple Agency Fiscal Note Summary

Bill Number: 1236 HB	Title: Clean fuel/public transport.
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Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Utilities and Transportation Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

NONE

Prepared by: Tiffany West, OFM	Phone: (360) 890-2653	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 1236 HB	Title: Clean fuel/public transport.	Agency: 215-Utilities and Transportation Commission
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/24/2023
Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 01/27/2023
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 01/27/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/30/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 establishes the authority of a PTBA to produce and distribute green electrolytic hydrogen and renewable hydrogen and utilize either for internal operations, or to produce, distribute for sale, or sell, green electrolytic hydrogen and renewable hydrogen at wholesale or to an end-use customer, and, To sell green electrolytic hydrogen and renewable hydrogen at wholesale or to an end-use customer to or through facilities that distribute, compress, store, liquify, or dispense green electrolytic hydrogen or renewable hydrogen for end use as a transportation fuel.

Section 2 prohibits a PTBA from selling green electrolytic hydrogen or renewable hydrogen delivered by pipeline to an end-use customer of a gas company.

Section 3 establishes that a PTBA facility as described above falls under the jurisdiction of the UTC Pipeline Safety Division which has the authority to enforce pipeline safety rules and charge applicable fees associated with administration and enforcement.

Section 4 explains the definitions used in this subsection.

UTC staff evaluated the fiscal impact of additional pipeline facilities that a PTBA may construct and operate. Staff believe at this time that a PTBA facility would be non-jurisdictional to the UTC since they are not constructed and operated in public places or on public rights of way.

For the purposes of this fiscal note, the Utilities and Transportation Commission (UTC) staff believe it is not a jurisdictional agency and that there will be no fiscal impact from these sections.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1236 HB

Title: Clean fuel/public transport.

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts: Public Transportation Benefit Areas
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option: Public Transportation Benefit Areas have the option to produce and distribute green electrolytic hydrogen and renewable hydrogen for use in internal operations and for sale or distribution.
- Key variables cannot be estimated with certainty at this time: How many PBTAs would take up the local option, the costs and revenues associated with producing, using, selling or distributing distribute green electrolytic hydrogen and renewable hydrogen.

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 01/26/2023
Leg. Committee Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/24/2023
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/26/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/30/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill gives Public Transportation Benefit Areas (PBTA) authority to produce, use, sell or distribute green electrolytic hydrogen (GEH) and renewable hydrogen (RH).

Section 1: This bill gives PBTAs authority to produce, use, sell, or distribute GEH and RH. This bill does not authorize a PBTA to sell GEH or RH to an end-use customer of a gas company.

PBTAs may own or operate pipelines or dispensing facilities for GEH or RH for use as a transportation fuel if all such pipelines and dispensing facilities are either:

(A) Located in the benefit area in which PBTA is authorized to provide public transportation service; or

(B) Located within the county in which PBTA is authorized to provide public transportation service and such service is connected or located within the county the county in which the PBTA is authorized to provide public transport service, and is pursuant to a partnership or agreement with one or more public or private partners.

This under this section PBTAs are subject to the jurisdiction of the utilities and transportation commission (UTC) only for the administration and enforcement of state and federal requirements related to pipeline safety and fees rendered by these tasks.

DEFINITIONS:

GREEN ELECTROLYTIC HYDROGEN: 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: hydrogen produced using renewable resources both as the source for the hydrogen and the source for the energy input into the production process.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This bill would have indeterminate expenditure impacts on local governments. This bill presents a local option; public utility districts that chose to produce, use, sell or distribute green electrolytic hydrogen (GEH) and renewable hydrogen (RH) would incur costs from doing so.

Douglas County, which has recently broken ground on a renewable hydrogen pilot project, estimate that a pilot project to produce and distribute renewable hydrogen would cost \$3 million over the life of the project. If the venture is deemed profitable, they would look to expand it. Some costs are unknown or difficult to calculate; hydrogen is flammable in a wide range of concentrations in the air, meaning that it can ignite easily. PBTAs would need to invest in safety features and training in safe handling practices. PBTAs would also need to test hydrogen systems for tank and garage leaks and tank pressure.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This bill presents a local option; public utility districts that chose to produce and distribute renewable hydrogen for use in internal operations and for sale or distribution could generate significant revenues from doing so. However, we do not know how many jurisdictions would undertake operations to produce renewable or green electrolytic hydrogen. The amount of revenue that would be generated is also unknown. Douglas County, which is establishing a renewable hydrogen pilot project that has just broken ground on construction, expects to generate approximately \$600,000 a year from selling renewable hydrogen from their pilot project.

SOURCES:

Douglas County Public Utility District

Local Government Fiscal Note, SB 5325, (2023)

Local Government Fiscal Note, SB 5588, (2019)

Municipal Research Services Center

Office of Energy Efficiency and Renewable Energy (EERE)

Revised Code of Washington, RCW 54.04.190

Senate Bill Report, SB 5325, Committee on Environment, Energy & Technology (2023)

Senate Bill Report, SB 5588, Committee on Environment, Energy & Technology (2019)

Washington State Public Utility Districts Association