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COMMISSION

August 30, 2011

**I-937 Technical Working Group**

**Analytic Guidance: Riverbank Power – incremental electricity produced in irrigation pipes and canals**

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|-------------------------|-------------------------|
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Dr. Lamarra:

On July 19, 2011, Riverbank Power submitted a letter to Commerce requesting clarification on Washington State RCW 19.285. The request asks Commerce to provide an opinion on two hydroelectric projects located in Oregon. Specifically, the inquiry asks whether these projects qualify as incremental electricity produced in irrigation pipes and canals and could the energy generated by these facilities be converted to Renewable Energy Credits (RECs) for use by qualified utilities in the State of Washington. On August 16, 2011 members of the I-937 Technical Working Group (TWG) met to review your request.

**Background**

**Relevant sections of the Energy Independence Act, RCW 19.285**

- (10) "Eligible renewable resource" means:
- (a) Electricity from a generation facility powered by a renewable resource other than fresh water that commences operation after March 31, 1999, where: (i) The facility is located in the Pacific Northwest; or (ii) the electricity from the facility is delivered into Washington state on a real-time basis without shaping, storage, or integration services; or
  - (b) Incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest or to hydroelectric generation in irrigation pipes and canals located in the Pacific Northwest, where the additional generation in either case does not result in new water diversions or impoundments.
- (17) "Renewable energy credit" means 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, the certificate includes all of the nonpower attributes associated with that one megawatt-hour of electricity, and the certificate is verified by a renewable energy credit tracking system selected by the department.
- (18) "Renewable resource" means: (a) Water; (b) wind; (c) solar energy; (d) geothermal energy; (e) landfill gas; (f) wave, ocean, or tidal power; (g) gas from sewage treatment facilities; (h) biodiesel

fuel as defined in RCW 82.29A.135 that is not derived from crops raised on land cleared from old growth or first-growth forests where the clearing occurred after December 7, 2006; and (i) biomass energy based on animal waste or solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include (i) wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; (ii) black liquor by-product from paper production; (iii) wood from old growth forests; or (iv) municipal solid waste.

Both the Dorean and Applegate projects will add power generation to existing multipurpose dams. The water will enter the project from the reservoir behind the dam. The water runs through a penstock, the generator and is returned to the river downstream of the dam. Because the dams are used to regulate river flows for multiple purposes, including irrigation, Riverbank Power has made the argument that this project qualifies as incremental renewable hydroelectric generation in irrigation pipes and canals.

#### **TWG Analysis and Response**

The TWG offers analytic guidance to provide more clarity on issues related to I-937; however, the guidance does not represent pre-qualification under I-937, nor does it represent a legal opinion. This guidance contains staff opinions based solely on facts presented in your letter and assumes those facts to be true and correct. Agency staff reserve the right to change their opinion should additional information come to their attention. These views are solely those of the agency staff and cannot be considered to be binding in any formal proceeding on this matter. It is incumbent on the stakeholder using this process to make their case to the State Auditor or UTC, as appropriate.

Based on the information provided by Riverbank Power, the TWG provides the following opinion:

- *Does this project qualify as hydroelectric generation in irrigation pipes and canals?* No. While the Dorean and Applegate dams do control river flows for multiple purposes, including irrigation, the law is more specific. The law specifically limits the application to “hydroelectric generation in irrigation pipes and canals.” In order to qualify the project would need to draw water for generation from an irrigation pipe or canal. In addition, the eligible renewable resource from an irrigation canal or pipe must be “incremental electricity produced” by “additional generation.” The projects are described as new generation as opposed to incremental electricity generation.
- *Could the generating output of the Dorean and Applegate projects be converted to Washington qualified RECs?* No. Projects that generated electricity using fresh water as a resource cannot be converted to Washington qualified RECs.

If you have questions, please contact Meg O’Leary at [meg.oleary@commerce.wa.gov](mailto:meg.oleary@commerce.wa.gov) or (360) 725-3121.

Thank you,

  
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**Tony Usibelli, Director, State Energy Office**  
WASHINGTON STATE DEPARTMENT OF COMMERCE

  
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**Mike Parvinen, Energy Assistant Director**  
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