



January 31, 2019

Chairman Reuven Carlyle
233 John A. Cherberg Building
PO Box 40436
Olympia, WA 98504

Ranking Member Doug Ericksen
414 Legislative Building
PO Box 40442
Olympia, WA 98504

RE: Comments of Northwest Hydroelectric Association in Support of SB5116

Dear Chairman Carlyle and Ranking Member Ericksen:

The Northwest Hydroelectric Association (NWAHA) appreciates the Environment, Energy & Technology Committee's leadership on Senate Bill 5116. We are pleased that this legislation includes hydropower and pumped storage in the state's strategy for transitioning to a clean energy system. At the same time, we have concerns about the exclusion of hydropower machinery and equipment from the sales and use tax exemption. We look forward to working with the Committee to advance the equitable treatment of carbon-free hydropower as the legislation advances.

NWAHA is a non-profit trade association that represents and advocates on behalf of the Northwest hydroelectric industry. NWAHA has over 130 member companies from all segments of the industry. NWAHA is dedicated to the promotion of the Northwest region's waterpower resources as a clean, efficient and cost-effective source of energy while protecting the fisheries and environment.

SB 5116 allows new pumped storage development to participate in advancing the state's climate objectives. NWAHA strongly supports this provision. Pumped storage hydropower can integrate variable sources of renewable energy into the grid and provide significant energy storage capacity. It is the most mature, proven, cost-effective and reliable utility-scale energy storage innovation available. Studies and analyses have demonstrated that large-scale energy storage, such as hydropower pumped storage, are an indispensable component of any low- or zero-carbon electric grid. Utilizing new advances in equipment technology, modern pumped storage projects can provide highly efficient grid support while pumping or generating. The mechanics of hydropower pumped storage allows for a great degree of flexibility in energy management, as a project can store energy during times of renewable energy oversupply and release energy back into the grid system during peak demand periods.

Many of these benefits are also provided by the Pacific Northwest's existing fleet of conventional hydropower. These services will be critically important for grid reliability as the region's thermal resources are retired. Currently, some NWAHA members are developing zero-carbon generating pumped storage projects that can support the

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goals of S. 5116.¹ Such projects are excellent examples of how the hydropower industry can support Washington's clean energy objectives.

NWHA also strongly supports policies that treat existing and new hydropower equitably with other non-emitting renewable resources. We appreciate the inclusion of most existing, incremental and pumped storage hydropower generation within the bill's definition of renewable resource. However, we are still evaluating whether the legislation will spur reinvestment in existing hydropower resources. For example, we believe the bill should expand the sales and use tax exemption to include machinery and equipment used directly in the generation of electricity from hydropower. Without equitable incentives for reinvestment in existing non-emitting resources, they may become less available over time to achieve climate goals.

Again, NWHA appreciates the Committee's work on SB 5116. We look forward to the opportunity to provide additional detailed comments as the bill moves through the legislative process. We believe hydropower, treated appropriately, is poised to play a key role in achieving Washington State's goal of 100% clean energy.

Sincerely,

A handwritten signature in black ink, appearing to read "Brenna Vaughn". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Brenna Vaughn, Executive Director

¹ As an example, Rye Development and National Grid are developing the Goldendale Pumped Storage Project in Washington, a 1,200 MW closed-loop pumped storage facility that is capable of powering over 4 million homes.