



# HOUSE BILL 331: Small Hydro Amends.

2019-2020 General Assembly

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<b>Committee:</b>	House Rules, Calendar, and Operations of the House	<b>Date:</b>	April 1, 2019
<b>Introduced by:</b>	Reps. Szoka, Arp	<b>Prepared by:</b>	Kristen L. Harris*
<b>Analysis of:</b>	Second Edition		Committee Co-Counsel

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**OVERVIEW:** *House Bill 331 would extend certain treatment given to small power producers that produce energy from swine and poultry waste to certain small hydroelectric power facilities, with respect to an exemption concerning capacity payments to small power producers under standard contracts.*

## CURRENT LAW/ BACKGROUND:

S.L. 2017-192 (H589) amended various laws related to energy policy, including a provision that required rates for small power producers over 1 MW<sup>i</sup> to be negotiated between a small power producer and a utility for a fixed five-year term. Swine and poultry waste, small hydropower, and biogas facilities were allowed to negotiate, however, for a term beyond five years.

H589 also required that capacity payments be made only when capacity is needed by a utility based on need for that resource as established by the utility's statutorily required integrated resource plan. The limitation on capacity payments does not apply, however, to swine and poultry waste for which a need is established by the State's Renewable Energy and Energy Efficiency Portfolio Standard (REPS)<sup>ii</sup>.

**BILL ANALYSIS:** House Bill 331 would extend the exemption from the limitation established by H589 applicable to small power producers under standard contracts that capacity payments be made only when capacity is needed by a utility based on need for that resource as established by the utility's statutorily required integrated resource plan to hydropower small power producers with power purchase agreements with an electric public utility in effect as of July 27, 2017, and renewals of such power purchase agreements, if the hydroelectric small power producer's facility total capacity is equal to or less than five megawatts (along with swine and poultry waste for which a need is established by REPS).

**EFFECTIVE DATE:** The act would be effective when it becomes law.

\*Jennifer McGinnis, Legislative Analysis Division, substantially contributed to this summary.

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<sup>i</sup> Or 100 kW once 100 MW of energy is purchased by a utility from such small producers.

<sup>ii</sup> The State's REPS, established by Senate Bill 3 in 2007, requires all investor-owned utilities in the State to supply 12.5% of 2020 retail electricity sales in the State from eligible energy resources by 2021. Eligible energy resources include solar, wind, hydropower, geothermal, or ocean current or wave energy resource; a biomass resource, including animal waste; and other resources. The overall target for renewable energy includes technology-specific targets, including targets for swine and poultry waste. Per Commission order, 0.20% from swine waste and 900,000 MWh from poultry waste is required by 2021.

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