



NEWS RELEASE

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Benton PUD Commission passes resolution opposing Initiative 732

(Kennewick) Benton PUD Commission passed a resolution opposing Initiative 732 that imposes an escalating tax on carbon emissions from electricity generated by fossil fuels.

"The Commission chose to not support a tax policy that would result in millions of additional taxes for our customers," said Lori Sanders, Benton PUD Commission President. "Thanks to our abundant hydropower, wind, solar, and nuclear our electrical sector is already 90% carbon free. With the upcoming retirement of coal this initiative does not appear to add any additional reduction of carbon. It's a very big cost for our customers with negligible benefit."

Initiative 732 will be on the Washington state voter's ballot in November 2016. If passed, the initiative is estimated to impose, in an average water year, an estimated \$4.3 million tax expense on Benton PUD customers in 2017, \$7.3 million in 2018, and increasing annually approximately \$500,000 irrespective of the fact that the majority of Benton PUD's fuel mix is carbon free.

The tax is imposed on electric utility customers and collected by utilities to be remitted to the State general fund. The administrative and reporting requirements will result in increased staff time and undetermined additional costs.

The tax is on the carbon emissions from the electricity generated by fossil fuels, including electricity generated within or imported into the State or acquired from the Bonneville Power Administration. It proposes a \$15 tax per metric ton (PMT) of carbon dioxide emissions beginning July 2017, increasing to \$25 PMT in July 2018 and increasing annually at a rate of 3.5% plus inflation up to a \$100 PMT limit.

The initiative assumes unspecified market purchases have a carbon dioxide content of one metric ton per megawatt, equivalent to a coal fired generation plant, despite the fact that the carbon dioxide content inherent in the purchases may be much lower. Open market purchases are necessary for the cost effective and reliable

balancing of generation resources and customer loads. The source is not identified and may be from hydropower, wind, solar natural gas, coal or other resources.

“The Commission is also concerned with the complexity and unanswered questions pertaining to the details of this initiative that could have unintended consequences like Initiative 937. Benton PUD will continue to work other utilities and entities on carbon reduction solutions,” said Sanders.

Initiative 732 includes an escalating tax on carbon emissions including electricity generated by fossil fuels to fund a 1% reduction in the state sales tax, a reduction in the Business & Occupation (B&O) tax on manufacturing and provide funding for the working families sales tax exemption. The initiative went to the 2016 State legislature, was not adopted, and is now on the November 2016 ballot.

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