

# FINAL BILL REPORT

## HB 1038

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Synopsis as Enacted

**Brief Description:** Developing regional compacts for siting electric transmission lines.

**Sponsors:** By Representatives Morris, Hudgins, Anderson, Moeller and B. Sullivan.

**House Committee on Technology, Energy & Communications**

**Senate Committee on Water, Energy & Telecommunications**

**Senate Committee on Ways & Means**

### **Background:**

National Energy Policy Act of 2005.

Section 1221 of the National Energy Policy Act of 2005 (Act) authorizes the Secretary of the U.S. Department of Energy (Secretary) to conduct a study within one year of passage, and triennially thereafter, of electric transmission congestion.

In determining whether to designate a particular area as a National Interest Electric Transmission Corridor (NIETC), the Secretary may consider the following:

- whether the economic vitality and development of the corridor, or the end markets served by the corridor, may be constrained by lack of adequate or reasonably priced electricity;
- whether economic growth in the corridor, or the end markets served by the corridor, may be jeopardized by reliance on limited sources of energy; and a diversification of supply is warranted;
- whether the energy independence of the United States would be served by the designation;
- whether the designation would be in the interest of national energy policy; and
- whether the designation would enhance national defense and homeland security.

First National Electric Transmission Congestion Study.

In August 2006, the Secretary issued the first National Electric Transmission Congestion Study (Study) which designated geographic areas experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers. The Study identified the corridor from Seattle to Portland as a "Congestion Area of Concern."

Also, the Study noted that significant congestion occurs where transmission lines cross the Washington-Oregon border, especially during summer when loads are highest and transmission operating limits are lower.

The U.S. Department of Energy intends to make its first NIETC designation during the fall of 2007.

### Federal Energy Regulatory Commission's Backstop Authority.

While the Act mandates the U.S. Department of Energy to designate NIETCs, the Federal Energy Regulatory Commission (FERC) is authorized to issue NIETC construction or modification permits. The FERC may issue permits if:

- a state does not have siting authority;
- a state does not consider interstate benefits;
- a state has withheld approval for more than one year after the filing of an application or one year after the designation as a national interest electric transmission corridor; or
- a state has conditioned its approval in such a manner that there will be no significant reduction of transmission congestion.

### Interstate Compact.

Section 1221 prohibits FERC from exerting backstop authority if three or more contiguous states enter into an interstate compact establishing a regional transmission siting agency. The creation of an interstate compact is subject to approval by the U.S. Congress.

The Act grants regional compact agencies the authority to facilitate siting of future electric energy transmission facilities with compact states and to carry out the electric energy transmission siting responsibilities of compact states. The FERC retains authority to issue a permit for construction or modification of an electric transmission facility with a compact state, if members' states are in disagreement and the Secretary finds it an impediment to completing the work.

### Energy Facility Site Evaluation Council.

The Energy Facility Site Evaluation Council (EFSEC) is the one-stop permitting and certifying authority for the siting of major energy facilities in Washington. The EFSEC's jurisdiction includes siting the construction of new electrical transmission facilities or the modification of existing electrical transmission facilities in a National Interest Electric Transmission Corridor designated by the Secretary.

### **Summary:**

#### Task Force.

A task force is established to negotiate the terms of a regional interstate compact to assert jurisdiction over national interest electric transmission corridors.

#### Task Force Membership.

The chair and the ranking minority member from the Senate Water, Energy and Telecommunications Committee and the House Technology, Energy and Communications Committee, or their designees, serve as legislative representatives on the task force. The Governor appoints five members to serve on the task force. After the task force is formed, members will choose co-chairs representing the House of Representatives and the Senate from among its legislative membership.

#### Terms of the Compact.

In negotiating the terms of the compact, the task force is instructed to ensure that the compact reflects as close as possible the Washington EFSEC model and its procedures to ensure appropriate adjudicative proceedings and mitigation of environmental impacts. Also, the task force is to negotiate the terms of the compact through processes established and supported by the Pacific Northwest Economic Region.

Task Force Staff Support.

Staff support for the task force members is provided from respective legislative committees and appropriate agencies appointed by the Governor.

Reporting Requirements.

The task force is required to report to the appropriate committees of the Legislature its preliminary recommendations on the compact by January 1, 2008, and its final recommendations by September 1, 2008.

**Votes on Final Passage:**

House	97	0	
Senate	48	1	(Senate amended)
House	98	0	(House concurred)

**Effective:** July 22, 2007