

# HOUSE BILL REPORT

## HB 2297

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Title:** An act relating to establishing an energy efficiency improvement loan fund.

**Brief Description:** Authorizing the establishment of an energy efficiency improvement loan fund.

**Sponsors:** Representatives Morris, McCoy, Eddy, Hudgins, Ormsby and Fitzgibbon.

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 1/18/12, 1/25/12 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes certain electric utilities to establish an Energy Efficiency Improvement Loan Fund (Fund).
- Authorizes electric utilities to make available to its retail electricity customers a voluntary option to contribute to the Fund.
- Directs electric utilities that establish a Fund to provide loans to retail electricity customers to finance the acquisition and installation of energy efficiency improvements.
- Specifies that loan payments must be in the form of incremental additions to the utility bill of the retail electric customer.
- Requires loan payments to be deposited in the Fund and used to make future energy efficiency improvement loans to the utility's retail electricity customers.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Short, Assistant Ranking Minority Member; Anderson, Billig, Carlyle,

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Dahlquist, Haler, Harris, Hasegawa, Hudgins, Kelley, Liias, McCune, Morris, Nealey and Wylie.

**Staff:** Scott Richards (786-7156).

**Background:**

Voluntary Green Power Purchasing.

Electric utility must provide to its retail electricity customers a voluntary option to purchase qualified alternative energy resources. On at least a quarterly basis, electric utilities must include with its retail customer's regular billing statement a voluntary option to purchase qualified alternative energy resources. A utility may provide qualified alternative energy resource options through either resources it owns or contracts for, or the purchase of credits issued by a clearinghouse or other system.

Qualified alternative energy resource is defined to mean the electricity produced from generation facilities that are fueled by: (a) wind; (b) solar energy; (c) geothermal energy; (d) landfill gas; (e) wave or tidal action; (f) gas produced during the treatment of wastewater; (g) qualified hydropower; or (h) biomass energy based on animal waste or solid organic fuels from wood, forest, or field residues, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

Public Utilities Existing Authority to Finance Energy Conservation and Efficiency.

Under current law, any city, town, or public utility district (PUD) engaged in the generation, sale, or distribution of energy may assist the owners of structures or equipment in financing the acquisition and installation of materials and equipment for the conservation or more efficient use of energy. Any city, town, or PUD financing these materials and equipment must do so in accordance with an energy conservation plan adopted by the city, town, or the PUD.

Pay back shall be in the form of incremental additions to the utility bill, billed either together with use charge or separately. Loans shall not exceed 240 months in length.

Housing Finance Commission.

The Housing Finance Commission (Commission) was created by the Legislature to assist in making affordable and decent housing available throughout the state. Federal law authorizes state housing finance agencies to issue tax-exempt revenue bonds to fund low-cost housing assistance. The Commission does not use public funds, nor does it lend the credit of the state. In 2009 legislation authorized the Commission, if economically feasible, to issue bonds that may be used to provide financing for energy efficiency improvements or net metered systems.

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**Summary of Substitute Bill:**

Beginning February 1, 2013, each electric utility is authorized to establish an Energy Efficiency Improvement Loan Fund (Fund) and receive voluntary contributions from its retail electricity customers. Voluntary contributions must be deposited into the Fund and used to provide loans to retail electricity customers to finance the acquisition and installation of energy efficiency improvements.

Electric utilities that elect to establish a Fund must include with its retail electric customer's regular billing statements, at least quarterly, a voluntary option to make contributions to the Fund.

Loan payments must be in the form of incremental additions to the utility bill of the retail electric customer. Loan payments received by a utility must be deposited in the Fund and used to make future energy efficiency improvement loans to the utility's retail electricity customers. Interest charged on an energy efficiency improvement loan may not be more than market rates at the time the loan is approved.

A utility may contract with the Housing Finance Commission or a financial institution to manage at cost the Fund on its behalf. A financial institution is defined as a bank, trust company, mutual savings bank, savings and loan association, or credit union authorized to do business and accept deposits in this state under state or federal law.

**Substitute Bill Compared to Original Bill:**

Electric cooperatives are removed as an eligible electric utility allowed to establish an Energy Efficiency Improvement Loan Fund; receive contributions from its retail electricity customers; and provide retail electricity customers loans to finance the acquisition and installation of energy efficiency improvements.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill provides another tool in the toolbox to promote and develop green power resources. Contributions by customers to the Energy Efficiency Improvement Loan Fund (Fund) are voluntary. Traditionally, Washington has had a high participation rate in the voluntary green power purchase programs offered by electric utilities. This bill is not mandating utilities to establish a Fund. However, if an electric utility wants to do so, it has the option.

(Opposed) None.

**Persons Testifying:** Representative Morris, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.