Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Environment Committee

ESSB 5438

Brief Description: Using conservation achieved by a qualifying utility in excess of its biennial acquisition target under the energy independence act.

Sponsors: Senate Committee on Energy, Environment & Telecommunications (originally sponsored by Senators Ericksen and Chase).

Brief Summary of Engrossed Substitute Bill

- Allows a qualifying utility to use conservation achieved in excess of its biennial acquisition target to meet future biennial acquisition targets.
- Specifies that no more than 50 percent of any biennial conservation target may be met with excess conservation savings.

Hearing Date: 3/21/13

Staff: Scott Richards (786-7156).

Background:

Approved by voters in 2006, the Energy Independence Act (EIA), also known as Initiative 937, requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources. Utilities that must comply with the EIA are called qualifying utilities.

Energy Conservation Assessments and Targets.
Each qualifying electric utility must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessment every two years for the next 10-year period. Beginning January 2010, each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessment.

Eligible Renewable Resource Targets and Compliance Dates.

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.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits (RECs), or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

Load means the amount of kilowatt-hours of electricity a qualifying utility delivered to its Washington retail customers in the most recently completed year.

Eligible Renewable Resource.
The term eligible renewable resource means electricity generated from a resource such as wind, solar, geothermal energy, landfill and sewage gas, wave and tidal power, and certain biodiesel fuels. In addition, an eligible renewable resource must be generated in a facility that started operating after March 31, 1999, and the facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis. Under certain conditions, incremental electricity produced as a result of efficiency improvements to hydroelectric generation facilities may also count as an eligible renewable resource.

Renewable Energy Credit.
A REC is a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource where the generation facility is not powered by fresh water. Under the EIA, a REC represents all the nonpower attributes associated with the power. The RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Summary of Bill:

Any conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used for up to three biennial acquisition targets, such that no more than 50 percent of any biennial target may be met with excess conservation savings.

Appropriation: None.

Fiscal Note: Available.

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