SENATE BILL REPORT

SB 6188

As of February 2, 2000

Title: An act relating to the restoration of investments in energy conservation, renewable resources, and low-income energy services.

Brief Description: Promoting conservation and renewable energy sources.

Sponsors: Senators Fairley, Brown, Kline and Kohl-Welles.

Brief History:
Committee Activity: Energy, Technology & Telecommunications: 2/1/2000.

SENATE COMMITTEE ON ENERGY, TECHNOLOGY & TELECOMMUNICATIONS

Staff: Andrea McNamara (786-7483)

Background: Concerns have been raised about some of the unintended consequences of recent changes in Washington's electricity industry. In particular, the perceived need by utilities to position themselves to become more competitive has arguably shortened their planning horizons and reduced their incentives to make investments in energy conservation and renewable resource development.

Many states that have enacted comprehensive electricity restructuring have recognized this phenomenon and have included a system benefits charge as part of the restructured market.

A system benefits charge is a non-bypassable, competitively neutral mechanism for ensuring a designated level of investment in specified public purposes. It is typically charged to all end-users and collected by the distribution utility.

Summary of Bill: Legislative findings are made recognizing the state's tradition of supporting energy efficiency and renewable energy development and proclaiming it is in the state's interest to have a competitively neutral and non-bypassable mechanism that assures delivery of all cost-effective conservation, provides low-income households with energy efficiency services, and secures development of new nonhydroelectric renewable resources.

Beginning July 1, 2001, all distribution utilities must invest a minimum of 3 percent of their retail revenues annually on energy conservation, renewable energy resources, and low-income energy efficiency services. Direct service industrial customers are also required to invest at least 3 percent of their annual expenditures on electricity for the identified public purposes.

Specific allocations for the funds collected and expended by utilities are directed, with 49.5 percent being allocated at the discretion of the utility and the remaining 50.5 percent being targeted to a number of purposes, including: regional energy efficiency market transformation activities (14 percent); low-income energy efficiency services administered through the Department of Community, Trade, and Economic Development (12.5 percent); the above-market costs of developing and commercializing new nonhydroelectric renewable resources, renewables research and development, and demonstration of distributed renewable resources (12.5 percent); cost-effective conservation (11 percent); and administrative costs of the department (.5 percent).

Direct service customers and large customers may receive credits for a portion of the non-bypassable charges for qualifying conservation or renewable investments made in their facilities or contributions made through the Bonneville Power Administration to the Energy Efficiency Alliance.

Utilities must annually demonstrate compliance with the investment standard beginning in 2002. Procedures for monitoring and ensuring compliance are specified.

The department must provide biennial reports to the Legislature beginning in 2003 on the accomplishments of the investment standard, remaining cost-effective opportunities, and recommendations for revisions to the standard. A sunset review must be completed by January 1, 2010.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.