

# SENATE BILL REPORT

## SHB 2637

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As Reported By Senate Committee On:  
Environment, Energy & Water, March 1, 2002

**Title:** An act relating to the joint task force on long-term energy supply.

**Brief Description:** Creating the joint task force on long-term energy supply.

**Sponsors:** House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Morris, Hatfield, Kessler, Anderson, Veloria, Linville, Haigh, Conway, Hunt, Schual-Berke, Wood, Simpson, Rockefeller, Jackley, Kagi and Ogden).

**Brief History:**

**Committee Activity:** Environment, Energy & Water: 2/28/02, 3/1/02 [DPA-WM, DNPA].

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Jacobsen, Keiser and Morton.

**Minority Report:** Do not pass as amended.

Signed by Senators Hale, Honeyford and McDonald.

**Staff:** Andrea McNamara (786-7483)

**Background:** The current statement of the state's energy policy was adopted in 1976. The policy encourages the development and use of a diverse array of energy resources emphasizing renewable resources. It seeks to ensure a sufficient supply of energy and to encourage energy conservation and elimination of wasteful and uneconomic uses of energy. Conservation includes resource recovery and recycling. In emergency energy shortages, priority is given to activities that maintain the health, safety and welfare of the public. Energy use and development must be consistent with environmental policies.

In 1991 the State Energy Office, predecessor to the Energy Policy Division of the Office of Trade and Economic Development, was directed to develop a state energy strategy along with an advisory committee of 20 members representing industry, government, and environmental interests. The committee issued its report in 1993, including recommendations on energy use in transportation, buildings, agriculture and industry. Recommendations also addressed energy use and protecting the environment. The former Energy Office reported biennially on the status of implementing the strategy. In the 2001 biennial report, the Energy Division indicated that "given the dramatic changes in the energy landscape since 1993," a full examination and update of the state energy strategy was warranted.

The Northwest region has seen a growth in demand for electricity while at the same time has not experienced much development of new generation until very recently. The Northwest

Power Planning Council's prediction of an increasing possibility of power supply problems during the next few years and the region's recent experience with unprecedented high prices in the western power markets has focused attention on the need to plan for a stable, affordable supply of energy and the ability to deliver a supply of power to consumers.

**Summary of Amended Bill:** The statement of the state's energy policy is modified in a number of ways, including the following: (1) in developing a diverse array of energy resources, conservation and new technologies must be emphasized in addition to renewable resources; (2) in ensuring a sufficient supply of energy for the state, consideration must be given to energy needs outside of Washington because of the impact external needs may have on Washington's energy supply; (3) while encouraging energy conservation and eliminating wasteful uses of energy and materials, energy conservation must include cost-effective energy efficiency and resource recovery that achieves at least a doubling of previous resource utilization or 80 percent efficiency; and (4) in energy shortage emergencies, critical public health, safety and welfare activities are to be given priority while noncritical government functions are to be curtailed.

The Department of Community, Trade, and Economic Development (CTED) must complete a review and update of the state energy strategy by December 31, 2002, with the advice and recommendations of a joint task force convened for that purpose. CTED must hold at least one public hearing on the task force's recommendations. Future periodic updates of the strategy may also be conducted, and any such updates shall satisfy the requirement to complete a biennial energy report for any biennium in which they are completed.

The update must include recommendations for revising the state's energy strategy, specific actions for implementing the strategy, and performance benchmarks for measuring progress toward meeting the identified goals of the state's energy policy and strategy.

The Joint Task Force on Long-Term Energy Supply (Joint Task Force) is established consisting of up to eight legislative members and representatives of numerous specified interest groups.

The Joint Task Force is directed to consider a number of issues, including the following: identifying methods for the creation of new capacity in the electrical supply system in advance of critical need for electricity; identify incentives and disincentives for building new generation and transmission capacity; identifying methods to encourage demand management options and technologies; improving coordination of state planning with regional planning efforts; and identifying specific strategies to reduce or offset the contributions to global climate change attributable to the state's energy consumption.

CTED must include additional specified information in the 2002 biennial energy report related to the state's contribution to global climate change and state efforts to purchase and use renewable resources. It may also address transportation-related energy challenges.

**Amended Bill Compared to Substitute Bill:** The striking amendment converts the Joint Task Force into an advisory group to provide recommendations to OTED in completing the energy strategy update and modifies the task force membership. It modifies the required elements of the strategy update and makes changes to the timelines and process for completing it. The striking amendment modifies some of the issues about which the task

force is directed to provide advice and recommendations. It also adds some required and optional issue areas for inclusion in the 2002 biennial energy report.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** The current approach to updating the state energy plan is too costly and cumbersome and not as collaborative with the Legislature as it ought to be. We need a more pro-active approach to implementing the state's energy strategy, and Washington needs to take a more active role in planning since regional planning efforts have been diminished over the past several years. Updating the strategy and finding ways to implement it is responsive to the Competitiveness Council's recommendations to maintain a reliable and cost-effective energy supply for Washington businesses and industry.

**Testimony Against:** Concerns: The bill focuses too much on pursuing new generation in Washington without adequately considering the role of demand side solutions such as energy efficiency and conservation. The task force needs to have greater public participation and insure more balanced input. References to "setting a floor price" for generation are neither feasible nor appropriate and should be deleted.

**Testified:** PRO: Rep. Morris, prime sponsor. CONCERNS: Toni Potter, League of Women Voters. CON: Danielle Dixon, Northwest Energy Coalition.