

# FINAL BILL REPORT

## ESHB 1643

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Synopsis as Enacted

**Brief Description:** Regarding energy conservation under the energy independence act.

**Sponsors:** House Committee on Technology & Economic Development (originally sponsored by Representatives Fey, Short, Upthegrove, Nealey, Pollet, Liias, Ormsby, Ryu and Moscoso).

**House Committee on Environment**  
**House Committee on Technology & Economic Development**  
**Senate Committee on Energy, Environment & Telecommunications**

### **Background:**

#### Energy Independence Act.

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 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 assessments 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 assessments.

#### Pacific Northwest Electric Power and Conservation Planning Council.

The Pacific Northwest Electric Power and Conservation Planning Council (Power Council) was established in the federal Northwest Power Act of 1980. The governors of Washington, Oregon, Idaho, and Montana each appoint two members to the Power Council. Among its duties, the Power Council must develop a regional Power Plan at least every five years to meet the region's electricity needs. The EIA requires qualifying utilities to use methodologies consistent with the Power Council's Power Plan when calculating their achievable cost-effective conservation potential. At the time the EIA was approved by the voters of the state, the Power Council was operating under the Fifth Power Plan. It adopted

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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.*

its Sixth Power Plan in February 2010 and is working to adopt the Seventh Power Plan near the end of 2015.

**Summary:**

Excess Energy Conservation.

Qualifying utilities are allowed to use cost-effective energy conservation achievement in excess of their biennial acquisition targets to meet subsequent biennial energy conservation acquisition targets.

Beginning January 1, 2014, cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used to help meet the immediately subsequent two biennial acquisition targets. No more than 20 percent of any biennial target may be met with excess conservation savings.

Beginning on January 1, 2014, a qualifying utility may use single large facility conservation savings to meet up to an additional 5 percent of the immediately subsequent two biennial acquisition targets. No more than 25 percent of any biennial target may be met with excess conservation savings. "Single large facility conservation savings" is defined as cost-effective conservation savings achieved in a single biennial period at the premises of a single utility customer whose annual electricity consumption prior to the conservation acquisition exceeded 5 average megawatts.

Beginning January 1, 2012, and until December 31, 2017, a qualifying utility with an industrial facility located in a county with a population between 95,000 and 115,000 that is directly interconnected with electricity facilities that are capable of carrying electricity at transmission voltage may use cost-effective conservation from that industrial facility in excess of its biennial acquisition target to help meet the immediately subsequent two biennial acquisition targets. No more than 25 percent of any biennial target may be met with excess conservation savings.

Regional Power Plan Methodologies.

Each qualifying utility when identifying its achievable cost-effective conservation potential is required to use methodologies consistent with those used by the Power Council in the most recently published regional power plan as it existed on the effective date of the act or such subsequent date as may be provided by the Department of Commerce or the Utilities and Transportation Commission by rule. A qualifying utility is not precluded from using its utility-specific conservation measures, values, and assumptions in identifying its achievable cost-effective conservation potential.

**Votes on Final Passage:**

House	97	0
Senate	49	0

**Effective:** June 12, 2014