

HOUSE BILL REPORT

HB 2183

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to maintaining a robust, clean, and job rich energy policy in the state of Washington that builds upon the goals created by the energy independence act.

Brief Description: Maintaining a robust, clean, and job rich energy policy in the state of Washington that builds upon the goals created by the energy independence act.

Sponsors: Representatives Morris, Ormsby, Fey and Hudgins.

Brief History:

Committee Activity:

Technology & Economic Development: 1/14/14, 1/24/14 [DPS].

Brief Summary of Substitute Bill

- Directs the Joint Committee on Energy Supply and Energy Conservation to make recommendations to the Legislature on policies that would establish new or revised renewable energy and energy efficiency goals for utilities.
- Authorizes the Washington State University Energy Program to conduct a resource assessment on the amount of new energy resources that could be made available with a high efficiency cogeneration policy or a thermal heating efficiency policy.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Morris, Chair; Habib, Vice Chair; Smith, Ranking Minority Member; DeBolt, Fey, Freeman, Hudgins, Magendanz, Morrell, Ryu, Stonier and Tarleton.

Minority Report: Without recommendation. Signed by 3 members: Representatives Short, Assistant Ranking Minority Member; Kochmar and Vick.

Staff: Scott Richards (786-7156).

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.

Background:

Joint Committee on Energy Supply and Energy Conservation.

The Joint Committee on Energy Supply and Energy Conservation (Joint Committee) is a legislative committee of eight members that meets at the following times: (1) annually; (2) at the call of the chair of the Joint Committee to receive information on the status of the state's or the region's energy supply; (3) during a condition of energy supply alert or energy emergency; and (4) upon the call of the chair when the Governor acts to terminate an energy supply alert or energy emergency.

Any member of the House of Representatives or Senate is eligible to be appointed to the Joint Committee. The Joint Committee shall consist of four Senators and four Representatives who are selected biennially by the respective bodies of the Legislature. The Joint Committee is responsible for electing a chair and a vice chair. The chair is a member of the House of Representatives in even-numbered years and a member of the Senate in odd-numbered years.

Summary of Substitute Bill:

By December 31, 2014, the Joint Committee must make recommendations to the energy committees of the Legislature on policies that would establish new or revised renewable energy and energy efficiency goals for utilities.

The Joint Committee must consider how its recommendations will achieve the following objectives:

- ensure that Washington continues to capture all cost-effective energy conservation and address any barriers to achieving this goal;
- encourage renewable energy resources;
- promote the greatest efficiency in using existing resources, especially compared with states that Washington competes with economically;
- enable technologies that make existing practices and processes more efficient;
- reduce the overall amount of pollution generated in the production and consumption of energy;
- reduce the amount of wealth Washington exports to neighboring jurisdictions for energy procurement;
- keep rates as low as practical in a policy environment where there are often competing goals;
- create regulatory certainty in advance of typical energy planning and procurement cycles; and
- maximize the creation of jobs in Washington.

The Joint Committee may also identify and recommend policies that eliminate barriers to achieving goals identified in their recommendations, including, but not limited to, permitting timelines, financing, and technology availability.

In order to facilitate the development of recommendations, the Joint Committee shall hold a minimum of four meetings:

1. At the first meeting, the Joint Committee must provide an opportunity for the public to present on what goals the Joint Committee should consider when making its recommendation to the Legislature.
2. At the second meeting, the Joint Committee will summarize and report on areas of consensus and division among stakeholders.
3. At the third meeting, the Joint Committee will take public testimony on a draft set of recommendations.
4. At the fourth meeting, the Joint Committee must vote on final recommendations to the 2015 Legislature for new energy performance standards after 2020.

Joint Committee Research Projects.

The Joint Committee is directed to conduct research on topics related to various parts of the electricity infrastructure. This research includes:

- an assessment of the cost of maintenance at baseload energy generation facilities necessary to meet the ramping and cycling of eligible renewable resources;
- a review of existing reports on the capacity of the electricity grid infrastructure to handle the load from intermittent renewable energy resources and an examination of potential issues that may arise if the state's renewable energy targets are increased; and
- an assessment of energy storage material supplies, costs, and enabling technologies, including an evaluation of the domestic availability of the components in the supply chain.

High Efficiency Cogeneration and Thermal Heating Efficiency.

In order to assist the Joint Committee in its deliberations of new energy performance standards, the Washington State University Energy Program is directed to conduct a resource assessment on the amount of new energy resources that could be made available with a high efficiency cogeneration policy or a thermal heating efficiency policy.

Substitute Bill Compared to Original Bill:

The intent section is modified to say that it is the intent of the Legislature to establish and support an inclusive legislative-driven process to build on the goals of the Energy Independence Act, rather than create policy after 2020 when the current goals of the Energy Independence Act end. The Joint Committee is directed to make recommendations to the Legislature on ways to improve the effectiveness and implementation of the existing law and policies that would further the renewable energy and energy efficiency standards for utilities post 2020, rather than establishing new renewable energy and energy efficiency goals for utilities. The Joint Committee must consider, when developing its recommendations, how it will ensure that Washington continues to capture all cost effective energy conservation and address any barriers to achieving this goal. The Joint Committee must vote on final recommendations for new or revised energy performance standards, rather than just voting on new energy performance standards. Additional meetings of the Joint Committee may be scheduled before, between, or after the four specified meetings listed in the bill. Research projects were added to the duties of the Joint Committee relating to the cost of maintenance at baseload energy generation facilities relating to eligible renewable resources, a review of

the electricity grid infrastructure to handle the load from intermittent renewable energy resources, and an assessment of energy storage material supplies, costs, and enabling technologies.

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) On a good day, the planning and procuring process for new electrical generation resources is five years. With the last target of the Energy Independence Act (Act) happening in 2020, Integrated Resource Plans prepared by electric utilities are showing a great deal of ambiguity in what resources utilities will need to procure after 2020. Utilities do not know what the rules are going forward after 2020. They don't know whether there will be more aggressive renewable energy or energy efficiency standards. It is the Legislature's responsibility to let utilities and stakeholders know what the rules will be after 2020 and this bill starts the dialogue on what should happen next.

Comprehensive long range planning is the foundation of good government policy. This process will look at the goals of the Act in total, rather than in a piecemeal fashion. The executive branch is not included. It would be good to have the executive branch involved. Make sure that continuing efforts to promote energy conservation and energy efficiency is one of the goals of the Joint Committee in developing its recommendations. Since the Act has been so effective in Washington at both driving investments in clean energy technologies and reducing greenhouse gas emissions, it is important to recognize that the Joint Committee will be building on these achievements.

(In support with concerns) The Legislature is the appropriate place to have this conversation as there are many factors that go into what an energy system looks like. Recommendations should be expanded to include federal policies that affect utilities.

(Neutral) The Washington State University Energy Program has the expertise in-house to conduct the study on combined heat and power and thermal efficiency, if the Legislature directs us to conduct the research.

(Opposed) None.

Persons Testifying: (In support) Representative Morris, prime sponsor; Mary Moore, League of Women Voters; Michael O'Brian, Renewable Northwest Project; Clifford Traisman, Washington Environmental Council; Jessica Finn-Coven, Climate Solutions; and Nancy Hirsh, New Energy Coalition.

(In support with concerns) Nancy Atwood, Puget Sound Energy.

(Neutral) Sheila Riggs, Washington State University Energy Program.

Persons Signed In To Testify But Not Testifying: None.