

SENATE BILL REPORT

ESHB 1643

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 25, 2014

Title: An act relating to energy conservation under the energy independence act.

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, Lias, Ormsby, Ryu and Moscoso).

Brief History: Passed House: 2/17/14, 97-0.

Committee Activity: Energy, Environment & Telecommunications: 2/25/14 [DP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Member; Billig, Brown, Chase, Honeyford, Litzow and Ranker.

Staff: William Bridges (786-7416)

Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires qualifying electric utilities to meet targets for energy conservation and for using eligible renewable resources.

Qualifying Utilities. Under I-937, qualifying utilities are electric utilities with 25,000 or more customers in the state.

Energy Conservation Assessments and Targets. Each qualifying electric utility must pursue all available conservation that is cost effective, reliable, and feasible. When calculating its achievable cost-effective conservation potential, I-937 requires a qualifying utility to use methodologies consistent with the most recently published power plan developed by the Pacific Northwest Electric Power and Conservation Planning Council (Power Council).

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 ten-year period.

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.

Beginning January 2010, each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessments.

Regional Power Plans. The Power Council must develop a regional power plan at least every five years to meet the region's electricity needs. At the time I-937 was approved, the Power Council was operating under the Fifth Power Plan. It adopted its Sixth Power Plan in February 2010, and is working to adopt the Seventh Power Plan near the end of 2015.

Summary of Bill: Using Excess Conservation Savings to Meet Subsequent Conservation Targets. Beginning January 1, 2014, cost-effective conservation achieved by a qualifying utility in excess of its biennial acquisition target may be used to meet the immediately subsequent two biennial acquisition targets; however, 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; however, no more than 25 percent of any biennial target may be met with excess conservation savings. Single large facility conservation savings are 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 meet the immediately subsequent two biennial acquisition targets; however, no more than 25 percent of any biennial target may be met with excess conservation savings.

Updating Regional Power Plan Methodologies. Each qualifying utility when identifying its achievable cost-effective conservation potential must 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 this act or a subsequent date as determined 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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This compromise language will increase energy efficiency by using the latest information on cost-effective resources. Conservation

banking is necessary because the timing of investments by businesses do not always line up with the timing of utilities. The bill will encourage large industrial customers to make greater conservation investments. The bill represents an agreement by utilities, state agencies, and the environmental community. The Department of Commerce and the Utilities and Transportation Commission will go through formal rulemakings to update the methodologies. The bill fully preserves the ability of utilities to tailor their conservation analyses to the unique characteristics of their service territories.

Persons Testifying: PRO: Representative Fey, prime sponsor; Rose Feliciano, Seattle City Light; Steve Bicker, Tacoma Power; Eugene Rosealie, Cowlitz PUD; Christine Brewer, Avista; Anthony Chavez, Weyerhaeuser; Tim Boyd, Industrial Customers of NW Utilities; Nancy Hirsh, NW Energy Coalition; Tony Usibelli, Energy Office, Dept. of Commerce.