

SENATE BILL REPORT

SB 6135

As Reported by Senate Committee On:
Environment, Energy & Technology, February 6, 2020

Title: An act relating to system reliability under the clean energy transformation act.

Brief Description: Concerning system reliability under the clean energy transformation act.
[**Revised for 1st Substitute:** Concerning system reliability during the clean energy transformation act implementation.]

Sponsors: Senators Sheldon, Carlyle and Short.

Brief History:

Committee Activity: Environment, Energy & Technology: 1/21/20, 2/06/20 [DPS].

Brief Summary of First Substitute Bill

- Directs the Department of Commerce (Commerce) and the Utilities and Transportation Commission (UTC) to jointly convene a meeting of representatives of the investor-owned utilities, consumer-owned utilities, and other specified stakeholders at least once every 12 months to discuss the adequacy of energy resources to serve Washington's electric needs and address specific steps the utilities can take to coordinate planning in light of changes to the northwest power system.
- Requires Commerce and the UTC to provide a summary of the meetings to the Governor and the Legislature.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: That Substitute Senate Bill No. 6135 be substituted therefor, and the substitute bill do pass.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Ericksen, Ranking Member; Fortunato, Assistant Ranking Member, Environment; Sheldon, Assistant Ranking Member, Energy & Technology; Brown, Das, Hobbs, Lias, McCoy, Nguyen, Rivers, Short, Stanford and Wellman.

Staff: Kimberly Cushing (786-7421)

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: In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. Additionally, CETA requires electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025, and make all retail sales of electricity greenhouse gas (GHG) neutral by January 1, 2030.

By January 1, 2024, and every four years thereafter, the Department of Commerce (Commerce) must report to the Legislature a review of the three CETA standards focused on technologies, forecasts, existing transmission, environmental and public safety, affordability, and reliability.

The full report must include:

- an evaluation of impacts or costs and benefits on system reliability and utilities;
- an evaluation identifying anticipated financial costs and benefits to electric utilities;
- an evaluation of new or emerging technologies that could be considered renewable resources; and
- an assessment of the impacts on middle-income families, small businesses, and manufacturers in Washington.

Summary of Bill (First Substitute): The Legislature finds that the northwest's power system is undergoing significant changes. Maintaining the adequacy, sufficiency, and availability of power supply to the growing populace in the northwest is critical to the future of the region. In order to do so, additional information sharing and coordination among utilities, planning entities, and state agencies is necessary to ensure that the region is adapting to the changing power system.

At least once every 12 months, Commerce and the UTC must jointly convene a meeting of representatives of the investor-owned utilities, consumer-owned utilities, regional planning organizations, transmission operators, and other stakeholders to discuss the current, short-term, and long-term adequacy of energy resources to serve Washington's electric needs and address specific steps the utilities can take to coordinate planning in light of changes to the northwest power system. The changes may include technological developments, retirements of legacy baseload power generation resources, and changes in the laws and regulations affecting power supply options.

Commerce and the UTC must provide a summary of each meeting and specific action items to the Governor and the Legislature, within 60 days of the meeting. The annual meeting requirement expires January 1, 2025.

EFFECT OF CHANGES MADE BY ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE (First Substitute):

- Amends the title to clarify the bill deals with system reliability during CETA implementation.
- Adds intent language.
- Directs Commerce and the UTC to jointly convene a meeting of representatives of the investor-owned utilities, consumer-owned utilities, and other specified stakeholders at

least once every 12 months to discuss the adequacy of energy resources to serve Washington's electric needs and address specific steps the utilities can take to coordinate planning in light of changes to the northwest power system.

- Requires Commerce and the UTC to provide a summary of the meetings to the Governor and the Legislature.
- Removes all statutory changes to CETA in the underlying bill.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This is about resource adequacy and system reliability. It asks Commerce to move ahead more quickly with their report. It is imperative we open up CETA and do some mechanical work on the bill. We need to make sure we do not have brownouts or blackouts in our region. Having information sooner rather than later will benefit utilities. We are concerned about coal-fired plants retiring sooner, which are relied upon to meet peak load. Increased reliance on renewable energy could pose a threat to system reliability. As CETA implementation continues questions are being raised. Industrial loads are highly sensitive to system outages. A qualified third party should perform the assessment. Ensuring reliable electricity system requires comprehensive approach. Building new resources will take time.

CON: This would prematurely move forward the reliability study. It will create confusion as well as a weak and inadequate study.

OTHER: The utilities are already doing planning work to identify resource adequacy metrics and the work is going well. The results of initial plans would be used by Commerce to create statewide assessment six years before the GHG neutral standard would go into effect. We would like to find a way to address this without opening CETA legislation.

Persons Testifying: PRO: Senator Tim Sheldon, Prime Sponsor; Brandon Houskeeper, Puget Sound Energy; Steve Taylor, Director of Regulatory and Regional Affairs, Cowlitz PUD; Greg Cullen, Energy Northwest; Peter Godlewski, Association of Washington Business.

CON: Annabel Drayton, Northwest Energy Coalition.

OTHER: Glenn Blackmon, Washington Department of Commerce, State Energy Office.

Persons Signed In To Testify But Not Testifying: No one.