

SENATE BILL REPORT

SB 5933

As Reported By Senate Committee On:
Energy, Technology & Telecommunications, March 2, 1999

Title: An act relating to disclosure of attributes of electricity products.

Brief Description: Providing for disclosure to consumers regarding the characteristics associated with their electric energy product.

Sponsors: Senators Brown and Fraser.

Brief History:

Committee Activity: Energy, Technology & Telecommunications: 2/23/99, 3/2/99 [DPS, DNPS].

SENATE COMMITTEE ON ENERGY, TECHNOLOGY & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 5933 be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Goings, Vice Chair; Fairley and Fraser.

Minority Report: Do not pass substitute.

Signed by Senators Hochstatter and Rossi.

Staff: Andrea McNamara (786-7483)

Background: Numerous electricity suppliers around the country now offer or have plans to offer their consumers choices in the electricity products they buy. In Washington, a growing number of utilities are offering or are considering offering "green" power products, ones which are supplied by generating resources with minimal environmental impacts, such as certain hydroelectric projects and wind power projects.

As this new more competitive electric industry emerges, more attention is being given to the needs of customers to receive information to enable them to make informed choices.

In the west, at least four states have adopted or have plans to adopt disclosure criteria. In Washington and Oregon, retail choice pilot projects have experimented with different formats and content for electricity product labels. Regional efforts have been underway over the past two years to examine various issues relating to electricity product labeling, tracking of environmental claims, and analyzing the effectiveness of customer disclosures.

Summary of Substitute Bill: Legislative findings and intent are added to reflect the Legislature's desire to facilitate consumer understanding of electric energy service and the development of new products responsive to consumer preferences.

Beginning in 2000, retail electricity suppliers must provide specified disclosures about the fuel mix used to supply the electricity products they sell. Disclosures must be provided semi-annually to all customers (small utilities may report once per year), to new customers when they sign up for service, and with marketing materials for all new product offerings.

Fuel mix disclosures must include the quantity of each source of generation received from declared sources, and when the power is not from declared resources, the fuel mix of net system power. Net system power is the power remaining in the northwest power pool after deducting declared resources sold by both in-state and out-of-state retail suppliers, and the Bonneville Power Administration's (BPA) sales to direct service industrial customers. The categories of fuel that may or must be listed are specified. Power purchased from may be reported as BPA's annual generation mix.

The Department of Community, Trade, and Economic Development (CTED) is to report to the Legislature in December, 1999, and December 2001. The first report must include recommended methods for disclosing the price and environmental characteristics of electricity products, and the second report must include suggestions for improving informational content, readability, and consumer understanding of the disclosures. CTED must convene a work group of interested parties prior to preparing its reports.

CTED is directed to seek the agreement of an appropriate regional group to serve as an electricity information coordinator, and must be the default coordinator if no group can be found. The coordinator compiles specified information, calculates net system power fuel mix, and verifies the quantity of dedicated resource claims.

Numerous definitions are added.

Substitute Bill Compared to Original Bill: The substitute removes the requirements for price and environmental impacts disclosures.

The substitute bill exempts small utilities from semi-annual reporting and allows them to disclose their fuel mix once per year in their annual report or a similar publication.

The substitute specifies a uniform format for the fuel mix disclosure label. The label must be in a tabular format with two columns where the first column lists the fuel sources alphabetically and the second identifies the percentage of electricity supplied by each source.

The study by CTED is expanded to include, by December 1999, recommendations for price and environmental impact disclosure requirements. Recommendations for improving the label formats are changed from December 2002 to 2001.

The substitute bill requires CTED to convene an advisory committee before selecting the regional entity to serve as the Electricity Information Coordinator, and allows CTED to receive gifts and grants to fund the Electricity Information Coordinator's role.

Numerous technical and clarifying changes are made.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Original Bill): Consumers need this information in order to understand where their power comes from and the impacts on the environment caused by certain types of electricity generation. Even if customers don't have choices yet, the information will allow them to influence decisions made by their utilities and will encourage the development of more environmentally-friendly energy resources. Several other states have adopted similar disclosure requirements, either in law or through their regulatory commissions.

Testimony Against (Original Bill): Many of the requirements in this bill are premature. Until such time as the state moves to offer consumers the ability to choose their electricity supplier, information about environmental impacts and price is unnecessary and only a burden on utilities. In the meantime, these requirements should only apply to suppliers making claims about selling "green" power. The working group that has been working on this issue has not reached consensus on any parts of the bill other than the fuel mix disclosures.

Testified: Danielle Dixon, NW Energy Coalition (pro); Sara Patton, NW Energy Coalition (pro); Peter West, Renewable NW Project (pro); Eugene Rosole, NW Environmental Advocates (pro); Eric Espanhorst, Friends of the Earth (pro); Toni Potter, League of Women Voters of WA (pro); Al Aldrich, Snohomish PUD; Michael Transue, WA State Hydropower Issue Group (concerns); Teresa Osinski, Steve McLellan, WUTC (pro); Victoria Lincoln, AWC; Aaron Jones, WRECA (pro); Jon Steier, WashPIRG (pro); Len McMurray, WA P.U.P. Assn. (con); Liz Klumpp, CTED; Kelly Norwood, Collins Sprague, AVISTA Corp (pro); Jim Hardins, Seattle City Light (pro); Andrea Kelly, Kathleen Collins, Pacificorp (concerns).