

# SENATE BILL REPORT

## ESHB 1010

---

As Reported By Senate Committee On:  
Water, Energy & Environment, February 23, 2006

**Title:** An act relating to energy efficiency and renewable energy.

**Brief Description:** Concerning energy efficiency and renewable energy standards.

**Sponsors:** House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Hudgins, Morrell, Linville, B. Sullivan, McCoy and Chase).

**Brief History:** Passed House: 2/09/06, 96-1.

**Committee Activity:** Water, Energy & Environment: 2/15/06, 2/23/06 [DPA].

---

### SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

**Majority Report:** Do pass as amended.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Delvin, Fraser, Honeyford, Mulliken, Pridemore and Regala.

**Staff:** William Bridges (786-7424)

**Background:** Integrated Resource Planning. Many energy utilities develop long-term strategies, called "integrated resource plans" (IRPs) or "least cost plans" to select reliable and cost-effective resources for the planning horizon. The process typically involves public participation.

The Washington Utilities and Transportation Commission (WUTC) requires each regulated energy utility to develop "integrated resource plans," which describe the mix of supply resources and conservation that will meet the utility's current and future needs at the lowest reasonable cost to the utility and its ratepayers. The long-term forecast period under an IRP must be at least 10 years.

At least two municipal utilities and one public utility district in the state use integrated resource plans: Seattle Public Utilities, Tacoma Public Utilities, and Snohomish PUD.

**Summary of Amended Bill:** Requiring Integrated Resource Planning. All investor-owned and consumer-owned utilities in the state, with more than 25,000 customers, must develop detailed IRPs by September 1, 2008. All other utilities in the state, including those that essentially receive all their power from the Bonneville Power Administration, called "full requirements customers," must file less detailed "resource plans" (RPs) by the same date. The governing body of a consumer-owned utility must encourage public participation when developing the plans.

Content of Integrated Resource Plans. An IRP must describe the mix of generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers. The plans must contain a number of

elements, including (1) demand forecasts for at least the next ten years, (2) assessments of commercially available conservation and efficiency resources, and (3) assessments of commercially available utility scale renewable and nonrenewable generating technologies. In developing IRPs, consumer-owned utilities are encouraged to use information provided to and by other state, regional, national, and international entities. Consumer-owned utilities are also encouraged to use determinations required under the federal Energy Policy Act of 2005. An IRP must be updated at least every four years.

Content of Resource Plans. An RP must contain estimates of electricity loads and resources for the next five and ten years. It must also explain why renewable resources or conservation were not chosen, if applicable. In developing RPs, consumer-owned utilities are encouraged to use information provided to and by other state, regional, national, and international entities. Consumer-owned utilities are also encouraged to use determinations required under the federal Energy Policy Act of 2005. An RP must be updated at least every two years.

Reporting Requirements. Investor-owned utilities must submit their plans to the WUTC. Consumer-owned utilities must submit their plans to the Department of Community, Trade and Economic Development (CTED). A statewide summary of all plans must be prepared by CTED, which must submit the summary as part of the biennial state energy report.

Intent. Among other things, the Legislature intends to ensure an adequate supply of safe, clean, and reliable electricity at the lowest reasonable cost and risk to the utility and its ratepayers.

**Amended Bill Compared to Original Bill:** The legislative intent is modified. Definitions are added and modified. IRP and RP deadlines are changed. An IRP forecast period of at least ten years is specified. IRP elements are modified. The requirement for IRP work plans is removed. An encouragement to use determinations required by the Energy Policy Act is added. A requirement that IRP and RP summaries are to be included in the biennial state energy report is added. The title is changed.

**Appropriation:** None.

**Fiscal Note:** Requested on February 11, 2006.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For:** This bill has been worked on for several years. IRPs are crucial for the region because it will give policy makers the information they need to match infrastructure development with the build-out of new generation resources.

**Testimony Against:** None.

**Testimony Other:** The title is too broad. Definition of "renewable resource" should be tightened, particularly those parts that emphasize technology over resources. IRP requirements in the bill for investor-owned utilities should match the IRP elements already required by the WUTC. The bill targets nine PUDs, some of which get a substantial portion of their power from wind and hydro resources. These nine PUDs only account for 11.71 percent of the electricity consumers in the state. PUDs and other utilities already submit

extensive data to federal entities, and the bill would duplicate much of that effort. The bill lacks accountability measures. Small utilities that compete with larger utilities should not be exempt from IRPs.

**Who Testified:** PRO: Rep. Morris, prime sponsor; Collins Sprague, Avista; Tony Usibelli, CTED.

OTHER: Bill LaBorde, NW Energy Coalition; Bob Mack, City of Tacoma; Dave Warren, Wash. PUD Assoc.