

# SENATE BILL REPORT

## EHB 1826

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As of March 27, 2013

**Title:** An act relating to updating integrated resource plan requirements to address changing energy markets.

**Brief Description:** Updating integrated resource plan requirements to address changing energy markets.

**Sponsors:** Representative Morris.

**Brief History:** Passed House: 3/09/13, 87-10.

**Committee Activity:** Energy, Environment & Telecommunications: 3/26/13.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Staff:** William Bridges (786-7416)

**Background:** Integrated Resource Plan (IRP). All investor-owned and consumer-owned electric utilities in the state with more than 25,000 customers must develop IRPs. All other electric utilities in the state, including those that essentially receive all their power from the Bonneville Power Administration, must file either an IRP or a less detailed resource plan (RP).

Content of IRP. 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 plan must contain a number of elements, such as (1) demand forecasts for at least the next ten years, (2) assessments of commercially available conservation and efficiency resources, and (3) comparative evaluation of renewable and nonrenewable generating resources. When determining the lowest reasonable cost for resources identified in its IRP, a utility must consider state and federal policies regarding resource preference, among other factors.

Reporting and Filing Requirements. IRPs must be produced every four years and progress reports every two years. Investor-owned utilities must submit their plans to the Washington Utilities and Transportation Commission. Consumer-owned utilities must submit their IRPs and RPs to the Department of Commerce (Commerce) every two years. Commerce prepares a statewide summary of all IRPs and RPs, which is then submitted as part of the biennial state energy report.

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*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.*

Overgeneration Events. The reliability of the electricity transmission grid is based in part on the instantaneous balancing of demand, called load, and generating resources. An overgeneration event is when electricity generation exceeds load, which can endanger the stability of the grid and cause blackouts. During an overgeneration event, the excess generation must be exported, reduced, or shut down.

In the case of overgeneration events with hydroelectric projects, water is spilled over dams instead of being run through turbines. High seasonal river flows in the Pacific Northwest can create overgeneration events for hydroelectric projects, which can be exacerbated by the simultaneous generation of high amounts of intermittent resources, such as wind power.

Negative Pricing. Overgeneration events can lead to negative pricing, which means sellers of electricity pay buyers to take the power.

**Summary of Bill:** Requiring IRPs and RPs to Address the Integration of Renewable Resources and Overgeneration Events. In addition to other elements, IRPs must include an assessment of overgeneration events and the methods, commercially available technologies, or facilities for integrating renewable resources, if applicable to the utility's resource portfolio. In addition to addressing overgeneration events, all RPs must provide an explanation of why methods, commercially available technologies, or facilities for integrating renewable resources, were not chosen and why that decision was made.

Defining Terms. Terms are defined, such as overgeneration event, which means an event within an operating period of a balancing authority when the electricity supply, including generation from intermittent renewable resources, exceeds the demand for electricity for that utility's energy delivery obligations and a negatively priced regional market.

Allowing Longer Demand Forecasts. Utilities may include in their IRPs forecasts longer than ten years for projected customer demand.

Addressing Overgeneration Events in IRP Summaries. When Commerce prepares its statewide summary of all IRPs and RPs, it must provide an examination of assessment methods used by utilities to address overgeneration events.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**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: When the IRP requirement was placed in statute, smart grid technology, negative pricing, overgeneration events, and intermittent renewable energy was not on the horizon. This bill updates the IRP process.

**Persons Testifying:** PRO: Representative Morris, prime sponsor.