

# SENATE BILL REPORT

## SB 6258

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As of January 31, 2014

**Title:** An act relating to using conservation achieved by a qualifying utility in excess of its biennial acquisition target under the energy independence act.

**Brief Description:** Using conservation achieved by a qualifying utility in excess of its biennial acquisition target under the energy independence act.

**Sponsors:** Senators Ericksen, Chase, Sheldon, Brown and Honeyford.

**Brief History:**

**Committee Activity:** Energy, Environment & Telecommunications: 1/30/14.

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### SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

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

**Summary of Bill:** Using Excess Conservation to Meet up to 50 Percent of Subsequent Conservation Targets. Any conservation achieved by a qualifying utility in excess of its biennial acquisition target may be applied as a direct credit toward any of the next three subsequent biennial targets, such that no more than 50 percent of any biennial target may be met with excess conservation savings.

**Appropriation:** None.

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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.*

**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: I-937 is an imperfect tool and this bill allows utilities to take full advantage of the most important energy resource, conservation. Conservation savings do not follow the neat tiers of I-937, and this bill gives utilities the flexibility they need to plan their conservation efforts. Utilities and industrial customers may be reluctant to invest in large scale conservation projects because the savings cannot be claimed beyond a two-year period, despite the fact that large projects tend to be more cost effective. Weyerhaeuser favors conservation banking because it shares the conservation obligation of Cowlitz PUD.

CON: Limiting conservation banking to 15 percent for the next biennium is a better approach. If conservation banking is allowed, then the conservation methodology should be updated.

OTHER: If not done correctly, conservation banking may create a disincentive to achieve all cost-effective conservation that is required by I-937. The concept of conservation banking is worthy of support and dialogue should continue on the percent and appropriate timeframes.

**Persons Testifying:** PRO: Senator Ericksen, prime sponsor; Tim Boyd, Industrial Customers of NW Utilities; John Rothlin, Avista; Steve Bicker, Tacoma Power; Eugene Rosolie, Cowlitz County PUD; Anthony Chavez, Weyerhaeuser.

CON: Nancy Hirsh, NW Energy Coalition.

OTHER: Stan Price, NW Energy Efficiency Council; Ann Rendahl, Utilities and Transportation Commission.