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**Technology & Economic Development  
Committee**

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**HB 2319**

**Brief Description:** Concerning energy conservation programs under the energy independence act.

**Sponsors:** Representatives Doglio, Hudgins, Tarleton, Fey, Wylie, Fitzgibbon, Dolan, Ryu and Appleton.

**Brief Summary of Bill**

- Requires cost-effective conservation savings reported for the purpose of meeting conservation targets established under the Energy Independence Act (EIA) to be measured taking into consideration the overall reduction in normalized metered electricity consumption.
- Requires an investor-owned utility to offer a meter-based performance program option and an energy performance baseline program option in meeting its conservation targets under the EIA.

**Hearing Date:** 1/11/18

**Staff:** Nikkole Hughes (786-7156).

**Background:**

The Energy Independence Act.

The Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with more than 25,000 customers to meet targets for energy conservation and to meet a certain percent of its annual load with eligible renewable resources. Utilities that must comply with the EIA are called "qualifying utilities."

Energy Conservations Targets.

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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.*

A qualifying utility must pursue all available conservation that is cost-effective, reliable, and feasible. "Conservation" means any reduction in electric power consumption resulting from increases in the efficiency of energy use, production, or distribution.

Every two years, the qualifying utility must review and update an assessment of its achievable cost-effective conservation potential for the subsequent 10-year period. The qualifying utility must establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its 10-year assessment. At a minimum, each biennial target must be no lower than the qualifying utility's pro rata share for that two-year period of its cost-effective conservation potential for the subsequent 10-year period.

#### Accountability and Enforcement.

The Utilities and Transportation Commission (UTC) determines compliance with the requirements of the EIA for investor-owned utilities. The UTC is authorized to determine if a conservation program implemented by an investor-owned utility is cost-effective based on the UTC's policies and practice.

#### Normalized Metered Energy Consumption.

In 2015 California enacted legislation which requires the California Public Utility Commission to authorize electrical and gas corporations to provide financial incentives, rebates, technical assistance, and support to their customers to increase the energy efficiency of existing buildings based on all estimated energy savings and energy usage reductions, taking into consideration the overall reduction in "normalized metered energy consumption" as a measure of energy savings. "Normalized metered energy consumption" refers to an overall reduction of energy consumption, as measured through direct metering, that is normalized to account for factors such as weather and occupancy.

#### Energy Benchmarking Requirements.

An electric or gas utility that serves more than 25,000 customers in the state must maintain records of the energy consumption data of all nonresidential and certain public agency buildings to which the utility provides service. This data must be maintained in a format that is compatible with the United States Environmental Protection Agency's Energy Star Portfolio Manager, which is an Internet-based program that allows users to track their energy consumption data and to benchmark the energy use of their buildings against comparable buildings.

#### State Energy Code

The Washington State Energy Code (Code) is part of the State Building Code, which sets the minimum construction requirements for buildings in the state. The Code provides a minimum level of energy efficiency for residential and nonresidential buildings, but allows flexibility in building design, construction, and heating equipment efficiencies. The State Building Code Council (Council) maintains the Code. Unless otherwise amended by rule, the Code must reflect the 2006 edition.

The Council reviews, updates, and adopts model state building codes every three years. The Council must adopt state energy codes that require buildings constructed from 2013 through 2031 to move incrementally toward a 70 percent reduction in energy use by 2031. The Code must consider regional climatic conditions. The Council may amend the Code by rule if the amendments increase energy efficiency in the affected buildings.

**Summary of Bill:**

Cost-effective conservation savings reported for the purposes of meeting a qualifying utility's energy conservation targets must be measured taking into consideration the overall reduction in normalized metered electricity consumption, where these measurement techniques are feasible and cost-effective.

In meeting its conservation targets, an investor-owned utility must offer the following program options:

- a meter-based performance program option that links customer conservation incentives directly to energy savings by measuring the overall reduction in normalized metered electricity consumption; and
- an energy performance baseline program option that uses buildings' current normalized electric energy use to calculate financial incentives to achieve greater energy savings in existing residential and nonresidential building stock that fall below the current standards of the Washington State Energy Code.

The Utilities and Transportation Commission may rely on its standard practice for the authorization of investor-owned utilities' meter-based performance and energy performance baseline program options.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.