
Environment & Energy Committee

HB 1446

Brief Description: Prohibiting a utility from being assessed a penalty for not meeting its biennial acquisition target for cost-effective conservation in special circumstances outside the utility's control.

Sponsors: Representative Fey.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Provides that utilities are in compliance with cost-effective conservation acquisition targets if events beyond the reasonable control of the utility prevented it from meeting the conservation target.
--

Hearing Date: 2/9/21

Staff: Jacob Lipson (786-7196).

Background:

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. These utilities must pursue all available conservation that is cost-effective, reliable, and feasible.

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

The EIA also requires electric utilities with more than 25,000 customers to use eligible renewable resources or acquire equivalent renewable energy credits (RECs), or both, to meet the following targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

The Utilities and Transportation Commission determines compliance with the requirements of the EIA for investor-owned utilities. The State Auditor's Office is responsible for auditing compliance with the EIA for consumer-owned utilities, and the Office of the Attorney General is responsible for enforcing that compliance. Utilities that fail to comply with energy conservation or renewable energy targets owe an administrative penalty for each megawatt-hour of shortfall of \$50, adjusted annually for inflation. Utilities that do not meet an annual renewable energy target are exempt from administrative penalties under certain circumstances, including if the utility did not experience load growth or invested at least 4 percent of retail revenue on the incremental costs of eligible renewable resources or the cost of RECs.

Summary of Bill:

Electric utilities with more than 25,000 customers are considered in compliance with biennial acquisition targets for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented the utility from meeting the conservation target. Events that allow a qualifying utility to be considered in compliance with conservation targets include:

- natural disasters;
- public health disasters;
- severe economic recession;
- unanticipated loss of significant retail electric load;
- strikes;
- lockouts; and
- actions of a governmental authority that adversely affects the acquisition of cost-effective conservation.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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