

HOUSE BILL REPORT

ESHB 1005

As Passed House:

February 2, 2004

Title: An act relating to the joint task force on long-term energy supply.

Brief Description: Creating the joint task force on long-term energy supply.

Sponsors: By House Committee on Technology, Telecommunications & Energy (originally sponsored by Representatives Morris, Linville, Wood, Anderson, Fromhold, Conway, Kessler, O'Brien, Kenney, Haigh, Schual-Berke and Sullivan).

Brief History:

Committee Activity:

Technology, Telecommunications & Energy: 1/14/03, 2/7/03 [DPS];

Appropriations: 2/26/03, 3/3/03 [DPS(TTE)].

Floor Activity:

Passed House: 2/2/04, 96-0.

Brief Summary of Engrossed Substitute Bill

- Establishes the Joint Task Force on Long-term Energy Supply to study energy supply and demand issues, and to review the state's energy strategy and recommend specific implementation actions.

HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Morris, Chair; Ruderman, Vice Chair; Sullivan, Vice Chair; Crouse, Ranking Minority Member; Nixon, Assistant Ranking Minority Member; Anderson, Blake, Bush, DeBolt, Delvin, Hudgins, Kirby, McMahan, Romero, Tom, Wallace and Wood.

Staff: Pam Madson (786-7166).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Technology, Telecommunications & Energy be substituted therefor and the substitute bill do pass. Signed by 26 members:

Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Cody, Conway, Cox, DeBolt, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Minority Report: Do not pass. Signed by 1 member: Representative Clements.

Staff: Holly Lynde (786-7153).

Background:

Statement of state energy policy

The current statement of the state's energy policy was adopted in 1976. The policy encourages the development and use of a diverse array of energy resources emphasizing renewable resources. It seeks to ensure a sufficient supply of energy and to encourage energy conservation and elimination of wasteful and uneconomic uses of energy. Conservation includes resource recovery and recycling. In emergency energy shortages, priority is given to activities that maintain the health, safety, and welfare of the public. Energy use and development must be consistent with environmental policies.

State energy strategy

In 1991 the State Energy Office, predecessor to the Energy Policy Division of the Department of Community, Trade, and Economic Development (DCTED), was directed to develop a state energy strategy along with an advisory committee of 20 members representing industry, government, and environmental interests. The committee issued its report in 1993, including recommendations on energy use in transportation, buildings, agriculture, and industry. Recommendations also addressed energy use and protecting the environment. The former Energy Office reported biennially on the status of implementing the strategy. In the 2001 biennial report, the Energy Division indicated that "given the dramatic changes in the energy landscape since 1993," a full examination and update of the state energy strategy was warranted.

During 2002 the Energy Policy Division of the DCTED began the process of updating the electricity portion of the state's energy strategy with participation of a 19 member advisory committee. The advisory committee included individuals from electric utilities, other businesses, labor, environmental, and low-income groups, state agencies, and legislators. A report on the effort to update the state's energy strategy is expected in January 2003.

Energy supply

The Northwest region has seen a growth in demand for electricity while at the same time

has not experienced much development of new generation until very recently. The Northwest Power Planning Council's prediction of an increasing possibility of power supply problems during the next few years and the region's recent experience with unprecedented high prices in the western power markets has focused attention on the need to plan for a stable, affordable supply of energy and the ability to deliver a supply of power to consumers.

Summary of Engrossed Substitute Bill:

State energy policy

The statement of the state energy policy, developed in the late 1970s, is modified as follows: (1) In developing a diverse array of energy resources, conservation and new technologies are added to renewable energy resources that must be emphasized; (2) In ensuring a sufficient supply of energy, it is recognized that consideration must be given to energy needs outside the State of Washington because of the impact that need may have on Washington's energy supply; (3) While encouraging energy conservation and eliminating wasteful uses of energy and materials, energy conservation must include cost-effective energy efficiency and resource recovery that achieves at least a doubling of previous resource utilization or 80 percent efficiency; and (4) In energy shortage emergencies, critical public health, safety and welfare activities are given priority and noncritical government functions are curtailed.

Joint Task Force on Long-term Energy Supply

A Joint Task Force on Long-term Energy Supply is established consisting of 13 members including eight legislators and five members from the executive branch appointed by the Governor to include the Governor's Office and the Department of Community, Trade and Economic Development. The Task Force may consult with a broad array of individuals and may establish advisory committees and work groups.

The Task Force is directed to review and recommend revisions of the state's energy strategy and report to the Governor and appropriate committees of the Legislature by December 31, 2004, on revisions and specific actions that can be taken to implement the state's energy strategy. Future reviews of the state's energy strategy may be performed by a similar task force appointed for that purpose.

In addition to conducting a review of the state's energy strategy, the Task Force, established in 2004, must also study and identify methods for the creation of new capacity in the electrical supply system in advance of critical need for electricity, identify incentives and disincentives for building new generation capacity, and identify methods to encourage demand management options and technologies.

The Task Force expires on July 1, 2005.

Appropriation: None.

Fiscal Note: Not Requested.

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

Testimony For: (Technology, Telecommunications & Energy) The substance of this bill passed the House last year and was a reflection of an agenda item of the Competitiveness Council of having long-term, stable energy prices in this state. We need to have a linkage between having a good plan and implementing it. The Energy Policy Division of the Department of Community, Trade, and Economic Development (DCTED) began a review of the state energy strategy last summer. There was broad participation by a number of interested parties and groups. The group did agree on a number of guiding principles. This bill attempts to invest the Legislature and the executive branch in an energy policy that can be implemented in some way. The Northwest Power Planning Council has expressed concerns about the supply of power in 2004-06. Another period of shortages and high energy prices will have a rippling effect on the economy. Any continuing effort to establish actions and measurable outcomes for a state energy strategy should build on the work done by the group last summer, other groups' efforts, and information that is already available including information from the Northwest Power Planning Council as it develops its Fifth Power Plan. This Task Force could coordinate the work of these groups. The bill should be modified to continue with the existing process headed by the Energy Policy Division of the DCTED.

Testimony For: (Appropriations) This bill focuses on implementing the state's energy strategy. In the past, there has been no focus on implementing good principles at the state level. This bill provides a plan for updating the state's energy strategy and for making recommendations to the Legislature. The work required in this bill can be done within existing resources because it provides the structure and timeline in which to do the work.

Testimony Against: (Technology, Telecommunications & Energy) None.

Testimony Against: (Appropriations) None.

Persons Testifying: (Technology, Telecommunications & Energy) Representative Morris, prime sponsor; Marc Anderson, International Brotherhood of Electrical Workers Local 125 and 77; Stuart Trefry, Washington Public Utilities Districts Association; Dave Clinton, Washington Rural Electric Co-Op Association; Steve Lindstrom, Northwest Energy Coalition; and Danielle Dixon, Northwest Energy Coalition.**Testified:** Representative Morris, prime sponsor.