

# SENATE BILL REPORT

## HB 2866

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As of February 16, 2004

**Title:** An act relating to construction and operation of renewable energy projects by joint operating agencies.

**Brief Description:** Authorizing the construction and operation of renewable energy projects by joint operating agencies.

**Sponsors:** Representatives Crouse, Sullivan and Wood.

**Brief History:**

**Committee Activity:** Natural Resources, Energy & Water: 2/20/04.

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### SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

**Staff:** Richard Rodger (786-7461)

**Background:** Joint operating agencies (JOAs) are formed by cities and public utility districts that join together to develop electricity generation projects. The only JOA that is currently operating is Energy Northwest. It operates and maintains the state's only nuclear powered electrical generation facility. Energy Northwest has recently developed two wind power generation sites, a solar power demonstration site, and is exploring generation using biomass, fuel cells, and ocean wave power.

The JOAs must use a sealed bid process to purchase materials, equipment and supplies costing over \$5,000, or to order work for the construction of generating facilities and associated facilities costing over \$10,000.

A JOA may use a competitive negotiation process for contracts to acquire materials, equipment and supplies or for work performed during the commercial operation of a nuclear generating project. This process may be used where an existing contract is in default or is terminated or if the managing director and the executive board of the JOA finds that the project will be completed or will operate more economically than using the sealed bid process.

The negotiated bid process for selecting a contractor includes several steps. A request for proposal is issued by the JOA along with public notice similar to that of the sealed bid process.

A pre-bid conference is held to discuss and clarify the contract requirements in the request for proposal. Any inquiries from potential offerors and the responses from the JOA are given to all potential offerors. The contract requirements may be refined during this process.

Once offerors submit proposals, further discussion and clarification takes place with each offeror. Proposals may be revised in order to obtain the best and final offers. Proposals must

be opened and discussed in a manner that protects their disclosure to competing offerors during the negotiation process.

The JOA selects the offeror's proposal that is most advantageous to the JOA. The basis of the final selection must be part of the contract file. After a contract is awarded, a register of proposals is available for public inspection. Any offeror may request a briefing conference on the selection.

The contract may be a fixed price or cost-reimbursable, but not a cost plus percentage of cost.

**Summary of Bill:** The JOA's authorization to use a competitive negotiation process is extended to include the acquisition of materials, equipment and supplies, or for work performed, for the siting, construction or deploying of a renewable electrical energy generation project.

A renewable electrical generation project is a generation facility fueled by wind, solar energy, geothermal energy, landfill gas, wave or tidal action, gas produced by wastewater treatment, qualified hydropower, or biomass energy.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.