Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Energy & Communications Committee

SHB 1384

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

Sponsors: House Committee on Technology, Energy & Communications (originally sponsored by Representatives Haler, B. Sullivan, Morris, Crouse, P. Sullivan, Chase and Hudgins).

Brief Summary of Substitute Bill

- Authorizes joint operating agencies to use a competitive negotiation process for siting, construction, and operation of renewable energy projects.

Hearing Date: 1/19/06.

Staff: Scott Richards (786-7156).

Background:

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

A JOA must use a sealed bid process to purchase materials, equipment and supplies costing more than $10,000 or to order work for the construction of generating facilities and associated facilities costing more than $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. The JOA issues a request for proposal 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

inquires 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 and the state. 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:

A JOA's authorization to use a competitive negotiation process is extended to the acquisition of materials, equipment and supplies, or for work performed for the siting, construction or deploying of a renewable electrical energy generation project. The competitive negotiation process may be used if the managing director and the executive board of the operating agency find that the project operation or completion will be more economical than using the sealed bid process.

The competitive negotiation procedures for selecting a contractor are the same as those for selecting a contractor for a nuclear powered electrical generating facility. In addition, the selection of a contractor shall be made in an open public meeting as part of the public record.

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