
**Technology, Energy &
Communications Committee**

HB 1032

Brief Description: Creating a sustainable energy trust.

Sponsors: Representatives Morris, Hudgins, Anderson, Wallace, Moeller, B. Sullivan and Chase.

Brief Summary of Bill

- Allows for a System Benefit Charge to be collected monthly from all retail electricity customers for 10 years.
- Creates the Sustainable Energy Trust to fund distributive generation projects below one megawatt.

Hearing Date: 1/31/07

Staff: Scott Richards (786-7156).

Background:

Public Benefit Funds

Public Benefit Funds are typically state-level programs developed through the electric utility restructuring process as a measure to assure continued support for renewable energy resources, energy efficiency initiatives, and low-income support programs. Such a fund is most commonly supported through a charge to all customers on electricity consumption.

System Benefits Charge

Typically, a System Benefits Charge is generated by levying a small surcharge on all consumers of electricity, often based on the amount of energy consumed. However, funds can receive money in lump sums either as a result of a settlement of a utility merger or sale of generation assets.

Fund Administration

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.

About half of the states with system benefit charges rely principally upon the individual utilities to administer the programs, while the other half feature some type of non-utility administration, relying on either public or quasi-public agencies or independent non-profit organizations.

Summary of Bill:

Sustainable Energy Trust

The Sustainable Energy Trust (Trust) is established to fund distributive generation projects below one megawatt connected to the distribution transmission of an electric utility. Revenue to the Trust consists of system benefit charge money received as part of this act. Distributed generation means generation below one megawatt that is connected to the distribution transmission of an electric utility.

System Benefit Charge

All electric and natural gas companies must collect a system benefit charge monthly from all retail electricity customers within its service area for 10 years. The monthly charge on each account is as follows:

- \$.05 per month for residential electric service.
- \$.05 per month for residential natural gas service.
- \$.50 per month for nonresidential electric service that has less than 10 megawatts of peak demand during the previous calendar year.
- \$.50 per month for nonresidential natural gas service that has less than 10 megawatts of peak demand during the previous calendar year
- \$37.50 per month for nonresidential electric service that had 10 megawatts or greater of peak demand during the previous calendar year.
- \$37.50 per month for nonresidential natural gas service that had 10 megawatts or greater of peak demand during the previous calendar year.

All system benefit charges collected are deposited in the Sustainable Energy Trust Fund which is maintained by the State Treasurer. The Department of Community, Trade and Economic Development (CTED) will be solely responsible to authorize expenditures from the fund.

Sustainable Energy Grant Program

The CTED is authorized to establish and manage a competitive sustainable energy projects grant program. The purpose of the program is to foster the growth, development and commercialization of distributive generation projects and to stimulate demand for distributive generation. The CTED must establish program performance benchmarks, review the grant program periodically and report the results to the Legislature annually. The CTED must form a peer review committee with recognized expertise to assist the department in the development of a comprehensive plan, expenditures of funds, and independent review of grant program proposals.

In administering the grant program, the CTED shall develop criteria for the awarding of grants and make grant awards. The CTED must seek to provide a balance between research grant awards and grants that support the manufacture, commercialization, deployment, and installation of distributive generation technologies.

Renewable Energy

A definition for renewable energy is provided. Renewable energy means solar energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas and low emission advanced

biomass conversion technologies, and other energy resources and emerging technologies that have significant potential for commercialization and that do not involve the combustion of coal, petroleum or petroleum products, municipal solid waste, or nuclear fission.

Appropriation: None.

Fiscal Note: Not requested.

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