

# HOUSE BILL REPORT

## HB 2892

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**As Reported by House Committee On:**  
Technology & Economic Development  
General Government & Information Technology

**Title:** An act relating to improving the accuracy and transparency of the reporting and calculation of the fuel mix information to retail electric customers.

**Brief Description:** Improving the accuracy and transparency of the reporting and calculation of the fuel mix information to retail electric customers.

**Sponsors:** Representatives DeBolt and Morris.

**Brief History:**

**Committee Activity:**

Technology & Economic Development: 1/26/16, 2/3/16 [DP];

General Government & Information Technology: 2/5/16 [DP].

**Brief Summary of Bill**

- Replaces "net system power mix" as the fuel mix category for undeclared electricity resources with "unspecified sources."
- Requires, for purposes of any taxes or fees levied pursuant to fuel mix disclosure reports, a retail electric supplier and the Department of Commerce (Department) to identify a renewable resource according to the listed fuel mix categories, regardless of whether or not the nonpower attributes of the resource have been unbundled from the generation resource.
- Directs the Department to convene a work group to suggest modifications to the process of gathering, reporting, calculating, and tracking fuel mix data, including the methods and inputs for calculating the fuel mix for unspecified sources, by July 1, 2016.
- Directs the Department to submit a report to the Legislature by December 1, 2016, with suggested modifications to fuel mix disclosure methods, calculations, and requirements, and on the accuracy of the unspecified sources calculations and pool of resources.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

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*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.*

**Majority Report:** Do pass. Signed by 13 members: Representatives Morris, Chair; Tarleton, Vice Chair; Smith, Ranking Minority Member; DeBolt, Assistant Ranking Minority Member; Fey, Harmsworth, Hudgins, Magendanz, Nealey, Rossetti, Santos, Wylie and Young.

**Staff:** Nikkole Hughes (786-7156).

**Background:**

Fuel Mix Disclosure.

Each retail electric utility in the state must disclose its actual or imputed annual fuel mix used to generate electricity. The disclosure must provide the percentage attributable to each of the following generation sources: coal, hydroelectricity, natural gas, nuclear, or other. Utilities may separately report a subcategory of natural gas generation to identify high efficiency cogeneration. If a source categorized as other is more than 2 percent of a utility's total mix, then it must identify the component sources, such as biomass, geothermal, solar, or wind.

Any specifically identified source of electricity is considered a declared resource. Utilities that do not declare their resources must report the fuel mix of the Northwest power pool, called the net system power mix. A renewable resource where the renewable attributes are separated and transferred to another entity must also be reported as the net system power mix. Utilities that purchase electricity from the Bonneville Power Administration (BPA) may disclose the source as the BPA system mix.

Retail electric utilities must make available upon request the following information:

- documentation of ownership of declared resources; or
- documentation of contractual rights to a stated quantity of electricity from a specific generating facility.

Department of Commerce.

The Department of Commerce compiles fuel mix data from all retail electric utilities in the state, calculates the net system power mix, and publishes an annual fuel mix report.

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**Summary of Bill:**

Fuel Mix Disclosure.

The fuel mix category for undeclared electricity resources is changed from the "net system power mix" to "unspecified sources." Instead of reporting the net system power mix for undeclared electricity resources, a retail electric utility must report both those resources reasonably known to be used to serve its retail electric customers in the state (declared resources) and the total percentage of unspecified sources.

A retail electric utility must separately report the amount of renewable energy credits it retires during the fuel mix reporting year.

In addition to making available documentation of ownership of declared resources or of contractual rights to electricity from a specific generating facility, retail electric utilities must make available upon request documentation of purchase of electricity from unspecified sources.

#### Department of Commerce.

For the purpose of any taxes or fees levied pursuant to fuel mix disclosure reports, the Department of Commerce (Department) and a retail electric utility must identify a renewable resource according to the fuel mix categories listed for fuel mix disclosure, regardless of whether or not the nonpower attributes of the resource have been unbundled from the generation resource.

By July 1, 2016, the Department must convene a work group of interested parties to improve the content, readability, and consumer understanding of retail electric utilities' fuel mix disclosures. The work group must also suggest modifications to the process of gathering, reporting, calculating, and tracking fuel mix data, including the methods and inputs for calculating the fuel mix for unspecified sources. The work group must review and make recommendations for intra-annual changes of unspecified sources and resources on the margin.

By December 1, 2016, the Department must submit to the Legislature a report which contains suggested modifications to the fuel mix disclosure methods, calculations, and requirements, as well as an assessment of the accuracy of the unspecified sources calculations and pool of resources.

The Department must make the data and calculations used for developing fuel mix information available to the public.

#### Definitions.

"Unspecified sources" means the fuel mix of the Northwest power pool that may be modified on an intra-annual basis as recommended by the work group convened by the Department and is the net of:

- any declared resources in the Northwest power pool identified by in-state retail suppliers or out-of-state entities that offer electricity for sale to retail electric customers;
- any electricity sold by the Bonneville Power Administration (BPA) to direct service industrial customers; and
- any resource-specific sales made by the BPA to retail suppliers that are delivered to retail electric customers in Washington.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill streamlines the calculations behind fuel mix disclosure reports. The statute governing fuel mix disclosure is over 15 years old and is rife with inaccuracies, weaknesses, and obscurity surrounding data collection and analysis. This bill will allow the state to address the issues with the fuel mix disclosure statute in advance of any carbon policies that are based on the information contained in fuel mix disclosure reports.

(Opposed) None.

(Other) The electric industry has become much more complicated since the fuel mix disclosure statute was originally passed. This bill provides an opportunity to work with stakeholders to achieve better results.

**Persons Testifying:** (In support) Representative DeBolt, prime sponsor; Dave Warren, Washington Public Utility Districts Association; and John Rothlin, Avista.

(Other) Kathleen Collins, PacifiCorp; and Glenn Blackmon, State Energy Office, Department of Commerce.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION  
TECHNOLOGY**

**Majority Report:** Do pass. Signed by 7 members: Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson, Morris and Senn.

**Staff:** Meghan Morris (786-7119).

**Summary of Recommendation of Committee On General Government & Information Technology Compared to Recommendation of Committee On Technology & Economic Development:**

No new changes were recommended by the committee.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) House Bill 2892 is a work in progress as stakeholders try to reach a final conclusion. A new fuel mix strategy is necessary to move the state forward. The conversation is about improving data collection, reporting, and analytics. The current statute is 15 years old and it is the only statute requiring utilities to report data on electricity consumption. This bill will allow people who trade and market power to have a better handle on the market mix. House Bill 2892 will not change the underlying policy, which is disclosure of the fuel mix. The bill will simply produce a better data reference if other policies are adopted by legislative regulatory agencies.

(Opposed) None.

**Persons Testifying:** Dave Warren, Washington Public Utilities District Association.

**Persons Signed In To Testify But Not Testifying:** None.