

FINAL BILL REPORT

SHB 1446

C 79 L 21

Synopsis as Enacted

Brief Description: Prohibiting a utility from being assessed a penalty for not meeting its biennial acquisition target for cost-effective conservation in special circumstances outside the utility's control.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representative Fey).

House Committee on Environment & Energy
Senate Committee on Environment, Energy & Technology

Background:

The Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with more than 25,000 customers (qualifying utility) to meet targets for energy conservation and to meet a certain percent of its annual load with eligible renewable resources. These utilities must pursue all available conservation that is cost-effective, reliable, and feasible.

Every two years, each qualifying utility must review and update an assessment of its achievable cost-effective conservation potential for the subsequent 10-year period. The qualifying utility must establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its 10-year assessment. At a minimum, each biennial target must be no lower than the qualifying utility's pro rata share for that two-year period of its cost-effective conservation potential for the subsequent 10-year period.

The EIA also requires qualifying utilities to use eligible renewable resources or acquire equivalent renewable energy credits (RECs), or both, to meet at least 15 percent of its load by January 1, 2020, and each year thereafter.

The Utilities and Transportation Commission determines compliance with the requirements of the EIA for investor-owned utilities. The State Auditor's Office is responsible for

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auditing compliance with the EIA for consumer-owned utilities, and the Office of the Attorney General is responsible for enforcing that compliance. Utilities that fail to comply with energy conservation or renewable energy targets owe an administrative penalty for each megawatt-hour of shortfall of \$50, adjusted annually for inflation. Utilities that do not meet an annual renewable energy target are exempt from administrative penalties under certain circumstances, including if the utility did not experience load growth or invested at least 4 percent of retail revenue on the incremental costs of eligible renewable resources or the cost of RECs. These renewable energy target exemptions do not apply to utilities that fail to meet an energy conservation target.

Summary:

Electric utilities with more than 25,000 customers are considered in compliance with biennial acquisition targets for cost-effective conservation if events beyond the reasonable control of the utility that could not have been reasonably anticipated or ameliorated prevented the utility from meeting the conservation target. Events that an electric utility may demonstrate were beyond its reasonable control, could not have been anticipated or ameliorated, and that prevented it from meeting a conservation target include:

- natural disasters resulting in the issuance of extended emergency declarations;
- the cancellation of significant conservation projects; and
- actions of a governmental authority that adversely affect the acquisition of cost-effective conservation.

Votes on Final Passage:

House	93	4
Senate	49	0

Effective: July 25, 2021