

HOUSE BILL REPORT

HB 1948

As Passed House:

February 8, 2024

Title: An act relating to ensuring that methods for calculating the electric load of utilities under the energy independence act do not have the effect of discouraging voluntary investments in renewable power.

Brief Description: Ensuring that methods for calculating the electric load of utilities under the energy independence act do not have the effect of discouraging voluntary investments in renewable power.

Sponsors: Representatives Ybarra, Fitzgibbon, Reed, Graham, Ormsby, Doglio and Pollet.

Brief History:

Committee Activity:

Environment & Energy: 1/8/24, 1/16/24 [DP].

Floor Activity:

Passed House: 2/8/24, 97-0.

Brief Summary of Bill

- Specifies that voluntary renewable energy purchases by retail electric customers of electric utilities do not count towards the overall calculation of that utility's load, for purposes of determining the utility's renewable targets under the Energy Independence Act.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: Do pass. Signed by 14 members: Representatives Doglio, Chair; Mena, Vice Chair; Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Berry, Duerr, Fey, Goehner, Ramel, Sandlin, Slatter and Street.

Staff: Megan McPhaden (786-7114).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Energy Independence Act Renewable Load Targets.

Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires electric utilities with 25,000 or more customers to meet targets for energy conservation and using eligible renewable resources. Utilities that must comply with I-937 are called qualifying utilities.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets based on load, which is the amount of kilowatt-hours of electricity delivered in the most recent year by utility to its customers:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

To comply with these targets, a qualifying utility may not count:

- eligible renewable resources or distributed generation where the associated renewable energy credits are owned by a separate entity; or
- eligible renewable resources or renewable energy credits obtained for and used in an optional pricing program such as a utility's voluntary program to purchase qualified alternative energy resources.

Summary of Bill:

Calculating Load for Energy Independence Act Targets.

A qualifying utility's load does not include kilowatt-hours delivered to the utility's system from a retail electric customer's voluntary purchase of an eligible renewable energy resource. A retail electric customer's voluntary renewable energy purchase is either a direct purchase of eligible renewable resources or participation in a utility renewable resources program where the utility purchases the renewable resource megawatt-hours for the utility's system and retires the associated renewable energy credits on behalf of the customer.

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 will make it so we have more utility-scale renewable energy resources. This is so utilities can have volunteer clean energy programs where the utilities bundle renewable energy credits and then retire them on behalf of the participants. Currently the Energy Independence Act would require a municipal utility to purchase additional renewable energy credits to replace those retired on behalf of participants. The bill addresses this issue while maintaining the intent of the Energy Independence Act. The bill also aligns with the Clean Energy Transformation Act, which already has a similar provision. We recommend alignment with the Clean Energy Transformation Act. This bill will remove barriers for utilities establishing voluntary renewable programs and will allow customers to purchase more renewable power. This idea was provided by Seattle City Light and allows utilities to make a reasonable adjustment to their renewable energy target. Some of the requirements in the Energy Independence Act, the Clean Energy Transformation Act, and the Climate Commitment Act are overlapping to some extent, and we don't want them to overlap.

(Opposed) None.

(Other) This is actually a position of "con." We have created unintended barriers and a mess with the Clean Energy Transformation Act and the Climate Commitment Act, which needs to be cleaned up. People are affected by high energy rate increases. This should not increase our bottom-line costs. We want to see how much we are paying for renewable resources.

Persons Testifying: (In support) Representative Alex Ybarra, prime sponsor; Lori Moen, Seattle City Light; and Charlee Thompson, Northwest Energy Coalition.

(Other) Eric Pratt.

Persons Signed In To Testify But Not Testifying: None.