

HOUSE BILL REPORT

ESHB 2522

As Passed Legislature

Title: An act relating to the purchasing of clean technologies.

Brief Description: Encouraging the purchase of clean technologies.

Sponsors: By House Committee on State Government (originally sponsored by Representatives Sullivan, Romero, Lovick, Murray, Upthegrove, Miloscia, Chase, Rockefeller, Lantz, Simpson, Kagi, McIntire, Wood, Santos, Linville and Edwards).

Brief History:

Committee Activity:

State Government: 1/31/02, 2/7/02 [DPS];

Appropriations: 2/9/02 [DPS(SG)].

Floor Activity:

Passed House: 2/15/02, 98-0.

Senate Amended.

Passed Senate: 3/7/02, 49-0.

House Concurred.

Passed House: 3/12/02, 97-0.

Passed Legislature.

Brief Summary of Engrossed Substitute Bill

- The Department of General Administration (GA) must develop guidelines and criteria for the purchase of high gas mileage vehicles and look into ways to aggregate the purchasing of vehicles that use clean technologies.
- State agencies that are retail electric customers must investigate opportunities to aggregate purchases of electricity produced by wind or solar sources.
- Electric utility companies are authorized and encouraged to aggregate clean power purchases.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Romero, Chair; Miloscia, Vice Chair; McDermott, Schindler, Schmidt and Upthegrove.

Staff: Marsha Reilly (786-7135).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on State Government be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Cox, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, Lisk, Mastin, McIntire, Pearson, Pflug, Ruderman, Schual-Berke, Talcott and Tokuda.

Staff: Patricia Linehan (786-7178).

Background:

The purchase of state passenger vehicles must meet the minimum standards established by the United States Secretary of Transportation pursuant to the energy policy and conservation act. The Legislature has made a clear policy statement regarding the use of alternative fuels in motor vehicles (RCW 43.19.570 (3) (a)), and has directed the GA to develop guidelines and criteria for the purchase of vehicles that use alternate fuels, systems, and equipment that would reduce energy cost and energy use.

The GA must also explore opportunities for the purchase of alternative fuel vehicles together with the federal government, agencies of other states, state agencies, local governments, or private organizations for less cost.

In 1991 statute was enacted requiring 30 percent of all new vehicles purchased through state contracts must be clean-fuel vehicles, and that the percentage shall increase at the rate of 5 percent each year.

Traditionally, electric utilities have been guided in their efforts to acquire resources for meeting their customers' demand for electricity by a least cost planning analysis. Utilities choose a mix of supply and demand side resources that minimizes the cost of services to the customer. The mix may include electricity that is generated by the utility itself, purchased on long-term contracts from other producers, or may include some electricity purchased on the short-term or spot market. It may also include conservation and energy efficiency.

Summary of Engrossed Substitute Bill:

The GA must develop guidelines and criteria for the purchase of high gas mileage vehicles, in addition to vehicles that use alternate fuels, and find ways to aggregate the purchasing of clean technologies by state and local governments. All state agencies must investigate and determine whether or not they can make clean technologies more

cost-effective by combining their purchasing power before completing a planned vehicle purchase.

The GA, in cooperation with other public agencies, must investigate opportunities to aggregate the purchase of clean technologies to determine if combined purchasing can reduce the cost. State agencies that are retail electric customers must investigate opportunities to aggregate the purchase of electricity generated by wind or solar energy to determine if combined purchasing can reduce the cost. No public agency is required to purchase clean technologies at prohibitive costs.

Electric utilities are authorized to pursue aggregation opportunities with other utilities when acquiring qualified alternative energy resources. They are also encouraged to investigate opportunities to aggregate their customers' purchases.

The Department of Community, Trade, and Economic Development is to include in its biennial energy report due by December 1, 2002, the percentage of clean-fuel vehicles purchased in 2001 through state contract and the results of efforts by the GA and other state agencies to aggregate purchasing of clean technologies.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (State Government) This bill encourages the GA to develop criteria and advance the purchase of clean technologies for state agencies. There are an incredible number of sport utility vehicles purchased and it is time, as state government, to set an example. The President and his administration have made a commitment to advance clean air technologies for vehicles, and are pushing for a future hydrogen fuel economy.

Aggregated purchasing for the installation of a solar unit at the west entrance of the Key Arena in Tacoma resulted in a 30 percent savings. This is a forward looking bill where aggregating purchases will result in cost efficiencies. The technology is here. Last year in the United States 25,000 hybrid electric cars made by Toyota were sold, and a competitive Honda hybrid will appear in the salesrooms this year. A recently completed solar system will provide about half the power for a new 255-acre campus for the environmental learning center on Bainbridge Island. Wind power capacity grew by more than 20 percent in the United States last year.

Several states have developed plans to designate a certain percentage of electricity used in state government buildings to come from "green" energy. Pennsylvania stipulated, two years ago, that 5 percent of the state's energy purchases be generated from clean courses. New Jersey required that at least 15 percent of the state government energy contract be

generated by certified renewable sources. This bill is the ideal legislation to begin moving our nation toward cleaner air and, eventually, a carbon neutral society.

(With concerns) There are a few concerns with section four of the bill. That section broadly deals with aggregated purchasing of clean technologies by state and local government as well as with the aggregated purchase of electricity. First, clean technologies should be defined. Regarding the aggregated purchase of electricity, there is a legal obstacle. Utility customers in this state cannot aggregate the purchase of electricity from a single source. This would only be possible with deregulation in this state. There is also a practical obstacle. At last count, there were 64 electric utilities in the state. It would be very difficult to get volunteer agreement across the 64 electric utilities for aggregated purchases by state agencies. It is suggested that the bill be revised to recommend that aggregated purchases of electricity be within the discrete service area of the serving utility.

Testimony For: (Appropriations) None.

Testimony Against: (State Government) None.

Testimony Against: (Appropriations) None.

Testified: (State Government) (In support) Representative Sullivan, prime sponsor; Joseph Heinnack, Heinnack Associates; and Donna Ewing, League of Women Voters and Global Climate Change.

(With Concerns) Collins Sprague, Avista Corporation.

Testified: (Appropriations) None.