

SENATE BILL REPORT

SJM 8000

As Passed Senate, February 26, 2003

Brief Description: Requesting the federal energy regulatory commission to withdraw a proposal affecting electricity.

Sponsors: Senators Fraser, Morton, Hewitt, Keiser and Hale.

Brief History:

Committee Activity: Natural Resources, Energy & Water: 1/29/03, 1/30/03 [DP].

Passed Senate: 2/26/03, 49-0.

SENATE COMMITTEE ON NATURAL RESOURCES, ENERGY & WATER

Majority Report: Do pass.

Signed by Senators Morton, Chair; Hewitt, Vice Chair; Doumit, Fraser, Hale, Hargrove, Honeyford, Oke and Regala.

Staff: Richard Rodger (786-7461)

Background: The Federal Energy Regulatory Commission (FERC) has proposed establishing a standard market design (SMD) for electricity, based on the premise that a single market model will work for the entire nation. The proposal requires a competitive market-based structure that changes the way the transmission system is operated, expands FERC's authority in state decisions regarding resource adequacy and demand response, and affects the regional benefits derived from public power.

The Northwest electricity system is different from most of the rest of the nation. Those differences include substantial public ownership of the transmission lines, a hydro-based system where the amount of energy generated is limited by the amount of water available, complex legal arrangements for multiple uses of the water to meet diverse goals, and a system that requires substantial coordination among plant owners and utilities.

Many people in the Northwest believe the SMD proposal would harm consumers in our region through increased costs and decreased reliability.

Summary of Bill: The Federal Energy Regulatory Commission (FERC) is requested to leave the Northwest electricity system in place and withdraw its Notice of Proposed Rulemaking establishing a Standard Market Design for electricity.

In the event that FERC does not withdraw its proposal, the President and Congress are requested to take action to prevent FERC from proceeding with its proposal establishing a standard market design.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: This memorial is a big deal to the PUDs in Washington State. The PUD Association has helped organize over 140 different organizations in the region to coordinate opposition to FERC's proposal to enact a standard market design for the entire U.S. FERC's actions will harm the citizens of our state through increased costs for public power and costs associated with the transmission of electricity. FERC's proposal is opposed by all 11 members of Washington's congressional delegation.

Testimony Against: None.

Testified: Stu Trefry, Washington Public Utility District Association (pro); Mike Kayser, citizen (pro).

House Amendment(s): A technical correction is made to the format of the memorial.