
HOUSE BILL 1775

State of Washington

58th Legislature

2003 Regular Session

By Representatives Crouse, Morris and Upthegrove

Read first time 02/10/2003. Referred to Committee on Technology, Telecommunications & Energy.

1 AN ACT Relating to establishing a joint task force to examine the
2 operational, economic, and regulatory obstacles to renewable resources
3 development; creating new sections; providing an expiration date; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the Pacific
7 Northwest benefits from having more than seventy percent of its
8 electricity derive from a renewable resource, water. Other regions of
9 the country are far more dependent on thermal power generation fueled
10 by coal, nuclear fission, natural gas, and oil. These other regions
11 can demonstrably benefit, in terms of reduced environmental degradation
12 and reliance on foreign sources of fossil fuels, by acquiring solar,
13 wind, biomass, hydroelectric, geothermal, landfill gas, and
14 hydrogen-based generation resources. Washington can also benefit from
15 diversifying its electrical generation resources, including
16 conventional and renewable technologies; this is a trend that has
17 already begun. The state's new generation resources will become more
18 diversified than they are presently.

1 The legislature also finds that as the economy and population of
2 the state grows the need for additional generation resources, including
3 conservation, increases as well. But the potential for greatly
4 expanding hydroelectric capacity is limited mostly to upgrading
5 existing facilities. That means other forms of electricity generation
6 technologies will be acquired by utilities. Decisions made in this
7 regard will be individualized because of the unique aspects of the
8 electric industry in the state.

9 Retail electric customers in this state are served by a variety of
10 utilities. Many of them, notably the smaller ones, are full
11 requirements customers of the Bonneville power administration, but
12 others derive a portion of their power supply from resources they own.
13 The largest municipal utilities obtain most of their electricity from
14 their hydroelectric facilities. Some public utility districts generate
15 all of their electrical supply from their own hydroelectric plants,
16 while others own or contract for supply from gas-fired combined cycle
17 combustion turbines, a nuclear plant, a landfill gas facility, a wind
18 development, a small solar project, and small hydroelectric
19 installations. Similarly, each investor-owned utility has unique
20 generation attributes, with varying degrees of reliance on
21 hydroelectric and thermal generation resources. Historically, the
22 utilities in the state have acquired generation resources that best
23 comport with their load requirements and least-cost considerations.
24 That tradition has helped to maintain retail electricity prices that
25 have been among the lowest in the nation.

26 The legislature further finds that utilities in the state and
27 region, as well as their customers, have experienced hardship because
28 of a recent drought that severely reduced hydroelectric energy
29 production and unprecedented wholesale electricity prices. A report by
30 the United States energy information administration shows that
31 Washington, which once had the second lowest electricity rates in the
32 nation, now has the eighteenth highest rates. That situation may
33 worsen, as the Bonneville power administration has warned that it may
34 soon need to further increase electricity prices for its utility
35 customers.

36 The ability of utilities to plan and prepare for their future
37 demand requirements will be critical in determining what will happen to
38 future electricity rates for consumers. The availability of low-cost

1 capital to many utilities and independent power producers has been
2 limited, as commercial lenders and financial markets view the electric
3 industry with skepticism. This has hampered development of generation
4 resources, with one apparent exception.

5 Washington and Oregon host the largest wind power project in the
6 world; its owner reportedly has plans to expand it. Other smaller wind
7 developments have been completed in recent years, and two additional
8 large projects are being planned in Kittitas county. Soon the state
9 may have nearly six hundred megawatts of total installed generating
10 capacity of wind power, worth approximately two hundred average
11 megawatts of energy. Wind power construction is growing steadily and
12 retail electric consumers, judging from the subscriptions to green
13 rates offered by large utilities as a matter of law, are receptive to
14 buying wind power. Nevertheless, the operational characteristics and
15 economics associated with wind generation, as well as certain
16 regulatory policies, may hinder continued expansion of wind generation
17 development.

18 Therefore, the legislature declares that there is a need to examine
19 the viability and feasibility of wind generation by identifying and
20 assessing the operational, economic, and regulatory obstacles to its
21 growth and utilization.

22 NEW SECTION. **Sec. 2.** (1) The joint task force on renewable
23 resource development is created to consist of the following four
24 members:

25 (a) Two members from the house of representatives from diverse
26 geographic locations, one each from the two largest political caucuses,
27 appointed by the speaker of the house of representatives;

28 (b) Two members of the senate from diverse geographic locations,
29 one each from the two largest political caucuses, appointed by the
30 majority leader of the senate.

31 (2) The task force shall be cochaired by one senator and one
32 representative appointed by the senate majority leader and the speaker
33 of the house of representatives, respectively.

34 (3) The cochairs may appoint advisory committees of nonvoting
35 advisors and experts to provide input on subjects of interest to the
36 task force. For the purposes of this subsection, "advisors and
37 experts" includes, but may not be limited to, representatives of:

1 Cities, public utility districts, rural electric cooperatives,
2 investor-owned utilities, counties, the utilities and transportation
3 commission, environmental and consumer advocacy organizations, and
4 generation development companies.

5 (4) Any findings, conclusions, or recommendations of the joint task
6 force must be agreed to by a majority of the legislative members;
7 however, minority findings, conclusions, or recommendations may be
8 included that are submitted by any member or group of members.

9 (5) The joint task force shall commence by July 1, 2003, and it
10 shall present a final report, including any legislative
11 recommendations, to the legislature no later than January 1, 2004.

12 (6) Staffing for the task force shall be provided by senate
13 committee services and the office of program research.

14 NEW SECTION. **Sec. 3.** (1) The joint task force on renewable
15 resource development shall:

16 (a) Identify the typical capacity factors for the following
17 generation technologies: Wind, hydroelectric, combined cycle
18 combustion turbines, nuclear, coal, solar, and biomass;

19 (b) Identify how capital availability may impact the development of
20 generation resources, including renewable resources, in the region;

21 (c) Evaluate the operational and financial impacts of wind
22 generation on the following aspects of the integrated electric grid:
23 (i) Transmission; (ii) operating reserve requirements; (iii) voltage
24 support; (iv) reliability; (v) hydroelectric generating facilities; and
25 (vi) utility scheduling functions such as staffing;

26 (d) Evaluate the impact of various levels of wind energy on
27 wholesale spot market price levels;

28 (e) Evaluate available methods and the potential for forecasting
29 wind generation on an hour-ahead to week-ahead basis;

30 (f) Evaluate the benefits, if any, of the Bonneville power
31 administration to coordinating the integration of wind energy into the
32 regional transmission grid;

33 (g) Evaluate how state and local siting regulations can inhibit or
34 delay the construction of wind generation facilities;

35 (h) Evaluate the potential for voluntary optional pricing programs
36 offered by utilities to their retail electric customers to advance the
37 purchase of wind generation by consumers and utilities;

1 (i) Evaluate how wind generation can meet or conflict with the
2 operational and reliability requirements of utilities in the state;

3 (j) Evaluate how wind generation compares with conventional
4 generation resources and other renewable resources in terms of output
5 cost, which should include, but may not be limited to: (i) The cost of
6 environmental permits, (ii) capital, (iii) operations and maintenance,
7 (iv) fuel, and (v) federal, state, and local taxes; and the value of
8 federal, state, and local tax credits, if any;

9 (k) Evaluate what conditions or requirements may factor into a
10 decision by utilities, for example firming, to purchase wind
11 generation;

12 (l) Evaluate the possibilities and limitations for how wind
13 generation can be integrated with hydroelectric generation, considering
14 the different characteristics of several utility hydroelectric systems
15 in the state; and

16 (m) Identify what, if any, incentives or regulatory accommodations
17 could be made to encourage utilities to acquire wind generation.

18 (2) To minimize the expense of conducting evaluations under this
19 section, these evaluations shall be based upon existing and readily
20 available data and information.

21 NEW SECTION. **Sec. 4.** This act expires June 1, 2004.

22 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
23 preservation of the public peace, health, or safety, or support of the
24 state government and its existing public institutions, and takes effect
25 immediately.

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