
**Technology, Energy & Communications
Committee**

HB 2590

Brief Description: Authorizing a system benefits charge to foster sustainable energy resources and smart energy technologies.

Sponsors: Representatives Morris and Chase.

Brief Summary of Bill

- Allows electric and natural gas utilities to collect a monthly system benefits charge from customers to fund the development of sustainable energy resources and smart energy technologies.

Hearing Date: 1/18/10

Staff: Scott Richards (786-7156).

Background:

Public Benefits Funds: Most public benefit funds were created through the electric utility restructuring process in the late 1990s as a measure to assure support for renewable energy resources, energy efficiency initiatives, and low-income support programs. These funds are commonly supported through a surcharge on electricity consumption. This charge is sometimes referred to as a system benefits charge. About half of the states with system benefit charges rely principally upon individual utilities to administer the programs, while the other half feature some type of non-utility administration, relying on either public or quasi-public agencies or independent non-profit organizations.

Biennial Energy Report: The Biennial Energy Report is a report produced by the Department of Commerce on energy issues of importance to the state. Every two years it is provided to the Governor and to the energy committees of the Legislature.

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

Summary of Bill:

System Benefits Charge: Electric and natural gas utilities may choose to collect a monthly system benefits charge from all retail electricity or natural gas customers served by the utility. The purpose of the system benefits charge is to foster the growth, development, and commercialization of sustainable energy resources of five megawatts or less, and smart energy technologies that are connected to the distribution system of an electric utility.

"Sustainable energy resources" is defined as solar energy, wind, ocean thermal energy, wave or tidal energy, fuel cells, landfill gas and low emission advanced biomass conversion technologies, high-efficiency cogeneration with an efficiency level above 70 percent, and other emerging energy technologies that significantly reduce pollution from existing technologies and have significant potential for commercialization.

"Smart energy" is defined as the use of technology to allow electrical networks to operate efficiently and to link small-scale sustainable energy resources to the grid.

Sustainable Energy Project Proposals: A consumer-owned utility is required to submit a sustainable energy project proposal and receive approval for the proposal from its governing board before collecting a system benefits charge. An investor-owned utility is required to submit sustainable energy project proposal to the Utilities and Transportation Commission (UTC) and receive approval from the UTC before collecting a system benefits charge.

A sustainable energy project proposal must contain a list of proposed sustainable energy resource projects or smart energy technology projects; a project management plan for each proposed project; the cost of each project; the amount required to be collected through a system benefits charge to develop each project; and the estimated time frame for collecting the system benefits charge.

Upon approval of a sustainable energy project proposal, a consumer-owned or an investor-owned utility may collect a system benefits charge for a time approved by the governing board or the UTC, respectively. The system benefits charge must not exceed \$1.90 per customer per month.

Funds collected from the system benefits charge must be used by a utility to develop sustainable energy resource projects or smart energy technology projects as approved by a governing board or the UTC.

Sustainable Energy Project Account: All funds collected from the system benefits charge must be deposited in a sustainable energy project account established and maintained by the utility and separate from other accounts. Interest accrued to the sustainable energy project account must be re-invested into the sustainable energy project account and spent on sustainable energy resource projects or smart energy technology projects. No more than five percent of funds may be used by an utility for administrative purposes.

Biennial Energy Report: Each electric or natural gas consumer-owned utility whose governing board has approved the collection of a system benefits charge shall submit the approved sustainable energy trust proposal to the Department of Commerce. The Department of Commerce must utilize the information in the Biennial Energy Report.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.