

HOUSE BILL REPORT

HB 2198

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to modifying provisions concerning renewable energy system cost recovery.

Brief Description: Modifying provisions concerning renewable energy system cost recovery.

Sponsors: Representatives Morris, Eddy, McCoy and Hudgins.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/17/12, 1/31/12 [DPS].

Brief Summary of Substitute Bill

- Requires electric utilities to include an assessment of energy storage systems as part of an integrated resource plan.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives McCoy, Chair; Eddy, Vice Chair; Billig, Carlyle, Hasegawa, Hudgins, Kelley, Lias, Morris and Wylie.

Minority Report: Do not pass. Signed by 9 members: Representatives Crouse, Ranking Minority Member; Short, Assistant Ranking Minority Member; Anderson, Dahlquist, Haler, Harris, Kristiansen, McCune and Nealey.

Staff: Scott Richards (786-7156).

Background:

All investor-owned and consumer-owned electric utilities in the state with more than 25,000 customers must develop an Integrated Resource Plan (IRP). All other utilities in the state, including those that essentially receive all their power from the Bonneville Power Administration, must file either an IRP or a less detailed resource plan.

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.

An IRP must describe the mix of generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost to the utility and its ratepayers. When determining the lowest reasonable cost for resources identified in its IRP, a utility must provide a detailed and consistent analysis of a wide range of commercially available sources. At a minimum, this analysis must consider resource cost, market volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on ratepayers, public policies regarding resource preference adopted by the State of Washington or the federal government, and the cost of risks associated with environmental effects including emissions of carbon dioxide.

Summary of Substitute Bill:

Integrated Resource Plan.

Electric utilities with more than 25,000 customers that are not full requirements customers of the Bonneville Power Administration must include in their integrated resource plans an assessment of energy storage systems on the utility and distributed generation scale. The assessment must include an analysis of energy storage systems as an alternative or adjunct to building nonrenewable generating resources for ancillary services and new transmission or distribution lines for peak loads, and as a complement to renewable energy facilities. All other electric utilities must provide in their resource plans an explanation of why energy storage resources were chosen or not and why that decision was made.

Definitions.

"Energy storage system" means a system that is capable of absorbing energy, storing it for a period of time, and thereafter dispatching the energy as electricity to an electrical transmission or distribution system. An energy storage system may be part of multiple energy storage systems in different locations that are linked under common control as part of a network. An energy storage system may not exceed the greenhouse gas emissions performance standards under RCW 80.80.040 when storing electricity from an eligible renewable resource or dispatching electricity from the energy storage system into an electrical transmission or distribution system.

"Ancillary services" means services such as frequency regulation, spinning reserves, voltage control, and load following.

"Off-peak hours" means any period of time outside an electric utility's peak hours as determined by the electric utility, and for investor owned utilities, set forth in a tariff approved by the Utilities and Transportation Commission (Commission).

"Peak hours" means a four-hour period of high customer demand as determined by the electric utility, and for investor owned utilities, set forth in a tariff approved by the Commission.

Substitute Bill Compared to Original Bill:

Energy storage provisions relating to the Renewable Energy Investment Cost Recovery Incentive Program are removed. Electric utilities are required to include an assessment of energy storage systems on the utility and distributed generation scale in their integrated resource plans or resource plans.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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

Staff Summary of Public Testimony:

(In support) We should start thinking about ways to push out energy storage technologies. Energy storage can be a game changing technology especially as it relates to renewable portfolio standards requirements. The bill has some weak points; the definition of peak use is too broad and needs to be worked on. Energy storage is not included in our existing renewable energy incentive policies.

(With concerns) There is concern that customer-generators may need two meters: a generation meter and a production meter. While these meters are available, they may be expensive for a customer-generator at this time.

(Opposed) None.

Persons Testifying: (In support) Representative Morris, prime sponsor.

(With concerns) Nancy Atwood, Puget Sound Energy.

Persons Signed In To Testify But Not Testifying: None.