

SENATE BILL REPORT

SB 5357

As of February 3, 2012

Title: An act relating to clarifying the definition of qualifying utility in the energy independence act.

Brief Description: Clarifying the definition of "qualifying utility" for the purposes of chapter 19.285 RCW, the energy independence act.

Sponsors: Senators Morton and Baumgartner.

Brief History:

Committee Activity: Environment, Water & Energy: 2/16/11.
Environment: 2/01/12.

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: William Bridges (786-7416)

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Background: Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires electric utilities with 25,000 or more customers to meet targets for energy conservation and for using eligible renewable resources.

Energy Conservation Assessments and Targets. Each qualifying electric utility must pursue all available conservation that is cost-effective, reliable, and feasible. By January 1, 2010, each qualifying utility must assess the conservation it can achieve through 2019, and update the assessments every two years for the next ten-year period. Beginning January 2010, each qualifying utility must meet biennial conservation targets that are consistent with its conservation assessments.

Eligible Renewable Resource Targets. Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;

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- at least 9 percent of its load by January 1, 2016, and each year thereafter through December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

Eligible Renewable Resource. The term eligible renewable resource includes wind, solar, geothermal energy, landfill and sewage gas, wave and tidal power, and certain biodiesel fuels. The following biomass is also classified as an eligible renewable resource: animal waste; solid organic fuels from wood, forest, or field residues; and dedicated energy crops. The following biomass is not an eligible renewable resource: wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic; black liquor by-product from paper production; wood from old growth forests; and municipal solid waste.

Electricity produced from an eligible renewable resource must be generated in a facility that started operating after March 31, 1999. The facility must either be located in the Pacific Northwest or the electricity from the facility must be delivered into the state on a real-time basis. Incremental electricity produced from efficiency improvements at hydropower facilities owned by qualifying utilities is also an eligible renewable resource, if the improvements were completed after March 31, 1999.

Renewable Energy Credit (REC). A REC is a tradable certificate of proof of at least one megawatt hour of an eligible renewable resource where the generation facility is not powered by fresh water. Under I-937, a REC represents all the nonpower attributes associated with the power. RECs can be bought and sold in the marketplace, and they may be used during the year they are acquired, the previous year, or the subsequent year.

Summary of Bill: The definition of qualifying utility is modified. A qualifying utility does not include a utility that has an average of seven or fewer customers per mile of distribution line.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Environment): PRO: Inland Power is a unique utility with 38,000 customers spread over ten counties. It is a slow-growing, heavily rural utility that has historically been defined as a small utility. Inland and Avista have been working on a compromise.

CON: The compromise reached by Inland Power and Avista is too narrow. A proper solution should uniformly apply to all other utilities that have low-income rural customers.

OTHER: Avista gives qualified support to a compromise reached with Inland Power. Because Inland Power receives inexpensive power from the Bonneville Power

Administration, it has a cost advantage over Avista. While the problems faced by Inland Power may be unique, solving those problems requires amending the complex web that is I-937.

Persons Testifying (Environment): PRO: Kent Lopez, WA Rural Electric Cooperative Assn.

CON: Kathleen Collins, PacifiCorp.

OTHER: Tim Boyd, Industrial Customers of NW Utilities; Collins Sprague, Avista.