

SENATE BILL REPORT

SB 5424

As of February 3, 2011

Title: An act relating to integrated resource plans.

Brief Description: Concerning integrated resource plans.

Sponsors: Senators Rockefeller, Chase, Nelson, Fraser and White.

Brief History:

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

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Staff: William Bridges (786-7416)

Background: Integrated Resource Plan (IRP). All investor-owned and consumer-owned electric utilities in the state, with more than 25,000 customers, must develop IRPs. 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 (RP).

Public Participation. Washington Utilities and Transportation Commission (WUTC) rules require public participation in the development of IRPs by investor-owned utilities. Consumer-owned utilities have a statutory duty to encourage public participation in the development of their IRPs.

Content of IRP. 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. The plan must contain a number of elements, such as (1) demand forecasts for at least the next ten years, (2) assessments of commercially available conservation and efficiency resources, and (3) comparative evaluation of renewable and nonrenewable generating resources. When determining the lowest reasonable cost for resources identified in its IRP, a utility must consider state and federal policies regarding resource preference, among other factors.

Evaluating IRPs. According to its rules, the WUTC will consider information reported in IRPs when it evaluates the performance of investor-owned utilities in rate and other

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proceedings. However, IRPs may not be a basis to bring legal action against investor-owned or consumer-owned electric utilities.

Reporting and Filing Requirements. IRPs must be produced every four years and progress reports every two years. Investor-owned utilities must submit their plans to the WUTC. Consumer-owned utilities must submit their IRPs to the Department of Commerce (Commerce) every two years. Commerce prepares a statewide summary of all IRPs, which is then submitted as part of the biennial state energy report.

Summary of Bill: Requiring IRPs to Consider Public Policies on Energy. When determining the lowest reasonable cost for resources identified in its IRP, a utility must consider state and federal policies regarding energy, among other factors.

Requiring the WUTC to Acknowledge or Reject IRPs. The WUTC must either acknowledge or reject an investor-owned utility's IRP based on the plan's consistency with statutory standards. The WUTC must give considerable weight to a utility's actions that are consistent with its IRP, and prohibits the WUTC from penalizing a utility for any reasonable action that is inconsistent with its IRP.

Permitting Commerce to Request Audits for IRP Compliance. For any consumer-owned utility subject to the jurisdiction of the state auditor, Commerce may request the state auditor to audit a utility for compliance with the public participation and filing requirements of the IRP statute. The state auditor has discretion to conduct such as audit, and should the state auditor report noncompliance with this chapter in an audit report, Commerce must note those audit findings in its biennial state energy report.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The current framework for considering IRPs is fragmented and silent as to their value. The bill elevates the status of IRPs and sets forth statutory criteria to improve the IRP process. The bill uses concepts in the Oregon IRP process. The bill also adopts and formalizes ideas in the WUTC's recent renewables report. Bill could be clarified as to how an IRP is rejected.

CON: The Oregon IRP process is more contentious and should not be a model for Washington. The bill will replace a cooperative process with one where legal advice replaces collaboration. The bill transforms IRPs from guidance and planning documents into compliance documents.

OTHER: During the negotiations of the IRP law, the public utilities agreed to go along because the IRP was only to be a planning document. The bill now makes the IRP process subject to audit, which is contrary to the original agreement with the public utilities. There is

no problem with the current IRP process for public utilities, so this bill is like a regulatory hammer for a nonexistent nail. The value of the IRP process is the process, not the plan. The current process is working and the bill would make it contentious and costly. The WUTC has the authority to make all the changes in the bill, so the bill is not necessary.

Persons Testifying: PRO: Senator Rockefeller, prime sponsor; Danielle Dixon, Northwest Energy Coalition; Ann Rendahl, WUTC.

CON: Collins Sprague, Avista Corporation.

OTHER: Kathleen Collins, PacifiCorp; Ken Johnson, PSE; Dave Warren, WPUA.