

# SENATE BILL REPORT

## SB 6035

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As of January 17, 2012

**Title:** An act relating to transferring the duties of the energy policy division of the department of commerce to the office of the governor and Washington State University.

**Brief Description:** Transferring the duties of the energy policy division of the department of commerce to the office of the governor and Washington State University.

**Sponsors:** Senators Delvin, Honeyford and Schoesler.

**Brief History:**

**Committee Activity:** Energy, Natural Resources & Marine Waters: 1/16/12.

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### SENATE COMMITTEE ON ENERGY, NATURAL RESOURCES & MARINE WATERS

**Staff:** Angeline Thomas (786-7470)

**Background:** The Department of Commerce (Commerce). Commerce's Energy Policy Division develops energy policy, provides businesses with assistance to commercialize energy efficiency as well as renewable and smart energy technologies, manages federal funding through the State Energy Program, and coordinates the updates and revisions to the State Energy Strategy. Commerce contracts with the Spokane Intercollegiate Research and Technology Institute and University of Washington for the expenditure of state-appropriated funds for their respective operations. Commerce also provides guidance to both entities for the expenditure of state funds and the development of their respective strategic plans.

The Washington State University Extension Energy Program (WSU). WSU is responsible for implementing energy education, applied research, and technology transfer programs. WSU operates similar to a consulting firm and is a self-supported department within the university. WSU's customers include small businesses, public and private utilities, local and state governments, tribes, and federal agencies, among others.

**Summary of Bill:** Establishes Governor's Energy Office (GEO). Transfers the powers, duties, and tangible property of the energy policy division of Commerce to the office of the Governor and WSU. The duties transferred to and to be conducted by GEO and WSU must be done with existing resources with the stated intent to save state general funds historically appropriated for this purpose.

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GEO given additional powers. GEO may receive funds from the federal government or from other sources in support of its duties. GEO may disseminate those funds to other agencies.

Performance of certain duties contingent upon funding. Specifically, the review of the state energy strategy and the development of guidance for various state agencies are subject to funding.

WSU given additional duties. WSU must actively seek non-state funding, establish and maintain a central repository for data on energy resources, coordinate federal energy programs appropriate for state implementation, and refrain from lobbying.

**Appropriation:** None.

**Fiscal Note:** Requested on January, 12, 2012.

**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: This idea was originally suggested by the Governor last October as a cost savings measure estimated between \$650-\$800,000 of potential reductions. Where funding for victim witnesses, domestic violence legal advocacy, and the victims of crime act are facing cuts, the \$800,000 that currently funds the Commerce Energy Office could be better spent saving these programs by consolidating the energy office under the office of the Governor. Other agencies such as the Utilities and Transportation Commission, the Power Planning Council, and the U.S. Department of Energy provide analysis on energy issues. Similarly, WSU is already doing work in this area. This is good government reform.

CON: This is a tight budget year and that is why agencies with a lot of value should be supported. The energy office engages in economic development, ensures competitive energy prices, and fosters environmental stewardship. Additionally, after the Legislature and the Governor renamed the agency to Commerce, the director did a rigorous review of programming against the mission of creating and growing jobs in WA and through that process the review found that the energy office was central to that mission.

Energy impacts everyone. The environmental and economic impacts of the energy sector are huge; total spending on energy in WA is around \$20 billion. The analytical capacity and impact analysis work Commerce provides are vital. This bill would harm the state's ability to perform critical energy policy and planning functions mandated by the Legislature such as development of energy shortage contingency plans, completion of the state energy strategy, and support provided to the state representatives to the Pacific Northwest Electric Power and Conservation Planning Council. Furthermore, the energy sector is undergoing significant changes and now is not the time to withdraw from policy analysis.

Neither the Governor's Office nor WSU is equipped to provide the same level of expertise and analysis within existing resources. The energy office also administers important programs such as home weatherization and is in the top 20 percent of states to distribute

grant funding. Washington should maintain its position as a state leader in things such as smart energy technology and aviation bio-fuels, all areas where the state energy office has been involved, not cut its focus on energy. Also, WA has recently received several competitive federal energy program grants and this bill could signal to the federal government that WA is de-prioritizing its focus on energy making us less competitive.

OTHER: Section 2 requires utilities to provide information to the Governor's Office, but the language in the bill is not clear as to whether the information would be recoverable under the Public Records Act. Confidential information should be protected; thus, the language may need to be revised.

**Persons Testifying:** PRO: Senator Delvin, prime sponsor.

CON: Nancy Hirsh, Northwest Energy Coalition; Miguel Perez-Gibson, Climate Solutions.

OTHER: Jake Fey, WSU Energy Program; Ann Rendahl, Utilities and Transportation Commission; Tony Usibelli, Commerce .