

# HOUSE BILL REPORT

## EHB 1826

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### As Amended by the Senate

**Title:** An act relating to updating integrated resource plan requirements to address changing energy markets.

**Brief Description:** Updating integrated resource plan requirements to address changing energy markets.

**Sponsors:** Representative Morris.

**Brief History:**

**Committee Activity:**

Environment: 2/19/13, 2/20/13 [DP].

**Floor Activity:**

Passed House: 3/9/13, 87-10.

Senate Amended.

Passed Senate: 4/17/13, 48-0.

#### Brief Summary of Engrossed Bill

- Requires integrated resource plans (IRPs) to include an assessment of methods, commercially available technologies, or facilities for integrating renewable resources, including to address an overgeneration event.
- Directs the Department of Commerce, in reporting on the adequacy of Washington's electricity supply, to provide an examination of assessment methods used by electric utilities to address overgeneration events.

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### HOUSE COMMITTEE ON ENVIRONMENT

**Majority Report:** Do pass. Signed by 11 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Short, Ranking Minority Member; Crouse, Farrell, Fey, Kagi, Liias, Morris, Nealey and Tharinger.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Pike, Assistant Ranking Minority Member; Overstreet.

**Staff:** Scott Richards (786-7156).

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*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.*

## **Background:**

### Electric Utility Resource Planning.

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 full requirements customers that essentially receive all their power from the Bonneville Power Administration, must file either an IRP or a less detailed resource plan.

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 IRP, at a minimum, must include:

- a range of forecasts, for at least the next 10 years, of projected customer demand;
- an assessment of commercially available conservation and efficiency resources;
- an assessment of commercially available, utility scale renewable and nonrenewable generating technologies;
- a comparative evaluation of renewable and nonrenewable generating resources;
- the integration of the demand forecasts and resource evaluations into a long-range assessment describing the mix of supply side generating resources and conservation and efficiency resources that will meet current and projected needs at the lowest reasonable cost and risk to the utility and its ratepayers; and
- a short-term plan identifying the specific actions to be taken by the utility consistent with the long-range IRP.

### Reporting on the Adequacy of Washington's Electricity Supply.

The Department of Commerce is required to review the plans of consumer-owned electric utilities and investor-owned electric utilities, and data available from other state, regional, and national sources, and prepare an electronic report to the Legislature aggregating the data and assessing the overall adequacy of Washington's electricity supply. The report must include a statewide summary of utility load forecasts, load/resource balance, and utility plans for the development of thermal generation, renewable resources, and conservation and efficiency resources.

## **Summary of Engrossed Bill:**

### Electric Utility Resource Planning.

In addition to other reporting requirements, 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 (IRP) an assessment of methods, technologies, or facilities for integrating renewable resources, including to address an overgeneration event, if applicable to the utility's resource portfolio.

All other electric utilities, when enumerating the resources that will be maintained and/or acquired to serve those loads, must provide in their resource plans an explanation of why methods, commercially available technologies, or facilities for integrating renewable resources, including to address an overgeneration event, were not chosen and why that decision was made.

An overgeneration event is defined as an event within an operating period of a balancing authority when the electricity supply, including generation from intermittent renewable resources, exceeds the demand for electricity for that utility's energy delivery obligations and a negatively priced regional market.

Integrated Resources Plans Forecasting Range.

In addition to including a range of forecasts of projected customer demand for at least the next 10 years, electric utilities may include in their IRPs a range of forecasts of projected customer demand longer than 10 years.

Reporting on the Adequacy of Washington's Electricity Supply.

In reporting on the adequacy of Washington's electricity supply, the Department of Commerce must provide an examination of assessment methods used by electric utilities to address overgeneration events.

**EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment made the following changes to the bill:

- Modifies the definition of "overgeneration event" to mean an event within an operating period of a balancing authority when the electricity supply, including generation from intermittent renewable resources, exceeds the demand for electricity for that utility's energy delivery obligations and when there is a negatively priced regional market.
- Specifies that an integrated resource plan include an analysis of overgeneration events only if it is applicable to the utility.
- Requires long-range assessments integrating demand forecasts and resource evaluations to include an explanation of how overgeneration events are mitigated.
- Makes grammatical and technical changes.

**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.

**Staff Summary of Public Testimony:**

(In support) This bill resolves a title issue with a previous bill on this subject heard in committee earlier this session. The earlier bill was too narrowly focused on energy storage systems and would not allow an electric utility in their integrated resource plans (IRPs) to look at broader issues such as intermittent renewable resources, overgeneration events, and periodic negative pricing of power. This bill allows electric utilities to assess the intermittency of renewable resources through evaluation methods of their choosing.

The integration of renewable resources in the Pacific Northwest is an important issue. A couple of years ago, the Clean Energy Leadership Council acknowledged that renewable resource integration was a priority for the state and Washington could be a leader in this area.

Currently, investor-owned utilities as part of their IRPs provide an additional forecast for 20 years, even though they are only required by law to provide a 10-year forecast.

(In support with concerns) This bill is a significant improvement to where the discussion began on this topic. Many utilities would prefer that this definition of overgeneration event include some recognition of energy imbalance issues. The 20-year forecast may be too long. Conditions change so much over that a 20-year period.

(Opposed) None.

**Persons Testifying:** (In support) Representative Morris, prime sponsor; Tony Usibelli, Department of Commerce; and Ann Rendahl, Utilities and Transportation Commission.

(In support with concerns) Dave Warren, Washington Public Utility District Association.

**Persons Signed In To Testify But Not Testifying:** None.