

# HOUSE BILL REPORT

## HB 2059

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**As Reported by House Committee On:**  
Technology & Economic Development

**Title:** An act relating to the voluntary purchase of eligible renewable resources by customers of electric utilities.

**Brief Description:** Concerning the voluntary purchase of eligible renewable resources by customers of electric utilities.

**Sponsors:** Representative Morris.

**Brief History:**

**Committee Activity:**

Technology & Economic Development: 1/23/14, 1/31/14 [DPS].

**Brief Summary of Substitute Bill**

- Directs the investor-owned electric utilities to create a tariff schedule, including a standard contract, that allows non-residential customers to voluntarily purchase renewable resources.
- Directs the governing boards of consumer-owned utilities to create a tariff schedule or contract that allows customers to voluntarily purchase renewable resources.

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### HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Morris, Chair; Smith, Ranking Minority Member; Fey, Freeman, Hudgins, Morrell, Ryu, Stonier, Tarleton and Wylie.

**Minority Report:** Do not pass. Signed by 7 members: Representatives Short, Assistant Ranking Minority Member; DeBolt, Kochmar, Magendanz, Vick, Walsh and Zeiger.

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

**Background:**

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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.*

### Voluntary Option to Purchase Qualified Alternative Energy Resources.

In 2002 legislation was enacted that required electric utilities to provide their retail electricity customers a voluntary option to purchase qualified alternative energy resources. On at least a quarterly basis, electric utilities must include with their retail customers regular billing statement a voluntary option to purchase qualified alternative energy resources. A utility may provide qualified alternative energy resource options through either resources it owns or contracts for, or the purchase of renewable energy credits issued by a clearinghouse, or other system.

### The Utilities and Transportation Commission.

The Utilities and Transportation Commission (UTC) regulates the rates, services, and practices of privately owned utilities and transportation companies. These companies include electricity, natural gas, certain telecommunications services, water, solid waste collection, commercial ferry service, transportation of household goods, certain auto transportation services, and transportation of petroleum through pipelines. The UTC is required to ensure that rates charged are "fair, just, and reasonable." A service provided by a regulated company must be described in a tariff, which is a detailed document, filed with the UTC, describing the rates, terms, and conditions of service.

### Governing Boards of Consumer-Owned Electric Utilities.

A consumer-owned electric utility, such as a public utility district or a municipal utility, is regulated by the utility's governing board which has exclusive authority to regulate and control the use, distribution, rates, service, charges, and price of electricity provided by the utility.

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## **Summary of Substitute Bill:**

### Voluntary Purchase of Renewable Resources.

Upon request of a nonresidential electric customer, an investor-owned utility must create a tariff that includes a standard contract to allow the customer and other interested nonresidential customers to purchase voluntarily renewable resources in one megawatt-hour units. Upon request by an electric customer of a consumer-owned utility, the governing board of a consumer-owned utility shall create a tariff schedule or contract that allows the customer to purchase voluntarily renewable resources in one megawatt-hour units. The renewable resources procured are in addition to the eligible renewable resource requirements under the Energy Independence Act (EIA). A customer requesting to purchase voluntarily renewable resources must make a deposit with the utility to cover the cost of work hours at the electric utility to develop the tariff.

A tariff schedule approved by the UTC or a tariff schedule or contract approved by a governing board of a consumer-owned electric utility must ensure that:

- The costs of procuring, administering, and delivering the eligible renewable resource are paid for by the requesting customer and not passed on to other customers of the investor-owned utility.

- The investor-owned utility or consumer-owned utility provides an integrated service that includes the electricity generated by the dedicated eligible renewable resource facility, and a supplemental shaping service, if needed.
- The requesting customer has the authority to designate and approve the eligible renewable resource they wish to procure.
- Nonpower attributes associated with the eligible renewable resource are transferred to the requesting customer bundled with the power.
- Except for the price, cost, or fees associated with interconnecting the eligible renewable resource to the grid, the price of procuring and delivering the eligible renewable resource is transparent and any additional costs or fees, including those required by Federal Energy Regulatory Commission rules, are specified before the requesting customer enters into an agreement for the eligible renewable resource.

Definitions.

The term "renewable resource" is defined as an eligible renewable resource as defined under the EIA or any other energy resource recognized as a renewable resource or a low-carbon energy resource by any government recognized by the federal government.

**Substitute Bill Compared to Original Bill:**

For investor-owned utilities, a nonresidential electric customer may request that the utility create a tariff, which may include a standard contract, to allow the customer to voluntarily purchase renewable resources, rather than the UTC creating a tariff. The UTC is authorized to approve a tariff or standard contract submitted by an investor-owned utility, if the tariff or standard contract meets certain specified requirements, rather than the UTC approving a tariff it created. The unit amount for all purchases of renewable resources in the bill are increased from 500 kilowatt units to one megawatt-hour units. A provision is added specifying the costs of administering the renewable resource is paid for by the requesting customer and not passed onto other customers of the investor-owned utility or consumer-owned utility. The term "eligible renewable resource" is replaced by the term "renewable resources" and defined as an eligible renewable resource as defined under the EIA or any other energy resource recognized as a renewable resource or a low-carbon energy resource by any government recognized by the federal government. The definition for nonpower attributes is removed. A new section is added that specifies a customer requesting to purchase voluntarily renewable resources must make a deposit with the utility to cover the cost of work hours at the electric utility to develop the tariff.

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**Appropriation:** None.

**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) Global companies operating in Washington often have to comply with renewable energy portfolio standards and greenhouse gas emission reduction laws from other countries. Also, some companies want to make sure they are purchasing 100 percent green power. This bill will allow electric customers the option to buy renewable energy that meets their needs. It is a voluntary purchasing requirement that the requesting customer pays for and the costs of these purchases are not transferred to other customers of the utility.

There is concern about smaller public utilities that are customers of the Bonneville Power Administration. They typically do not have personnel on staff to administer the purchases called for in the bill. Currently, public utilities are authorized to create specific tariffs. The bill should be less prescriptive on the type of renewable energy the customer may request and expand the bill to include low-carbon energy resources.

(In support with concerns) The bill calls on the UTC to develop tariffs for investor-owned utilities. Typically, electric utilities are responsible for creating tariffs. If the UTC is responsible for developing these tariffs, it will drive up the fiscal note on the bill. The unit amount should be modified from 500 kilowatt units to one megawatt-hour units. It is difficult to procure single unit amounts in 500 kilowatt units.

(Other) The program proposed in the bill should target nonresidential customers, because utilities already offer a green power purchase option to their residential customers. This green tariff concept is better targeted as a voluntary tariff between utilities and large customers. The utility should standardize a contract with the UTC to prevent the development of a new tariff for every customer. Language should be provided that ensures all costs will be covered by the requesting customers. A provision should be provided that limits the length of a contract in order to protect utilities that have procured a resource on behalf of a requesting customer in the event the customer moves or goes out of business before the agreement runs its terms. The bill should state who is responsible for accounting for the nonpower attributes and what methodologies or system will be used in such an accounting.

(Opposed) None.

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

(In support with concerns) Ann Rendahl, Washington Utilities and Transportation Commission; Nancy Atwood, Puget Sound Energy; Dave Warren, Washington Public Utility District Association; and Al Aldrich, Grant County Public Utility District.

(Other) Kathleen Collins, PacifiCorp.

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