

SENATE BILL REPORT

SHB 2183

As of February 19, 2014

Title: An act relating to maintaining a robust, clean, and job rich energy policy in the state of Washington that builds upon the goals created by the energy independence act.

Brief Description: Maintaining a robust, clean, and job rich energy policy in the state of Washington that builds upon the goals created by the energy independence act.

Sponsors: House Committee on Technology & Economic Development (originally sponsored by Representatives Morris, Ormsby, Fey and Hudgins).

Brief History: Passed House: 2/12/14, 82-16.

Committee Activity: Energy, Environment & Telecommunications: 2/19/14.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Staff: William Bridges (786-7416)

Background: Joint Committee on Energy Supply and Energy Conservation (Joint Committee). The Joint Committee is a legislative committee of eight members that meets at the following times: (1) annually; (2) at the call of the chair of the Joint Committee to receive information on the status of the state's or the region's energy supply; (3) during a condition of energy supply alert or energy emergency; and (4) upon the call of the chair when the Governor acts to terminate an energy supply alert or energy emergency.

Among its duties, the Joint Committee reviews plans submitted by the Governor during energy emergencies and recommends actions for the production, allocation, and consumption of energy, and for the suspension or modification of existing administrative rules. The Joint Committee may also review any voluntary programs or local or regional programs for the production, allocation, or consumption of energy submitted to the committee.

Any member of the Senate or House of Representatives is eligible to be appointed to the Joint Committee. The Joint Committee must consist of four Senators and four Representatives who are selected biennially by the respective bodies of the Legislature, but must include the chairs of the committees responsible for energy issues. The Joint Committee is responsible for electing a chair and a vice chair. The chair is a member of the House of Representatives in even-numbered years and a member of the Senate in odd-numbered years.

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.

The last time the Joint Committee met was in December 2009.

Summary of Bill: By December 31, 2014, the Joint Committee must make recommendations to the energy committees of the Legislature on policies that would establish new or revised renewable energy and energy efficiency goals for utilities.

The Joint Committee must consider how its recommendations achieve the following objectives:

- ensure that Washington continues to capture all cost-effective energy conservation and address any barriers to achieving this goal;
- encourage renewable energy resources;
- promote the greatest efficiency in using existing resources, especially compared with states that Washington competes with economically;
- enable technologies that make existing practices and processes more efficient;
- reduce the overall amount of pollution generated in the production and consumption of energy;
- reduce the amount of wealth Washington exports to neighboring jurisdictions for energy procurement;
- keep rates as low as practical in a policy environment where there are often competing goals;
- create regulatory certainty in advance of typical energy planning and procurement cycles; and
- maximize the creation of jobs in Washington.

The Joint Committee may also identify and recommend policies that eliminate barriers to achieving goals identified in their recommendations, including, but not limited to, permitting timelines, financing, and technology availability.

In order to facilitate the development of recommendations, the Joint Committee must hold a minimum of four meetings:

- At the first meeting, the Joint Committee must provide an opportunity for the public to present on what goals the Joint Committee should consider when making its recommendation to the Legislature.
- At the second meeting, the Joint Committee must summarize and report on areas of consensus and division among stakeholders.
- At the third meeting, the Joint Committee must take public testimony on a draft set of recommendations.
- At the fourth meeting, the Joint Committee must vote on final recommendations to the 2015 Legislature for new energy performance standards after 2020.

Joint Committee Research Projects. The Joint Committee is directed to conduct research on topics related to various parts of the electricity infrastructure. This research includes the following:

- an assessment of the cost of maintenance at baseload energy generation facilities necessary to meet the ramping and cycling of eligible renewable resources;
- a review of existing reports on the capacity of the electricity grid infrastructure to handle the load from intermittent renewable energy resources and an examination of

- potential issues that may arise if the state's renewable energy targets are increased; and
- an assessment of energy storage material supplies, costs, and enabling technologies, including an evaluation of the domestic availability of the components in the supply chain.

High Efficiency Cogeneration and Thermal Heating Efficiency. In order to assist the Joint Committee in its deliberations of new energy performance standards, the Washington State University Energy Program must conduct a resource assessment on the amount of new energy resources that could be made available with a high efficiency cogeneration policy or a thermal heating efficiency policy.

Intent. Among other things, the Legislature intends to build on the current goals established in the Energy Independence Act, also known as Initiative 937.

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 bill creates a Legislature-driven process to study post-2020 energy supplies and needs. Because of five to seven-year planning horizons, utilities need certainty to make their investment decisions and that certainty is lacking as is evidenced by the recent integrated resource plans filed by utilities. The Joint Committee will also need to study current issues that are not being resolved. The study process should remain a legislative process. Data is needed to evaluate new high-efficiency cogeneration technologies. The Joint Committee recommendations should be expanded to include a mix of all generation resources, not just renewables. Broad stakeholder review is welcome and the executive branch should be allowed to participate. There should be more than four meetings.

OTHER: The assumptions used to design I-937 were made in 2005 and are now outdated. Falling loads will ultimately lead to some drastic effects on utilities if I-937 is not changed. The Joint Committee needs to look at the impact on customer rates. There should be more than four meetings.

Persons Testifying: PRO: Representative Morris, prime sponsor; Nancy Atwood, Puget Sound Energy; Nancy Hirsh, NW Energy Coalition.

OTHER: Kathleen Collins, PacifiCorp; Sheila Riggs, WA State University Energy Program; Dave Warren, WA Public Utility District Assn.