

SENATE BILL REPORT

SB 6533

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 4, 2016

Title: An act relating to improving the accuracy and transparency of the reporting and calculation of the fuel mix information to retail electric customers.

Brief Description: Improving the accuracy and transparency of the reporting and calculation of the fuel mix information to retail electric customers.

Sponsors: Senators McCoy, Ericksen, Sheldon and Takko.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 2/02/16; 2/03/16, 2/04/16 [DPS].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 6533 be substituted therefor, and the substitute bill do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Minority Member; Braun, Brown, Cleveland, Habib, Honeyford and Ranker.

Staff: Kimberly Cushing (786-7421)

Background: Fuel Mix Disclosure. Each retail electric utility in the state must disclose its actual or imputed annual fuel mix used to generate electricity. The disclosure must generally provide the percentage attributable to each of the following generation sources: coal, hydroelectric, natural gas, nuclear, or other. If a source categorized as other totals more than 2 percent of a utility's total mix, it must identify the component sources, which may include the following: biomass, geothermal, landfill gas, oil, solar, waste incineration, or wind.

Net System Power Mix. Utilities that do not declare their actual sources must report the fuel mix of the Northwest power pool, called the net system power mix. In 2014, the net system power mix contained 40 percent coal and about 40 percent hydropower, among other resources. Utilities that purchase electricity from the Bonneville Power Administration (BPA) may disclose the source as the BPA system mix.

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 Department of Commerce (Commerce) compiles fuel mix data from all retail electric utilities in the state, calculates the net system power mix, and publishes an annual fuel mix report.

Summary of Bill (Recommended Substitute): Fuel Mix Disclosure. The fuel mix category for undeclared electricity resources is changed from the net system power mix to "unspecified resources." When a retail electric utility discloses the fuel mix for each electricity product it delivers to its retail electric customers, the fuel mix must include unspecified sources, in addition to declared resources and any adjustment. Unspecified sources are added as a category to the list of generation sources to be disclosed.

Declared resources must be reported as those reasonably known to be used to serve the retail electric utility's customers in Washington. The fuel mix for unspecified sources must be determined annually by Commerce.

To accurately inform customers and for the purposes of taxes or fees levied pursuant to the fuel mix disclosure, a retail electric utility and Commerce must identify a renewable resource according to the generation categories in the fuel mix disclosure, regardless of whether or not the nonpower attributes of the resources have been retired, sold, or banked from the generation resource. A retail electric utility must separately report the form and amount of nonpower attributes associated with the electricity during the reporting year.

Department of Commerce. By July 1, 2016, Commerce must convene a work group of interested parties to improve content and consumer understanding, and suggest modifications to the process of gathering, reporting, calculating, and tracking fuel mix data. The work group must review and provide recommendations for intra-annual changes of unspecified sources and resources on the margin. By December 1, 2016, Commerce and work group must submit to the Legislature any suggested modifications to the disclosure methods, calculations, and requirements, and the accuracy of the unspecified sources calculations and pool of resources.

In order to ensure that fuel mix information is verifiable and accurate, Commerce must annually perform the following duties: compile specific data, including generation data in the Northwest power pool; compare the quality of electricity from declared resources with total reported generation from these resources; calculate the fuel mix for unspecified sources; publish an annual fuel mix disclosure report; and make the data and calculations used for developing the fuel mix information available to the public

Upon Commerce's request, retail electric utilities must provide documentation of purchases of electricity from unspecified sources.

Definitions. "Unspecified resources" is defined as the fuel mix of the Northwest power pool from electric generation that is available to be sold on the wholesale market, calculated as recommended by the work group.

"Nonpower attributes" is defined. The terms "net system power mix" and "electricity information coordinator" are removed from statute.

EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Substitute): Adds a definition “nonpower attributes.” Clarifies that “unspecified sources” is to be calculated as recommended by the work group and incorporated to the extent practicable by Commerce. Requires the work group to meet annually. Specifies the type of data/information to be compiled & compared by Commerce. Specifies how Commerce must calculate and make available the fuel mix for unspecified sources.

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 on Original Bill: PRO: When fuel mix disclosure law was first enacted in 2000 it was fairly straightforward and was intended to inform customers about the resources used to meet their load. It was not meant to be accounting of environmental attributes. In fact, it became law before we knew of the concept of RECs. The complexity of transactions are significantly different today. Now that there are various proposals using the fuel mix disclosure, including a proposed tax, we need to be accurate. The purpose is to get accurate data reporting around the megawatt hour (MWh). Then policies from the data set can be designed accordingly. If any taxes and fees are levied they should be on machinery that generated the MWh. A work group can spend some time looking at all the different issues raised and could significantly improve the quality of the information provided. We are continuing to refine the bill.

OTHER: There is a potential for tax liability to rest on the fuel mix data. Pacific Power is multiple-state utility with generation resources in seven other states. Language is needed to clarify reporting for multi-state utilities in order to accurately reflect our Washington profile. We need to consider confidentiality for purchase power agreement data. The bill should parse out disclosure and data that can be relied on for other purposes.

Persons Testifying on Original Bill: PRO: Senator McCoy, prime sponsor; Tony Usibelli, Dept. of Commerce; Dave Warren, WA PUD Association; John Rothlin, Avista.

OTHER: Kathleen Collins, Pacific Power.

Persons Signed In To Testify But Not Testifying on Original Bill: No one.