

HOUSE BILL REPORT

HB 2319

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to energy conservation programs under the energy independence act.

Brief Description: Concerning energy conservation programs under the energy independence act.

Sponsors: Representatives Doglio, Hudgins, Tarleton, Fey, Wylie, Fitzgibbon, Dolan, Ryu and Appleton.

Brief History:

Committee Activity:

Technology & Economic Development: 1/11/18, 1/25/18 [DPS].

Brief Summary of Substitute Bill

- Requires an investor-owned utility to offer a meter-based performance program option and an energy performance baseline program option in meeting its energy conservation targets under the Energy Independence Act beginning January 1, 2020.

HOUSE COMMITTEE ON TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; DeBolt, Assistant Ranking Minority Member; Doglio, Fey, Hudgins, Nealey, Santos, Slatter and Wylie.

Minority Report: Do not pass. Signed by 6 members: Representatives Smith, Ranking Minority Member; Harmsworth, Manweller, McDonald, Steele and Young.

Staff: Nikkole Hughes (786-7156).

Background:

The Energy Independence Act.

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 Energy Independence Act (EIA) was approved by voters in 2006. The EIA requires an electric utility with more than 25,000 customers to meet targets for energy conservation and to meet a certain percent of its annual load with eligible renewable resources. Utilities that must comply with the EIA are called "qualifying utilities."

Energy Conservation Targets.

A qualifying utility must pursue all available conservation that is cost-effective, reliable, and feasible. "Conservation" means any reduction in electric power consumption resulting from increases in the efficiency of energy use, production, or distribution.

Every two years, the qualifying utility must review and update an assessment of its achievable cost-effective conservation potential for the subsequent 10-year period. The qualifying utility must establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its 10-year assessment. At a minimum, each biennial target must be no lower than the qualifying utility's pro rata share for that two-year period of its cost-effective conservation potential for the subsequent 10-year period.

Accountability and Enforcement.

The Utilities and Transportation Commission (UTC) determines compliance with the requirements of the EIA for investor-owned utilities. The UTC is authorized to determine if a conservation program implemented by an investor-owned utility is cost-effective based on the UTC's policies and practice.

Energy Benchmarking Requirements.

An electric or gas utility that serves more than 25,000 customers in the state must maintain records of the energy consumption data of all nonresidential and certain public agency buildings to which the utility provides service. The utility must receive written authorization or secure electronic authorization from a nonresidential building owner or operator before uploading the energy consumption data to the United States Environmental Protection Agency's Energy Star Portfolio Manager in a form that does not disclose personally identifying information.

State Energy Code.

The Washington State Energy Code (Code) is part of the State Building Code, which sets the minimum construction requirements for buildings in the state. The Code provides a minimum level of energy efficiency for residential and nonresidential buildings, but allows flexibility in building design, construction, and heating equipment efficiencies. The State Building Code Council (Council) maintains the Code. Unless otherwise amended by rule, the Code must reflect the 2006 edition.

The Council reviews, updates, and adopts model state building codes every three years. The Council must adopt state energy codes that require buildings constructed from 2013 through 2031 to move incrementally toward a 70 percent reduction in energy use by 2031. The Code

must consider regional climatic conditions. The Council may amend the Code by rule if the amendments increase energy efficiency in the affected buildings.

Summary of Substitute Bill:

Beginning January 1, 2020, in meeting its conservation targets under the Energy Independence Act, an investor-owned utility must offer the following program options:

- a meter-based performance program option that links customer conservation incentives directly to energy savings by measuring the overall reduction in electricity consumption; and
- an energy performance baseline program option that uses buildings' current electric energy use to calculate financial incentives to achieve greater energy savings in existing residential and nonresidential building stock that fall below the current standards of the Code.

In implementing these programs, an investor-owned utility must exercise the same care as required for the submission of energy benchmarking data.

Substitute Bill Compared to Original Bill:

The substitute bill:

- removes the requirement that cost-effective conservation savings be measured taking into consideration the overall reduction in normalized metered electricity consumption;
 - adds an implementation date of January 1, 2020, for the requirement that an investor-owned utility offer a meter-based performance program option and an energy performance baseline program option in meeting its conservation targets under the EIA; and
 - adds a provision to protect personally identifying information collected or otherwise acquired by an investor-owned utility in implementing a meter-based performance program option or an energy performance baseline program option.
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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) Energy efficiency is the cheapest energy resource. Under this bill, if a commercial building owner improves the efficiency of their building, they can receive an incentive from their electric utility, but only if the improvements exceed the Code. The

deemed savings system, based on predictive measurements, does not always capture the full extent of actual energy savings. The pay-for-performance program option required under this bill gives customers a different way to interact with utility conservation programs. The result of this offering will be more energy savings per project, more durable savings over time, and a more robust and rigorous measurement and verification of those savings.

(Opposed) The approaches for measuring energy conservation mandated in this bill are in direct conflict with the protocols established by the Northwest Power and Conservation Council. There are currently no standards of protocol for using normalized metered electricity consumption as the basis of measuring energy conservation. This bill would require electric utilities to accelerate the adoption of expensive advanced metering infrastructure in order to measure normalized metered electricity consumption. The bill does not capture most of the state's commercial building base by limiting its requirements to investor-owned utilities.

Persons Testifying: (In support) Representative Doglio, prime sponsor; Vlad Gutman-Britten, Climate Solutions; Stan Price, Putnam Price Group; Kerry Meade, Northwest Energy Efficiency Council; and Amy Wheelless, Northwest Energy Coalition.

(Opposed) John Rothlin, Avista; and Kathleen Collins, PacifiCorp.

Persons Signed In To Testify But Not Testifying: None.