

HOUSE BILL REPORT

HB 2410

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to allowing the energy savings associated with on-bill repayment programs to count toward a qualifying utility's energy conservation targets under the energy independence act.

Brief Description: Allowing the energy savings associated with on-bill repayment programs to count toward a qualifying utility's energy conservation targets under the energy independence act.

Sponsors: Representatives Doglio, Fey, Tarleton, Macri and Pollet.

Brief History:

Committee Activity:

Technology & Economic Development: 1/17/18, 1/30/18 [DPS].

Brief Summary of Substitute Bill

- Requires each electric utility, except for a small utility or a retail electric cooperative, to offer an on-bill repayment program option to its retail electric customers 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 9 members: Representatives Morris, Chair; Kloba, Vice Chair; Tarleton, Vice Chair; Doglio, Fey, Hudgins, Santos, Slatter and Wylie.

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

Minority Report: Without recommendation. Signed by 1 member: Representative Harmsworth.

Staff: Nikkole Hughes (786-7156).

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:

The Energy Independence Act.

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 Conservations 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.

Summary of Substitute Bill:

On-Bill Repayment Program.

Each electric utility, other than a small utility or retail electric cooperative, must offer an on-bill repayment program option to its retail electric customers beginning January 1, 2020. An electric utility must provide participants in an on-bill repayment program with any conservation incentives for which the participant is eligible. An electric utility must prepare a marketing and outreach program to promote its on-bill repayment program as part of its biennial conservation plan under the Energy Independence Act (EIA). The utility may recover the costs associated with its marketing and outreach program through its conservation tariff rider.

If the governing body of a small utility or a retail electric cooperative determines that the utility should offer an on-bill repayment program option, the utility must:

- provide participants in the on-bill repayment program with any conservation incentives for which the participant is eligible; and
- prepare a marketing and outreach program to promote its on-bill repayment program as part of its biennial conservation plan under the EIA, if applicable.

Energy Conservation Under the Energy Independence Act.

In meeting its conservation targets under the EIA, a qualifying utility may count the conservation savings associated with an on-bill repayment program, provided that the savings otherwise qualify as cost-effective conservation.

Definitions.

"On-bill repayment program" means a program in which an electric utility facilitates repayment of an energy conservation or renewable energy loan between a customer and a third-party capital provider.

"Retail electric cooperative" means a cooperative formed under chapter 23.86 RCW or a mutual corporation or association formed under chapter 24.06 RCW that is engaged in the business of distributing electricity to more than one retail electric customer in the state.

"Third-party capital provider" means a nonprofit lender, community bank, or credit union that provides capital for the purpose of making energy conservation or renewable energy loans under an on-bill repayment program.

Substitute Bill Compared to Original Bill:

The substitute bill:

- requires each electric utility, except for a small utility or retail electric cooperative, to offer an on-bill repayment program option to its retail electric customers beginning January 1, 2020;
- requires an electric utility to provide participants in an on-bill repayment program with any conservation incentives for which the participant is eligible;
- requires an electric utility to prepare a marketing and outreach program to promote its on-bill repayment program as part of its biennial conservation plan prepared under the EIA, and allows the utility to recover the costs associated with its marketing and outreach program through its conservation tariff rider;
- requires a small utility or retail electric cooperative that voluntarily offers an on-bill repayment program to provide participants with any conservation incentives for which the participant is eligible and to prepare a marketing and outreach program; and
- allows a qualifying utility to count the conservation savings associated with an on-bill repayment program toward its conservation targets under the EIA, provided that the savings otherwise qualify as cost-effective conservation.

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) On-bill repayment can serve as an alternative to Property Assessed Clean Energy programs. Many utilities already have on-bill repayment programs in place. This bill will enable customers to make investments in energy efficiency in their homes. The policies in this bill represent an opportunity for the private and nonprofit sector to be engaged in financing renewable energy systems and energy efficiency. This bill would provide an appropriate and clear opportunity for utilities that choose to expand their billing systems to accommodate on-bill repayment. On-bill repayment programs benefit the borrower, the utility, and the lender. Under an on-bill repayment program, defaulted loans are moved off-bill, so the customer would not be at risk for utility service termination. On-bill repayment programs allow property owners to treat loan payments as an operating expense, rather than a capital expense. This bill provides regulatory certainty with respect to the ability of an electric utility to count the savings associated with on-bill repayment toward its energy conservation targets under the EIA.

(Opposed) None.

(Other) There is an expense to the electric utility for offering on-bill repayment. This bill changes the cost-effectiveness standard under the EIA, thereby weakening the standard. There are concerns about whether or not the electric utility becomes liable if a customer defaults on an on-bill repayment loan.

Persons Testifying: (In support) Representative Doglio, prime sponsor; Brad Tower, Community Bankers of Washington; Carl Seip, Craft3; Juliana Williams, Washington State Housing and Finance Commission; Leslie March; Cynthia Pratt, City of Lacey; and Craig Engelking, NW Energy Coalition.

(Other) Glenn Blackmon, Washington Department of Commerce; Christine Brewer, Avista; and Kathleen Collins, PacifiCorp.

Persons Signed In To Testify But Not Testifying: None.