

HOUSE BILL REPORT

HB 2413

As Reported by House Committee On:
Technology & Economic Development

Title: An act relating to the voluntary option to purchase qualified alternative energy resources.

Brief Description: Concerning the voluntary option to purchase qualified alternative energy resources.

Sponsors: Representatives Doglio and Macri.

Brief History:

Committee Activity:

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

Brief Summary of Substitute Bill

- Requires each electric utility to provide the voluntary option to purchase qualified alternative energy resources to each of its new retail electric customers at the time service is established and to provide the option to its existing customers through its website and through quarterly mailings.
- Requires the Department of Commerce and the Utilities and Transportation Commission to jointly report findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop green tariffs or similar qualified alternative energy resource options for their retail electric customers.

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.

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.

Staff: Nikkole Hughes (786-7156).

Background:

Each electric utility must provide its retail electric customers with a voluntary option to purchase qualified alternative energy resources and must include the option with its retail electric customer's regular billing statements at least quarterly. The option may allow customers to purchase qualified alternative energy resources at fixed or variable rates and for fixed or variable periods of time, including but not limited to monthly, quarterly, or annual purchase agreements. A utility may provide qualified alternative energy resource options through either:

- resources it owns or contracts for; or
- the purchase of credits issued by a clearinghouse or other system by which the utility may secure, for trade or other consideration, verifiable evidence that a second party has a qualified alternative energy resource and that the second party agrees to transfer such evidence exclusively to the benefit of the utility.

"Qualified alternative energy resource" means the electricity or thermal energy produced from generation facilities that are fueled by:

- wind, solar, or geothermal energy;
- landfill gas;
- wave or tidal action;
- gas produced during the treatment of wastewater;
- qualified hydropower; or
- certain biomass energy.

All costs and benefits associated with any voluntary option offered by an electric utility must be allocated to the customers who voluntarily choose that option and may not be shifted to any customers who have not chosen such option.

Each electric utility must maintain and make available upon request of the Department of Commerce (Department), in the case of a consumer-owned utility, or the Utilities and Transportation Commission (UTC) in the case of an investor-owned utility, information describing the voluntary option or options it is offering its customers, the rate of customer participation, the amount of qualified alternative energy resources purchased by customers, the amount of utility investments in qualified alternative energy resources, and the results of pursuing aggregated purchasing options. The Department and the UTC must report the information to the appropriate committees of the Legislature upon request.

Summary of Substitute Bill:

Each electric utility must provide a voluntary option to purchase qualified alternative energy resources to each of its new retail electric customers at the time service is established. Each electric utility must provide the option to all of its existing retail electric customers through the utility's website and through quarterly mailings as a bill insert or other publication.

The option may allow customers to purchase qualified alternative energy resources for all or part of the customer's retail electric requirement.

The nonpower attributes associated with qualified alternative energy resources, including those verified in the form of renewable energy credits, that are provided for the purpose of providing a voluntary qualified alternative energy resource option may only be used once and must be retired by the electric utility on behalf of the customer for the reporting year in which the nonpower attributes are used.

"Nonpower attributes" means all environmentally-related characteristics, exclusive of energy, capacity reliability, and other electrical power service attributes, that are associated with the generation of electricity from a renewable resource, including but not limited to the facility's fuel type, geographic location, vintage, qualification as an eligible renewable resource under the Energy Independence Act, and avoided emissions of pollutants to the air, soil, or water, and avoided emissions of carbon dioxide and other greenhouse gases.

In addition to making information relating to voluntary qualified alternative energy resource options available to the Department or the UTC, each electric utility must make the information available to its customers.

By December 31, 2018, the Department and the UTC must jointly report findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop green tariffs or similar qualified alternative energy resource options for their retail electric customers.

Substitute Bill Compared to Original Bill:

The substitute bill:

- removes the requirement that an electric utility that serves more than 25,000 retail electric customers in the state offer a bundled voluntary qualified alternative energy resource option;
- restores current law pertaining to a utility's qualified alternative energy resource offerings;
- removes a biennial reporting requirement for the Department and the UTC; and
- requires the Department and the UTC to jointly report findings and recommendations to the energy committees of the Legislature on best practices and policies for electric utilities to develop green tariffs or similar qualified alternative energy resource options for their retail electric customers.

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) Customers want more options to take part in the renewable energy and green energy future of the state. This bill builds on the current voluntary green power program by requiring large electric utilities to offer a green tariff option to their residential customers.

(Opposed) It would be very difficult for an electric utility to meet the standard of providing bundled electricity from a particular energy product. Many times, a qualified alternative energy resource's electricity production does not sync with a customer's electricity consumption. Many small customers, such as residential customers, use a very small amount of electricity relative to what electric utilities would have to purchase on the wholesale market in order to comply with the requirements of this bill.

(Other) It is unclear how a bundled qualified alternative energy resource option would be treated under the Energy Independence Act. The biennial reporting requirement established in the bill would create new work for the Department, the UTC, and the electric utilities in the state.

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

(Opposed) Nicolas Garcia, Washington Public Utility Districts Association.

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

Persons Signed In To Testify But Not Testifying: None.