HOUSE BILL REPORT
SHB 1623

As Passed Legislature

Title: An act relating to addressing the extent to which Washington residents are at risk of rolling blackouts and power supply inadequacy events.

Brief Description: Addressing the extent to which Washington residents are at risk of rolling blackouts and power supply inadequacy events.

Sponsors: House Committee on Environment & Energy (originally sponsored by Representatives Mosbrucker, Fitzgibbon, Leavitt, Ryu, Duerr, Graham, Wicks, Callan, Fey, Paul, Ramos, Wylie, Slatter, Kloba and Harris-Talley).

Brief History:

Committee Activity:

Environment & Energy: 1/11/22, 1/14/22 [DPS].

Floor Activity:

Passed House: 2/10/22, 93-0.
Passed Senate: 3/1/22, 49-0.
Passed Legislature.

Brief Summary of Substitute Bill

- Extends the requirement for the Department of Commerce and the Utilities and Transportation Commission to convene energy resource adequacy meetings through calendar year 2029.
- Requires the 2022 energy resource adequacy stakeholder meeting to address the risk of rolling blackouts and inadequacy events, discuss how proposed electrification laws and regulations may require new state policy for resource adequacy, and identify incentives to enhance and ensure resource adequacy.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Fitzgibbon, Chair; Duerr, Vice Chair; Dye, Ranking Minority Member; Klicker, Assistant Ranking Minority Member; Abbarno, Berry, Boehnke, Fey, Goehner, Harris-Talley, Ramel, Shewmake and Slatter.

Staff: Megan McPhaden (786-7114).

Background:

Washington Clean Energy Transformation Act.
Under the Washington Clean Energy Transformation Act (CETA), electric utilities must:

- eliminate coal-fired resources from their allocation of electricity by December 31, 2025 (Coal Elimination Standard);
- ensure that all retail sales of electricity to Washington customers are greenhouse gas neutral by January 1, 2030 (Greenhouse Gas Neutral Standard); and
- supply 100 percent of all retail sales to Washington customers with nonemitting and renewable resources by January 1, 2045 (Clean Energy Standard).

By January 1, 2024, and at least every four years thereafter, the Department of Commerce must submit a report to the Legislature that includes the following:

- a review of all three standards established under the CETA focused on technologies, forecasts, and existing transmission; and an evaluation of safety, environmental protection, affordability, and system reliability;
- an evaluation identifying the potential benefits and impacts on system reliability associated with achieving the Greenhouse Gas Neutral Standard and Clean Energy Standard; and
- an evaluation identifying the nature of any anticipated financial costs and benefits to electric utilities, including customer rate impacts and benefits.

If the report indicates adverse system reliability impacts from implementation of the Greenhouse Gas Neutral Standard or Clean Energy Standard, then the Governor may suspend or delay implementation of the Greenhouse Gas Neutral Standard or Clean Energy Standard until system reliability impacts can be addressed.

Energy Resource Plans.
Each electric utility is required to develop a resource plan that includes at least 10-year estimates of electricity loads and resources to meet those loads, among numerous other requirements that are specific to the type of utility. Investor-owned utilities (IOUs) and consumer-owned utilities (COUs) with 25,000 or more customers that are not fully served by the Bonneville Power Administration (BPA) must develop Integrated Resource Plans (IRPs). Utilities with fewer than 25,000 customers, or that are fully served BPA customers, must either file an IRP or complete a less-detailed resource plan. All resource plans must be updated at least every two years.

Among other requirements for the IRPs, the IRP must include:

- a determination of resource adequacy metrics for the IRP, consistent with 10-year generation and transmission capacity forecasts; and
- an identification of an appropriate resource adequacy requirement and measurement metric consistent with prudent utility practice in implementing the Coal Elimination Standard, Greenhouse Gas Neutral Standard, and Clean Energy Standard under the CETA.

Resource Adequacy Stakeholder Meetings.
The Department of Commerce and the Utilities and Transportation Commission (UTC) are required to jointly convene a stakeholder meeting, at least annually through 2024, to discuss the adequacy of the state's energy resources for meeting electric needs and to address steps utilities can take to coordinate planning in light of changes to the northwest power system. The meeting must include representatives of the investor-owned utilities, consumer-owned utilities, regional planning organizations, transmission operators, and other stakeholders.

Widespread Power Outage Events.
When demand for electricity exceeds available supply, a widespread electrical power outage event may occur, which is often referred to as a blackout. During an event of this nature, utilities may temporarily shut off power to parts of the electric grid on a rolling basis, which is often referred to as a rolling blackout.

Report on Greenhouse Gas Emission Reduction Recommendations.
Among the Department of Ecology's (Ecology) greenhouse gas emissions reporting requirements, Ecology and the University of Washington's Climate Impacts Group must report to the Legislature regarding the science on human-caused climate change and provide recommendations on whether the state greenhouse gas emission reductions need to be updated. This consultation and report must occur within 18 months of the next, and each successive, global or national assessment of climate change.

Energy Independence Act.
Approved by voters in 2006, the Energy Independence Act, also known as Initiative 937 (I-937), requires electric utilities with 25,000 or more customers to meet targets for energy conservation and using eligible renewable resources.

Washington State Energy Strategy.
The Department of Commerce's State Energy Office must coordinate with state agencies, other governmental units, and private interests to prioritize and implement the state energy strategy elements. The Department of Commerce must review the state energy strategy in order to align it with the principles of the state energy strategy as outlined in state law, the purposes of CETA, Ecology's recommended greenhouse gas reduction emission reductions, and the Energy Independence Act. This review must occur at least once every year through 2028, subject to funding. A specified 26-member state energy advisory committee must be established for each review.

Summary of Substitute Bill:

Resource Adequacy Stakeholder Meetings.
The Washington Department of Commerce and the UTC are required to jointly convene a stakeholder meeting, at least annually through 2029, to discuss the adequacy of the state's energy resources for meeting electric needs and to address steps utilities can take to coordinate planning in light of changes to the northwest power system.

In 2022, the resource adequacy stakeholder meeting must specifically:

- address the extent to which Washington residents are at risk of rolling blackouts and inadequacy events;
- include a survey of stakeholders for policy recommendations to prevent severe blackouts;
- discuss how proposed building and transportation system electrification laws and regulations may require new state policy for resource adequacy; and
- seek to identify regulatory and statutory incentives to enhance and ensure energy resource adequacy and reliability.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) When rolling blackouts and power outages occur, they tend to happen during the hottest or coldest times of the year, when people need electricity the most. In parts of rural Washington many seniors rely on electric energy, and we need to keep the power on for them. Our power is mostly consumed on dark and cold winter evenings. Most power outages occur in the winter so as we move toward electrification, we need alternative heating during power outages. This issue will become more pronounced as the Clean Energy Transformation Act implementation progresses. It will change the power generation mix, and will change the load peaks and timing of energy load.

The electric grid is undergoing a profound transformation, and resource reliability and adequacy is very important. There has been concern over the reliability of electricity for some time now. Studies vary on impacts, but all studies say there are challenges with keeping power on. The amount of storage to make power from wind turbines work isn't in place yet. Wind and solar power generation is inherently variable. A deeper examination of the risks to electricity reliability is needed. We should prepare for the near and long-term future to ensure we modernize our energy system to help all residents. Climate change is disruptive and planning and investment in our future now is preferable. The utilities and

their planning will benefit.

(Opposed) None.

(Other) This is important to the electric industry, policymakers, and consumers as we transition from fossil fuels to clean energy. At the resource adequacy meeting last year, we saw a lot of interest in developing a more robust and consistent resource adequacy program. This is initiated by the electric industry, through the Northwest Power Pool. All utilities serving Washington customers are serving directly or indirectly in this resource adequacy program. We hope this will develop further into a binding resource adequacy program that includes enforcement. The intent section of the bill is concerning because there should be more emphasis on expanding the transmission system rather than the emphasis on energy storage, and it can better explain managing the demand side. Washington has had large-scale rolling blackouts due to heat and wildfire damaging distribution and transmission lines, not resource inadequacy. Distribution system planning will become more important as we experience more extreme heat and peak loads.

Persons Testifying: (In support) Representative Gina Mosbrucker, prime sponsor; Jim Smith, Klickitat Public Utility District; Dave Warren, Douglas County Public Utility District; Martin Gibbins, League of Women Voters of Washington; Nicolas Garcia, Washington Public Utility District Association; Peter Godlewski, Association of Washington Business; and Carolyn Logue, Northwest Hearth, Patio and Barbecue Association.

(Other) Glenn Blackmon, Washington Department of Commerce; and Amy Wheeless, Northwest Energy Coalition.

Persons Signed In To Testify But Not Testifying: None.