

HOUSE BILL REPORT

SHB 1117

As Amended by the Senate

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, Dye, Leavitt, Schmidt, Christian and Walsh).

Brief History:

Committee Activity:

Environment & Energy: 1/12/23, 2/14/23 [DPS].

Floor Activity:

Passed House: 3/4/23, 95-0.

Senate Amended.

Passed Senate: 4/11/23, 47-2.

Brief Summary of Substitute Bill

- Extends the requirement for the Department of Commerce and the Utilities and Transportation Commission to convene energy resource adequacy stakeholder meetings from January 1, 2025, to January 1, 2031.
- Requires the 2023 energy resource adequacy stakeholder meeting to specifically address the risk of rolling blackouts and inadequacy events, discuss how proposed 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 15 members: Representatives Doglio, Chair; Mena, Vice Chair; Dye, Ranking Minority Member; Ybarra, Assistant Ranking Minority Member; Abbarno, Barnard, Berry, Couture, Duerr, Fey, Goehner, Lekanoff, Ramel, Slatter and Street.

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 (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 and consumer-owned utilities with 25,000 or more customers that are not fully served by the Bonneville Power Administration (BPA) must develop Integrated Resource Plans. Utilities with fewer than 25,000 customers, or that are fully served BPA customers, must either file an Integrated Resource Plan or complete a less-detailed resource plan. All resource plans must be updated at least every two years.

Resource Adequacy Stakeholder Meetings.

Commerce and the Utilities and Transportation Commission are required to jointly convene a stakeholder meeting, at least annually through 2025, 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 investor-owned utilities, consumer-owned utilities, regional planning organizations, transmission operators, and other stakeholders. The first resource adequacy stakeholder meeting was held on May 11, 2021, and the second was held on June 17, 2022.

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.

Summary of Substitute Bill:

Resource Adequacy Stakeholder Meetings.

In 2023 the resource adequacy stakeholder meeting must specifically:

- address strategies to ensure power supply adequacy to avoid the risk of rolling blackouts;
- discuss how proposed 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.

The requirement that the Department of Commerce and the Utilities and Transportation Commission jointly convene annual resource adequacy stakeholder meetings is extended through calendar year 2030, instead of through calendar year 2024.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

- adds representatives of the Pacific Northwest National Laboratory's (PNNL) energy analytics experts to the list of entities to be included at each annual resource adequacy stakeholder meeting; and
- directs the Utilities and Transportation Commission and the Department of Commerce to invite the PNNL, if regional energy analytics capability is established at the PNNL, to provide relevant analytics to inform the discussion at the 2023 meeting.

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) We need to make sure to keep the lights on in Washington. Blackouts and rolling blackouts are becoming more of an issue nationwide. This bill was House Bill 1623 in 2022, which passed the Legislature unanimously. The governor had concerns about it being redundant, but there is disagreement on whether it is redundant. Here are three ways this bill is not redundant: (1) the dates are extended; (2) this bill includes additional things to be on the agenda, like rolling blackouts and how electrification laws may require new policy; and (3) the statute requires an annual meeting. It is frustrating that the last meetings were not annual and the meeting in 2022 didn't address blackouts and brownouts. Legislators should send a message that there is concern about blackouts. There will be collaboration with the Governor's office to find a path forward. This bill will help us better understand the risks and causes of blackouts, which is a good focus of this bill. Studies show that there is a growing and elevated risk that Washington may see blackouts in the coming years. Extending the study group is important for businesses and consumers. The issue of siting renewable energy increases the need for this discussion. Current carbon policies are rapidly changing our electric system. Electrification and building codes will increase electric loads significantly, and while there is new generation being developed, it is profoundly different from what was there before.

(Opposed) The exact bill was vetoed by the Governor last year and there are no changes other than the dates in this bill. Agencies did the work that was called for in the bill during the 2022 resource adequacy stakeholder meeting. The way the bill calls out electrification isn't good, when instead the risks identified by experts are primarily about extreme weather driven by climate change. The concern about other parts of the country isn't as relevant because they don't have as many renewable resources, and they rely on natural gas plants that lose fuel supply or do not operate well in the cold. We are interested in resource adequacy, solving problems around building new generation and transmission, and having utilities continue to participate in the industry's resource adequacy program as much as possible.

Persons Testifying: (In support) Representative Gina Mosbrucker, prime sponsor; Nicolas Garcia, Washington Public Utility Districts Association; Peter Godlewski, Association of Washington Business; and Jim Smith, Klickitat Public Utility District.

(Opposed) Glenn Blackmon, Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.