

SENATE BILL REPORT

HB 1416

As Passed Senate, April 12, 2023

Title: An act relating to applying the affected market customer provisions of the Washington clean energy transformation act to nonresidential customers of consumer-owned utilities.

Brief Description: Applying the affected market customer provisions of the Washington clean energy transformation act to nonresidential customers of consumer-owned utilities.

Sponsors: Representatives Doglio, Ramel, Berry, Lekanoff and Reed; by request of Department of Commerce.

Brief History: Passed House: 2/9/23, 58-39.

Committee Activity: Environment, Energy & Technology: 3/17/23, 3/24/23 [DP, DNP, w/oRec].

Floor Activity: Passed Senate: 4/12/23, 30-19.

Brief Summary of Bill

- Modifies the affected market customer provisions of the Clean Energy Transformation Act to include customers of consumer-owned utilities as well as those from investor-owned utilities.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

Signed by Senators Nguyen, Chair; Lovelett, Vice Chair; Lovick, Trudeau and Wellman.

Minority Report: Do not pass.

Signed by Senators Boehnke and Short.

Minority Report: That it be referred without recommendation.

Signed by Senator MacEwen, Ranking Member.

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.

Staff: Kimberly Cushing (786-7421)

Background: Clean Energy Transformation Act. In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. CETA requires electric utilities to eliminate coal-fired resources from their allocation of electricity by December 31, 2025, and make all retail sales of electricity greenhouse gas neutral by January 1, 2030.

Under CETA, market customers are defined as nonresidential retail electric customers of an electric utility that:

- purchase electricity from an entity other than the utility it is directly interconnected with; or
- generate electricity to meet 100 percent of its own needs.

An affected market customer is a customer of an investor-owned utility (IOU) who becomes a market customer after May 7, 2019. Affected market customers must comply with the greenhouse gas neutral standard and the 100 percent clean electricity standard under CETA.

Summary of Bill: Affected market customers of consumer-owned utilities, as well as IOUs, must comply with the greenhouse gas neutral standard and the 100 percent clean electricity standard under CETA.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: When the Legislature passed CETA there was a small loophole and this bill closes that loophole. When a large utility customer seeks to obtain power from someone other than its utility, the customer of an IOU becomes responsible for the clean energy requirements for CETA. This is not the case if the interconnecting utility is a COU. We believe the law is clear and the Legislature intended all electricity used by businesses and consumers in Washington should be clean over time. We can correct that if we fix this loophole. The bill ensures CETA requirements will apply to future market customers served by COUs and these customers will receive equal treatment under the act, whether their utility is a COU or IOU. This bill protects residents from subsidizing bitcoin companies. It is important to ensure that Washington achieves a clean grid.

Persons Testifying: PRO: Representative Beth Doglio, Prime Sponsor; Glenn Blackmon, WA Dept of Commerce - State Energy Office; Logan Bahr, Tacoma Public Utilities/Tacoma Power; Ben Richards, Protect Pend Oreille; Lauren McCloy, NW Energy Coalition; Phyllis Kardos, Responsible Growth * NE Washington; Gloria Wells; Nicolas Garcia, WPUDA; Kelly Hall, Climate Solutions; Jeff Gombosky, Renewable Northwest.

Persons Signed In To Testify But Not Testifying: No one.