

SENATE BILL REPORT

HB 1948

As Reported by Senate Committee On:
Environment, Energy & Technology, February 20, 2024

Title: An act relating to ensuring that methods for calculating the electric load of utilities under the energy independence act do not have the effect of discouraging voluntary investments in renewable power.

Brief Description: Ensuring that methods for calculating the electric load of utilities under the energy independence act do not have the effect of discouraging voluntary investments in renewable power.

Sponsors: Representatives Ybarra, Fitzgibbon, Reed, Graham, Ormsby, Doglio and Pollet.

Brief History: Passed House: 2/8/24, 97-0.

Committee Activity: Environment, Energy & Technology: 2/14/24, 2/20/24 [DP].

Brief Summary of Bill

- Directs that a retail electric customers' voluntary renewable energy purchases do not count towards the overall calculation of that utility's load for the purposes of determining the utility's renewable energy targets under the Energy Independence Act.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass.

Signed by Senators Nguyen, Chair; Lovelett, Vice Chair; MacEwen, Ranking Member; Boehnke, Lovick, Short, Trudeau and Wellman.

Staff: Kimberly Cushing (786-7421)

Background: Energy Independence Act. Approved by voters in 2006, the Energy Independence Act (EIA), also known as Initiative 937, requires electric utilities with 25,000

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or more customers to meet targets for energy conservation and using eligible renewable resources. Utilities that must comply with the EIA are called qualifying utilities. Currently, there are 18 utilities that are qualifying utilities.

Each qualifying utility must use eligible renewable resources or acquire equivalent renewable energy credits (RECs), or a combination of both, to meet the renewable energy annual target of at least 15 percent of its load by January 1, 2020, and each year thereafter.

In complying with the annual targets, qualifying utilities may not count:

- eligible renewable resources or distributed generation where the associated RECs are owned by a separate entity; or
- eligible renewable resources or RECs obtained for and used in an optional pricing program such as a utility's voluntary program to purchase qualified alternative energy resources.

A utility is not required to meet a renewable energy target if it spends at least 4 percent of its retail revenue requirement on the incremental cost of renewable energy and renewable energy credits. The cost cap for a utility that has no load growth is 1 percent.

Under the EIA, a qualifying utility's load is defined as the amount of kilowatt-hours of electricity delivered in the most recently completed year to its Washington retail customers.

Summary of Bill: Under the EIA, when calculating load for annual targets, a qualifying utility's load does not include kilowatt-hours delivered to the utility's system from a retail electric customer's voluntary renewable energy purchase when the RECs associated with the kilowatt-hours are retired on behalf of the customer.

Under a voluntary renewable energy purchase, a retail electric customer may either:

- directly purchase eligible renewable resources; or
- participate in a utility program where the utility purchases the renewable resource megawatt-hours for the utility's system and retires the associated RECs on behalf of the customer.

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: This bill fixes the EIA so that larger utilities do not have to buy extra RECs for EIA compliance and saves money. This bill provides the same approach for the EIA as in CETA. Under existing law, if customer is already buying

100 percent clean electricity through a special utility program, the utility still has to get another 15 percent of renewable energy for compliance purposes. This bill allows the utility to stop at 100 percent for that particular customer. The EIA has helped add clean energy to the state's electric energy mix and this change does not let utilities off hook. Electric utilities are at the forefront of addressing climate change and customers are appealing to utilities to address sustainability and decarbonization goals. The bill is consistent with the original intent of the EIA and will remove barriers for utilities that want to establish voluntary renewable energy programs for their customers.

Persons Testifying: PRO: Representative Alex Ybarra, Prime Sponsor; Charlee Thompson, NW Energy Coalition; Lori Moen, Seattle City Light; Glenn Blackmon, Department of Commerce.

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