

SENATE BILL REPORT

SB 5425

As of February 3, 2025

Title: An act relating to modernizing the energy independence act to avoid regulatory duplication and overlap with other laws.

Brief Description: Modernizing the energy independence act to avoid regulatory duplication and overlap with other laws.

Sponsors: Senators Boehnke and Chapman.

Brief History:

Committee Activity: Environment, Energy & Technology: 2/04/25.

Brief Summary of Bill

- Removes the requirement for electric utilities that must meet annual renewable energy targets under the Energy Independence Act.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

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 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, 18 utilities are qualifying utilities.

Each qualifying utility must use eligible renewable resources, or acquire equivalent renewable energy credits, or a combination of both, to meet the following annual targets:

- at least 3 percent of its load by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its load by January 1, 2016, and each year thereafter through

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- December 31, 2019; and
- at least 15 percent of its load by January 1, 2020, and each year thereafter.

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 (RECs). The cost cap for a utility that has no load growth is 1 percent.

Beginning January 1, 2030, a qualifying utility will be in compliance with the annual targets for eligible renewable resources under the EIA if the utility uses electricity from renewable resources, RECS, and nonemitting electric generation in an amount equal to 100 percent of the utility's average annual retail electric load.

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 nonemitting 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.

Summary of Bill: The requirement for qualifying utilities to meet annual renewable energy targets under the EIA is removed.

References to renewable energy targets under the EIA are removed throughout state law, including provisions related to advisory opinions, penalties, and reporting.

Appropriation: None.

Fiscal Note: Requested on January 23, 2025.

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

Effective Date: The bill takes effect on January 1, 2030.