
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: S-4577.2/02 2nd draft

ATTY/TYPIST: KB:ads

BRIEF DESCRIPTION:

2 **SHB 2637** - S COMM AMD

3 By Committee on Environment, Energy & Water

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5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** (1) The legislature finds that passage of
8 the energy policy act (P.L. 102-486) by congress in 1992 has had a
9 profound impact on the electricity industry in the northwest. The
10 electricity market in the state has transformed from transactions
11 between utilities and seasonal exchanges among utilities in the
12 northwest and the southwest to an active wholesale electricity market
13 that involves independent marketers and developers of merchant power
14 plants. Uncertainty about changes occurring in the market and the
15 industry has discouraged investment in additional generation and
16 transmission capacity and conservation. Recent experience with extreme
17 price fluctuations in the wholesale markets continues to have a
18 significant impact on the electric industry.

19 (2) The legislature declares that state energy strategy should be
20 revised to consider the implications of wholesale market volatility
21 upon the electric industry. To the extent that actions can be
22 undertaken to encourage investment in additional generation resources,
23 new technologies, and conservation, they should be pursued to minimize
24 the impacts of wholesale market volatility on consumers, utilities, and
25 independent power producers.

26 **Sec. 2.** RCW 43.21F.015 and 1994 c 207 s 3 are each amended to read
27 as follows:

28 It is the policy of the state of Washington that:

29 (1) The development and use of a diverse array of energy resources
30 with emphasis on conservation, renewable energy resources, and new
31 generation and energy management technologies shall be encouraged;

32 (2) The supply of energy shall be sufficient to insure the health
33 and economic welfare of its citizens. Such policy shall include
34 meeting projected demand for Washington and consideration of the impact

1 that other states and foreign countries have on this state's energy
2 supply;

3 (3) The development and use of energy resources shall be consistent
4 with the statutory environmental policies of the state;

5 (4) Energy conservation and elimination of wasteful and uneconomic
6 uses of energy and materials shall be encouraged, and this conservation
7 should include, but is not limited to, cost-effective energy
8 efficiency, resource recovery that achieves at least a doubling of
9 previous resource utilization or eighty percent efficiency, and
10 materials recycling;

11 (5) In energy emergency shortage situations, energy requirements to
12 maintain ((the)) critical public health, safety, and welfare activities
13 shall be given priority in the allocation of energy resources while
14 curtailing noncritical government functions, and citizens and industry
15 shall be assisted in adjusting to the limited availability of energy in
16 order to minimize adverse impacts on their physical, social, and
17 economic well being;

18 (6) State government shall provide a source of impartial and
19 objective information in order that this energy policy may be enhanced;
20 and

21 (7) The state energy strategy shall provide primary guidance for
22 implementation of the state's energy policy.

23 **Sec. 3.** RCW 43.21F.090 and 1996 c 186 s 106 are each amended to
24 read as follows:

25 (1) The department shall commence by the effective date of this act
26 a review of the state energy strategy as developed under section 1,
27 chapter 201, Laws of 1991~~((, periodically with the guidance of an~~
28 ~~advisory committee)).~~ The state energy strategy shall be reviewed
29 periodically thereafter. For each review, ~~((an advisory committee))~~ a
30 task force shall be established ~~((with a membership resembling as~~
31 ~~closely as possible the original energy strategy advisory committee~~
32 ~~specified under section 1, chapter 201, Laws of 1991))~~ pursuant to
33 section 4 of this act to provide advice to the department on matters
34 relevant to the review. ~~((Upon completion of a))~~ In reviewing the
35 state energy strategy, the department shall hold at least one public
36 hearing regarding the ~~((advisory committee's))~~ task force's advice and
37 recommendations for revisions to the energy strategy~~((7)).~~ The
38 department shall convey a written report ~~((shall be conveyed by the~~

1 department)) to the governor and the appropriate legislative
2 committees, including the joint committee on energy supply, within six
3 months of the commencement of the review under this section. For the
4 update commenced in 2002, the report shall be conveyed by December 31,
5 2002. Any ((advisory committee)) task force established under this
6 section shall be dissolved within three months after ((their)) its
7 written report is conveyed. A report prepared under this section shall
8 fulfill the requirements of RCW 43.21F.045(2)(h) for the biennium
9 during which it is prepared.

10 (2) Each review and update of the state's energy strategy shall
11 include recommendations for revisions to the state's energy strategy,
12 specific actions for implementing the strategy, and performance
13 benchmarks for measuring progress toward meeting the identified goals
14 of the state's energy policy and strategy. Recommendations may include
15 specific actions to be taken by the executive branch, the legislature,
16 and other public and private entities affected by and affecting the
17 state's energy supply and demand situation.

18 NEW SECTION. Sec. 4. (1) The task force on long-term energy
19 supply is established to advise the department in carrying out the
20 requirements of RCW 43.21F.090. The task force shall consist of the
21 following members:

22 (a) Up to two members from each of the two largest caucuses of the
23 senate, appointed by the president of the senate and including the
24 chair of the standing committee that hears energy issues;

25 (b) Up to two members from each of the two largest caucuses of the
26 house of representatives, appointed by the speaker of the house of
27 representatives and including the chair of the standing committee that
28 hears energy issues;

29 (c) Representatives from at least the following:

30 (i) Retail and wholesale electricity providers;

31 (ii) Environmental organizations;

32 (iii) Energy users including commercial and industrial customers,
33 and the general public of residential users;

34 (iv) Labor organizations involved directly and indirectly with the
35 electricity industry;

36 (v) Cities;

37 (vi) Counties;

1 (vii) Regional organizations involved in energy planning and
2 distribution; and

3 (viii) State agencies that deal with energy issues.

4 (2) The task force will provide advice and recommendations to the
5 department as part of the department's review of the state's energy
6 strategy under RCW 43.21F.090, on issues relating to long-term
7 electricity supply and demand, including but not limited to:

8 (a) Identifying methods to ensure the creation of new capacity in
9 the electrical supply system in advance of the critical need for
10 energy;

11 (b) Identifying obstacles and incentives to building new generation
12 and transmission, taking into account Washington state's dependence on
13 a hydro-based system that is subject to wide variation of output;

14 (c) Identifying methods to encourage demand management options and
15 technologies, including distributed generation, energy efficiencies,
16 and other conservation measures;

17 (d) Improving coordination of state planning with regional planning
18 efforts of the northwest power planning council; and

19 (e) Identifying specific strategies and options to reduce or offset
20 the contributions to global climate change attributable to the state's
21 energy consumption, including: (i) Reducing the state's consumption of
22 electricity through aggressive pursuit of cost-effective energy
23 conservation and efficiency opportunities; and (ii) increasing the
24 proportion of electricity the state generates for its own use or
25 purchases through an electric utility from clean energy resources.

26 (3) Staff from senate committee services, the house of
27 representatives office of program research, and the governor's office
28 shall assist the department and task force as necessary.

29 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.21F RCW
30 to read as follows:

31 (1) The department shall include the following information in the
32 report required under RCW 43.21F.090 to be submitted to the governor
33 and the legislature in 2002:

34 (a) An estimate of the current and potential future contributions
35 to global climate change as a result of state government's current and
36 projected energy consumption; and

37 (b) A status report on state efforts to purchase and use renewable
38 and qualified alternative energy resources.

1 (2) The department may also address transportation-related energy
2 challenges such as improving the fuel efficiency of the state's vehicle
3 fleet, using alternative fuels in the state's vehicle fleet, changing
4 the ways state employees and contractors travel, and developing
5 transportation substitutes for state employees and contractors."

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7 By Committee on Environment, Energy & Water

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9 On page 1, line 1 of the title, after "supply;" strike the
10 remainder of the title and insert "amending RCW 43.21F.015 and
11 43.21F.090; adding a new section to chapter 43.21F RCW; and creating
12 new sections."

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