
**Technology, Energy & Communications
Committee**

HB 2857

Brief Description: Providing alternative methods to meet the eligible renewable energy requirements under RCW 19.285.040.

Sponsors: Representatives Blake, Wallace and Kessler.

Brief Summary of Bill

- Provides an additional form of compliance with the annual eligible renewable resources targets for qualifying utilities experiencing low load growth.

Hearing Date: 2/1/10

Staff: Scott Richards (786-7156).

Background:

Energy Independence Act (Initiative 937).

In 2006 the voters of Washington approved Initiative 937. Initiative 937 requires certain electric utilities with 25,000 or more customers to meet targets for the use of renewable energy resources and energy conservation.

Eligible Renewable Resources Targets.

Each qualifying utility must use "eligible renewable resources" or acquire equivalent renewable energy credits to meet the following annual targets:

- at least 3 percent of its retail customers' electricity needs by January 1, 2012, and each year thereafter through December 31, 2015;
- at least 9 percent of its retail customers' electricity needs by January 1, 2016, and each year thereafter through December 31, 2019; and

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- at least 15 percent of its retail customers' electricity needs by January 1, 2020, and each year thereafter.

Renewable Energy Credits.

A "renewable energy credit" (REC) is defined as a tradable certificate of proof of at least one megawatt-hour of an eligible renewable resource. RECs represent the environmental benefits of renewable resources. The credits can be bought and sold as a commodity in the energy marketplace. RECs must be verified by the Western Renewable Energy Generation Information System.

Compliance with Initiative 937.

A qualified utility that fails to meet an annual target will still be considered in compliance with the initiative if any of the following exceptions apply: (1) the failure was due to events beyond the reasonable control and anticipation of a qualified utility, such as weather-related damage affecting the generation, transmission, or distribution of an eligible renewable resource under contract; (2) the utility spent 4 percent of its total annual revenue needs to meet the renewable requirements; or (3) the utility spent 1 percent of its total annual revenue needs to meet the renewable requirements, had no increases in the demand for electricity for three years, and did not sign any contracts for nonrenewable resources.

Penalty for Noncompliance.

Qualified utilities that fail to comply with Initiative 937 targets for conservation or renewable energy, are required to pay an administrative penalty of \$50 for each megawatt-hour of shortfall. Beginning in 2007, the penalty will be annually adjusted for inflation using a specified U.S. Department of Commerce indicator. Within three months of incurring a penalty, a utility must notify its retail customers in writing of the size and reason for the penalty.

Summary of Bill:

Compliance with Initiative 937.

An additional form of compliance is provided for qualifying utilities experiencing low load growth. A qualifying utility is considered in compliance with annual eligible renewable resource targets if: (1) in any given target year its load growth, measured as load served in the target year compared to the utility's annual average load served in 2010 and 2011, is less than the eligible renewable resource target for that year; and (2) the utility meets 100 percent of any increase in load for that target year with eligible renewable resources or renewable energy credits.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.