



WASHINGTON STATE

DEPARTMENT OF COMMUNITY, TRADE & ECONOMIC DEVELOPMENT



Washington Voters' Energy Independence Act I-937; Energy Efficiency and Utility Portfolios

National Association of Energy Service Co's

6/15/07

Liz Klumpp, CTED Energy Policy

I-937: Energy Independence Act

- ❑ Electric utilities serving > 25,000 customers; Today – 17 qualifying utilities. 82% of state load.
- ❑ This law will or should drive increases in conservation & renewables activity for some utilities.
- ❑ A few utilities in WA are pursuing conservation increases independent of the law – PSE, Avista, likely Snohomish. Seattle will continue.
- ❑ Public utilities-public processes –participate.

I-937 - Conservation

- ❑ Conservation: 2010 start. Capture all cost-effective conservation. Establish targets using methodology *consistent* with NW Power and Conservation Council.
- ❑ Establish ten-year conservation potential, set and achieve 2-year targets.

Load Management

- Efficiency –New – load management programs will achieve **efficiencies on the distribution systems**. Savings are smaller, relative to customer conservation. Effort on distribution efficiencies will increase.
- There will be a need for some or all: broader installation of automatic meters, load control devices, new rate structures, program designs to meet local power service needs.

Conservation Analysis Target Setting

Consistent with NW Power Council

- Rule language is still draft. States:
- Life Cycle Cost Analysis
- Avoided costs equal a forecast of market prices; may equal the cost of eligible renewable resources
- Over 20 years the following penetrations can/should be achieved, 85% of shorter-term measures (non-lost opportunities; 65% of long-term measures (construction, etc. lost-opportunities)

Analysis Consistent with NW Power Council

- ❑ Full consideration of transmission and distribution system benefits.
- ❑ Full consideration of all quantifiable non-power benefits that a measure may provide.
- ❑ Cost of capital for measure consistent with public utility cost of capital.
- ❑ 10% bonus for conservation (from 1980 federal act that formed the NW Power Council).

Variations from NW Council

- ❑ Not all Council measures may apply within a service territory.
- ❑ Number of applicable units.
- ❑ Lower or higher savings values. (E.g. climate relate)
- ❑ Utility load growth forecasts.
- ❑ Others...

I-937: Renewable Resources

- ❑ Solar and small scale renewables earn 2x multiplier on electricity output.
- ❑ Since there is a financial cost cap compliance approach, some utilities may actively pursue local, small scale renewable resources.
- ❑ CTED's rough estimate is 1200 aMWs of new large scale renewables (Approximately=Centralia coal plant net production.)

Energy Independence Act I-937

- Implementation is part of Administration's strategy to address climate change in WA.
- Penalties for not meeting targets – funds go to Department of General Administration to invest in efficiency or renewables for public facilities.

CTED Rulemaking Timelines

- Through September: write & discuss language, contributions & edits from stakeholders; working group meetings
- Late September – file CR 102 – actual proposed rules in draft.
- Wait 8 weeks to hold public hearing, take comments. Make minor revisions.
- Completed: File CR 103 by mid-December, 2007.

Who is Tracking Achievement?

- ❑ UTC – enforcement and compliance for investor-owned utilities; writing rules for IOUs.
- ❑ CTED – shall adopt rules for consumer-owned utilities that address documentation. Gets annual reports.
- ❑ State Auditors – determine compliance for PUDs and municipalities.
- ❑ Attorney General's – responsible for enforcement for non-investor-owned utilities.

CTED rulemaking website

- <http://www.cted.wa.gov/site/1001/default.aspx>
- Contact: Liz Klumpp, CTED Energy Policy, 360-725-3113; elizabethk@cted.wa.gov.

Gov's Climate Change Action Team

- "Washington is uniquely vulnerable to the changing climate, but we are also positioned to succeed in the clean energy economy."
- <http://www.ecy.wa.gov/climatechange/>
- Collectively, already reduced 2050 emissions by 20% - auto emission standards, RPS, utility efficiency programs, 2% renewable fuels standard, codes and standards,...

Climate Action Team cont.

- Goal: 2050 – emissions 50% below 1990 or 70% reduction from otherwise expected emissions.
- Consider emission *reductions* and address *adaptation* – health, forestry, water supplies, agriculture,...
- Contribute to regional and national policies.

ESSB 6001 – Mitigating Impacts of Climate Change

- ❑ Emissions performance standard for new plants financed with long-term WA utility contracts: 1100 lbs greenhouse gases/MWH (or sequestered w/i 5 years).
- ❑ Pressures from climate change policies and RPS standards should make more energy efficiency measures cost-effective and should, over the next several years, push the utility and efficiency industry to do more, try new approaches, etc.