

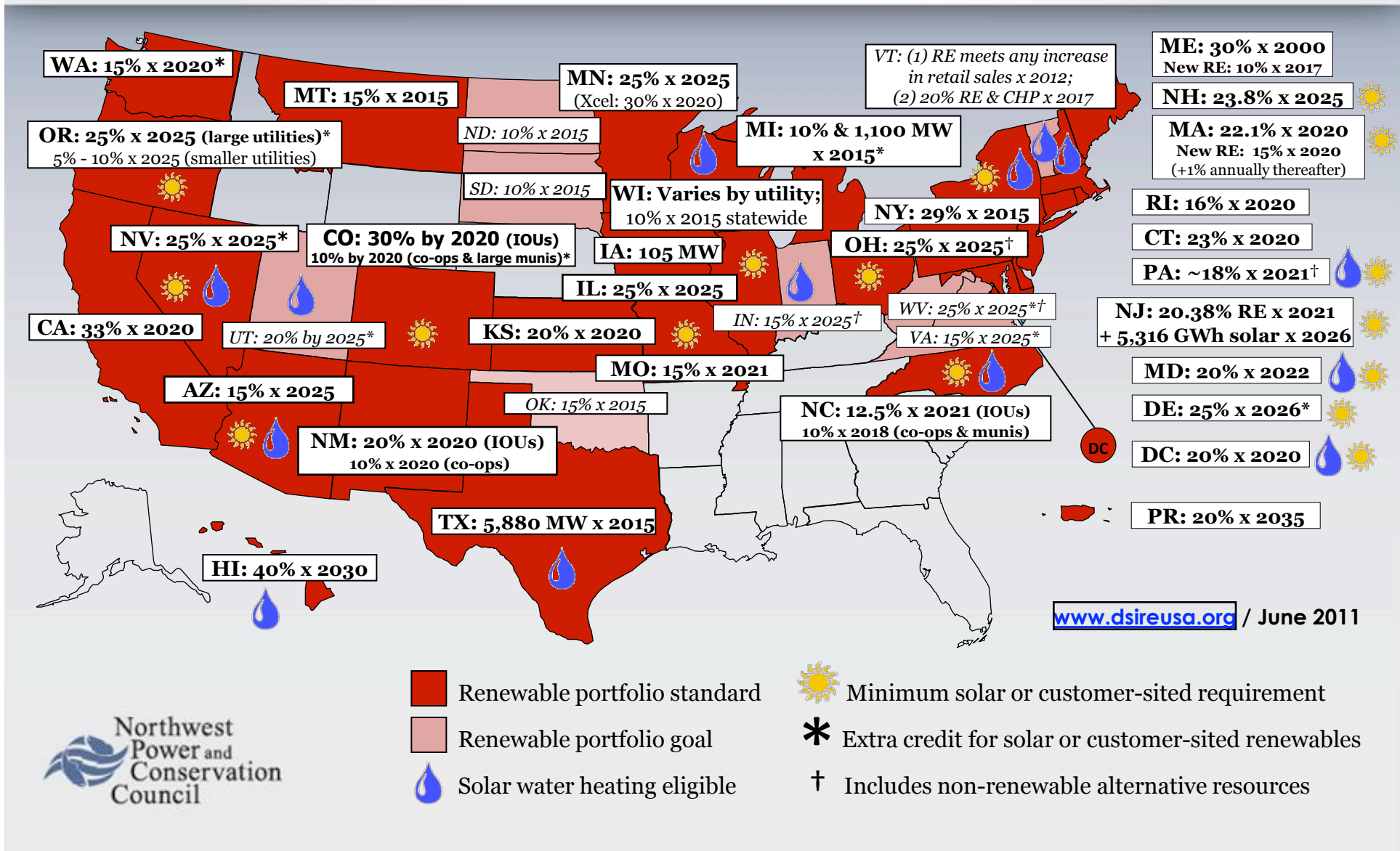


Highlights of the Washington State RPS

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RPS Policies in 29 States (plus DC and PR)

8 States have goals



Great Variety in State Renewable Standards

- Standards can apply to some or all utilities
 - In many states, they only apply to IOUs
 - In WA, it applies to all larger utilities
- No consistent definition of qualifying renewables
 - Most are obvious: wind, solar, biomass
 - Some are controversial: existing hydro, new hydro, incremental hydro; municipal solid waste
- Many qualifications: For example, Oregon sets different targets for different size utilities.



Washington standard should be unique because Washington is unique



- 64% of state load currently met by hydropower, a low cost, variable, carbon-free renewable
- BPA supplies about half the power to the state (hydro and nuclear generation augmented with coal and natural gas purchases)
- Served by both public and private utilities
 - 60 consumer owned utilities (55% of load) and 3 IOUs (45% of load).

Energy Independence Act

- I-937 passed in November 2006
- Applies to utilities with more than 25,000 customers.
Includes:
 - Energy efficiency requirements
 - Renewables requirements
 - Implementation and Enforcement (including noncompliance penalties)



Summary of I-937 Energy Efficiency Requirements

- Pursue all cost-effective energy efficiency
- Use methodology consistent with Power Council's to develop a 10-year target every two years
- Achieve 20% of 10-year target every two years
- Utilities are now working to meet their first two year target; their next two-year target is due by Jan. 1, 2012.

Summary of I-937 Renewables Requirements

- 3% of load by 2012, 9% by 2016, 15% by 2020
- May meet targets by:
 1. Owning eligible renewable resources
 2. Buying power from eligible renewable resources
 3. Buying renewable energy credits (RECs)
- Cost cap provides exception for utilities when compliance costs more than 4% of current revenue. Utilities with no load growth have a lower cost cap (1%)

Issues and Perceptions I

- How “green” is WA? We have a relatively low RPS (15%) but large amounts of carbon-free power (70% and rising).
- Why limit renewables to the BPA footprint? It restricts our utilities’ options and other states object.
- Some utilities have to acquire power they don’t need and, as a result, displace hydro. Can we fix this and still meet our green energy goals?



Issues and Perceptions II

- Should energy efficiency be allowed to substitute for renewables under some conditions when it is cheaper?
 - For example: should efficiency gains by those covered Washington utilities that exceed a proportionate share of the Sixth Power Plan target for the region be treated as a partial offset to the obligation to diversify?
- Can we reduce the challenges of large amounts of wind?
 - For example, count hydropower when substituted for wind during oversupply events
- Can we get a package of needed technical fixes passed?

The End

