

2015 legislative sessions challenging for Northwest clean energy advocates

Progress on clean and affordable energy met strong head winds in this year's Northwest state legislatures. But we prevailed against yet more attempts to weaken or undo Washington renewable energy and energy efficiency standards law, Oregon's public purpose charge and Montana's renewable portfolio standard.

Gains were accomplished on Washington's electric vehicle infrastructure, low-income assistance in Oregon and energy performance contracting in Montana. But defense – most of it successful – was the legislative order of the day across the region.

Here's a state-by-state recap of the 2015 legislative sessions:

Washington

◆Defending I-937

Clean energy advocates worked hard to successfully fend off another session of attacks on Washington's hugely successful clean energy law, Initiative 937. Some attempts to weaken or dismantle the law came disguised as climate change solutions, even though I-937 has been and remains the state's No. 1 means of meeting its climate pollution reduction goals.

Senate Bill 5735, for example, attempted to replace I-937's renewables and efficiency goals with loosely defined transportation projects, fossil-fuel programs and carbon sequestration. It would have cut utility compliance investments by 75% by substituting a voluntary offset program for the electric sector renewable portfolio standard.

After passing the Senate and passing with heavy amendments in the House, SB 5735 did not get out of the Senate rules committee during the regular session and the two special sessions that followed.

A similar fate befell **SB 5094**, which would have reduced the need for job-creating new renewables by 48-52 average megawatts by allowing utilities to count incremental electricity from federal hydro improvements toward their renewables target. Again, the measure passed both the Senate and House but did not progress beyond Senate rules in either the regular or special sessions.

The usual attack bills – those seeking to void the renewables standards by counting all existing and future hydropower, or offering dubious alternative compliance options, or adding nuclear and other non-renewable power sources to the mix – again were introduced and again failed to advance.

It wasn't all defense, however. We offered a bill to strengthen and extend I-937. **House Bill 2073** calls for meeting new power needs post 2020 (when I-937's new renewable energy target plateaus at 15%) with renewables, energy efficiency or storage. It would let utilities count federal hydro upgrades and use hydro they own to meet some large loads. Though the bill did not get a hearing, it set the framework for developing a multi-stakeholder bill for the 2016 session.

◆Solar

Solar solutions proved elusive for utilities, installers and renewable energy advocates. Attempts to revise the current incentive program and add leasing as an eligible option for the incentive again fell short.

HB 1927, introduced but never heard, would have restructured the incentive program and capped it at 150 megawatts, created a consumer protection program, set a framework for leased distributed solar installations, expanded and simplified the community solar program and reduced the incentives for non-solar distributed generation options such as wind.

Several bills – in various incarnations – also sought to address utility concerns about rising distributed generation on their systems through net metering limits, tariffs or fees on those installing solar resources and other measures. None won approval.

◆Energy Efficiency

The NW Energy Coalition took the offense in support of energy efficiency, but the three main bills we worked on ultimately fell victim to partisan politics.

HB 1100 would have reduced Washington energy use by at least 34 average megawatts a year by adopting California and Oregon appliance efficiency standards for battery charging systems, some light bulbs, and HVAC filter systems. The Senate gutted and then failed to advance the common-sense measure.

The other two bills -- **HBs 1278** and **1843** – were priority initiatives of the Energy Efficiency Roundtable (EERT). The first would have strengthened the requirement that building owners benchmark their energy use intensity per square foot. Realtor lobby opposition kept HB 1278 from reaching the floor after it passed the House policy and fiscal committees.

Similarly, HB 1843, designed to allow local jurisdictions to provide property tax exemptions for buildings undergoing energy efficiency retrofits or for highly efficient new construction, made it out of House policy and fiscal committees but did not receive a floor vote.

The clean energy community's defense of conservation program funding was largely successful, however. Though the governor's proposed \$57 million increase to a suite of government energy efficiency and renewable energy programs was pared back, the final capital budget did devote \$40.4 million to the Clean Energy Fund and provided increases for low-income weatherization.

In addition, the capital budget requires that all buildings receiving more than \$10 million in state funding must be designed for high energy performance, incorporating solar hot water systems and distributed generation where economically viable. This provision potentially leverages many other state dollars for energy efficiency.

Sadly, the Community Energy Efficiency Program (CEEP) budget was cut in half, from \$10 million to \$5 million, leaving its future in doubt.

◆ **Building and energy code**

We were successful in fending off several industry attacks on the Building Code Council and the code amendment process.

HB 1686, the "Incandescent Light Bulb Freedom Act" exempting bulbs made in Washington from federal energy efficiency standards did not receive a hearing. Strong opposition from labor, cities, climate and energy groups and others prevented a floor vote on **SB 5185**, meant to stall energy efficiency progress by doubling – to six years -- the length of the current code cycle process. The Senate did pass **SB 5804** limiting the number of amendments the Code Council could process in the energy code. But this attempt to erect additional hurdles to new ideas and extend the process did not advance out of its House policy committee.

Left hanging is adequate funding for the Building Code Council to do its work. The legislature has not adjusted the building permit fees that fund Council operations in 16 years. A bill raising the fees a few dollars and indexing them to inflation did not advance. The Council will need a supplemental budget adjustment in the 2016 session.

◆ **Other topics**

Electric vehicles (EV) infrastructure: **HB 1853**, sponsored by Rep. Chad Magendanz (R-Issaquah), passed both chambers with bipartisan support and was signed into law by Gov. Jay Inslee. It allows investor-owned utilities to install EV-charging infrastructure behind a customer's meter and earn an incentive rate of return on this asset. Rate impacts are capped at 0.25%. We expect several million dollars a year in statewide EV charging investment.

Combined heat and power (CHP): **HB 1095**, requiring critical governmental facilities to consider CHP systems, encouraging utilities to consider 15-year power purchase agreements and allowing utilities to include CHP in their integrated resource plans,

passed both houses during the final special session and was signed into law on July 6.

Oregon

◆Defending the public purpose charge

The Coalition was active in opposing an amendment that would have reduced funding for existing public purpose charge programs by \$14.8 million per year. The amendment would have effectively eliminated public purpose charge funding for schools and reduced funding for small renewable projects by 45%.

◆Energy storage

Oregon's legislature passed **HB 2193** requiring electric companies to procure at least 5 megawatts of storage by Jan. 1, 2020. The state Public Utility Commission will establish guidelines by Jan. 1, 2017, and utilities will develop proposals by Jan. 1, 2018.

◆Solar energy

By enacting **HB 2941**, the legislature required the OPUC to evaluate programs that incentivize the development and use of solar photovoltaic energy systems and provide a report by Sept. 15, 2016. By Nov. 1 of this year the OPUC must hold a proceeding, complete with public comment, to examine a range of community solar programs designs and assess their success in allowing individual customers to share in the costs and benefits of solar facilities. This process is already starting at the OPUC.

◆Low-income customers

The legislature passed two bills related to low-income customer service. **HB 3257** extends sunset on low-income electric bill assistance and **HB 2599** requires electric and natural gas utilities to report on their efforts to prevent service disconnects.

◆Clean fuels

No summary of clean energy legislation in Oregon would be complete without mentioning Oregon's clean fuels bill, **SB 324**. Our allies led the reauthorization of the clean fuels program this session and fought back last-minute attempts to sacrifice the program to the transportation package.

Montana

◆Net metering

The Coalition worked with members Montana Renewable Energy Association, Montana Environmental Information Center, Renewable Northwest, Northern Plains Resource Council, Alternative Energy Resources Organization and others in multiple attempts to expand net metering in Montana. Unfortunately, advocates could not overcome

NorthWestern Energy opposition.

HB 188 attempted to increase the time a customer-generator could carry over unused credits. It was tabled in House committee. **HB 192** attempted to increase the net-metering cap from 50 kilowatts to 1 megawatt. It died in House committee. **SB 134** would have allowed aggregate net metering so a customer with multiple meters on the same or adjoining property could use credits from one meter to offset electricity use from another. This bill promised profound benefits to Montana's agricultural community, but it died in Senate committee.

The same fate befell **SB 182**, which would have allowed multiple accounts to participate in an off-site net-metered system, providing proportional credits for each account. Utility customers lacking adequate space or solar/wind resource could thus participate in net metering.

Senate Joint Resolution 12 directs an interim committee to study net metering costs and benefits. The Coalition believes the state Public Service Commission is better equipped to perform the analyses needed to quantify costs and benefits. We will continue to be engaged on SJ 12, however.

◆ **Universal system benefits (USB)**

SB 150 increases from 35% to 50% the share of NorthWestern Energy's USB funds directed to low-income programs. The change, which applies only to NWE, reduces funding for the other two USB public purposes – energy efficiency and renewables. Reflecting an unfortunate national trend, opponents of distributed generation used the bill to falsely pit the low-income community against clean energy progress. That forced the Coalition and MEIC to testify against this funding change, despite our long-term and enduring advocacy in support of low-income interests. Legislators were not persuaded and passed the bill.

◆ **Renewable portfolio standard**

SB 114 was the third attempt to include all hydro (including decades-old legacy hydro) in Montana's renewable portfolio standard. This bill would have essentially drowned the RPS in credits, negating its purpose of promoting new renewable generation. NWE opposed the bill in past sessions but has since acquired its own dams and now supports inclusion of all hydropower. Gov. Steve Bullock once again vetoed the bill.

◆ **Other topics**

Energy performance contracting: The legislature passed **SB 249**, which updates criteria for energy performance contracting. The bill was proposed by the state Department of Environmental Quality and supported by the Coalition, the Montana Environmental Information Center and others.

NW Energy Coalition, July 29, 2015

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