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MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Implications of Washington RPS Initiative 937

This agenda item is contingent on whether or not Washington Initiative 937 passes. If the initiative passes, Howard Schwartz will brief the Power Committee on the requirements of the initiative and what implications it might have for the Council.

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Implications for the Council of I-937

Howard Schwartz,
WA State Staff, NWPCC
Power Committee, 11/14/06

Presentation Preview

■ I-937 Provisions

- General
- Conservation
- Renewables
- Process

■ An Implication and Question Sampler

- Conservation
- Renewables

I-937 Provisions

■ General

- Applies to utilities with more the 25,000 customers:
- 17 utilities
- 85-90% of WA load

I-937 Provisions

■ Conservation

- Utilities must develop conservation plans to acquire all cost effective conservation using “methodologies consistent with those used by” the Council in its most recent plan.
- First plan must be completed by Jan. 1, 2010 and set targets for 2010-2012 biennium
- Penalties for not achieving targets

I-937 Provisions

■ Renewables

- 3% of load by 2012, 9% by 2016, 15% by 2020
- Own, buy, or buy credits; must be within NW
- Utilities with not load growth are exempt
- Cost cap provides way out for those utilities for whom it would be very expensive to comply
- Penalties if targets are not achieved

I-937 Provisions

■ Process

- For consumer owned utilities:
 - » CTED makes procedural rules
 - » WA State auditor assesses compliance
 - » AG enforces if not in compliance: levies fines
 - » GA spends money from fines on un-achieved conservation or renewables
- For investor owned utilities:
 - » UTC replaces CTED, auditor, AG

Implications and Questions

■ Conservation

- Council technical assistance on conservation plans (already under way)
- Council role if asked whether a utility has followed its methodology
- Is the definition of conservation in I-937 congruent with the definition in the 5th Power Plan?

Implications and Questions

■ Conservation: State law issue

- BPA policy is that it does not pay for conservation achieved pursuant to state law (e.g., codes). If BPA continues that policy, then it would not pay for conservation achieved under I-937: conservation achieved by 17 largest WA utilities. But I-937 would pretty much ensure that Council targets are met in Washington.
- Should Council care about BPA funding?
- Will be issue in next rate case (2009-2011)

Implications and Questions

■ Renewables

- Treatment of RPS targets in future Power Plans
- Need for more transmission to meet increased demand for wind power: Is there a council role in transmission planning for more wind?
- Highlights the importance of the Wind Integration Work Group

Implications and Questions

■ Renewables

- Regional Dialogue/Allocation implications:
 - » Some utilities that buy most or all of their power from BPA are concerned that they may have to forgo some of their BPA allocation in order to meet the RPS targets
 - » If BPA acquires renewables to meet augmentation needs, then BPA's Tier 1 portfolio would be in compliance with the 2012 RPS target
 - » Council may have to determine whether such an acquisition is in compliance with the Plan