

issuebrief

Initiative I-937 **Washington state clean and renewable energy**

November 2006

On Election Day, Nov. 7, 2006, Washington state voters passed Initiative I-937. This initiative imposes targets for energy conservation and use of eligible renewable resources on the state's electric utilities that serve more than 25,000 customers. Specifically, these utilities, both public and private, must secure 15 percent of their power supply from renewable resources by 2020. The utilities must also set and meet energy conservation targets starting in 2010. Interim targets are included in the initiative.

Seventeen of Washington's 62 electrical utilities currently qualify, and they account for about 80 percent of the state's load.

Because it is new, many of the details and impacts of the initiative are not known at this time, and a set of rules and regulations will have to be written by appropriate agencies. However, the initiative's timelines give the region time to work through potential issues related to customer contracts and impacts to the hydro and transmission systems.

Conservation

Under the initiative, conservation is defined as any reduction in electric power consumption resulting from an increase in the efficiency of energy use, production or distribution. Beginning Jan. 1, 2010, qualifying utilities must begin acquiring all conservation that is cost-effective, reliable and feasible as stated in the Revised Code of Washington [section] 80.52.030. Each utility would be required to set an annual target consisting of a certain share of this achievable cost-effective conservation potential and to meet that share of conservation. The determination of the utility conservation target must be consistent with methodologies used by the Northwest Power and Conservation Council.

Under the initiative:

- A utility must identify its achievable cost-effective conservation potential through 2019. Every two years the utility will review and update its 10-year assessment.
- In 2010, the utility will establish a biennial acquisition target and will meet that target during the subsequent two-year period.



- The two-year target cannot be less than the pro rata share for that two-year period of its cost effective conservation potential for the next 10 years. (This pro rata share may not be the same as the Council’s share.)

Renewables

Each utility would be required to meet specific targets for using eligible renewable resources to produce electricity, stated as a percentage of the utility’s load.

A utility could comply with its annual renewable resource target by using the requisite amount of eligible renewable resources, by purchasing enough eligible renewable resource credits (or a combination of each), or by investing at least 4 percent of its total annual retail revenue requirement in renewable resources.

The utility must meet the following targets:

- 3 percent of its retail load by January 1, 2012, and each year thereafter through 2015;
- 9 percent of its retail load by January 1, 2016, and each year thereafter through 2019;
- At least 15 percent of its retail load by January 1, 2020, and each year thereafter.
- If a utility has no load growth over three years, it is considered in compliance if it has spent at least 1 percent of its revenue requirement on renewables.

Electricity must be generated from a renewable resource other than fresh water after March 31, 1999. The resource needs to be located in the Pacific Northwest or electricity generated from a renewable resource delivered into Washington state on a real-time basis without shaping, storage or integration services. Also included is incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a “qualifying utility.” Also, improvements in irrigation pipes and canals located in the region that do not result in new water diversions or impoundments qualify.

Existing federal hydro and improvements to federal hydro, as well as PURPA resources, do NOT qualify under the initiative. BPA is not a qualifying utility under Washington state definition.